

BP PLASTICS HOLDING BHD
(Company No. 644902-V)
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Unaudited Individual Quarter			Unaudited Cumulative Quarter		
		Current Year Quarter 30 Sep 2017 RM'000	Preceding Year Corresponding Quarter 30 Sep 2016 RM'000	Change %	Current Year To Date 30 Sep 2017 RM'000	Preceding Year Corresponding Period 30 Sep 2016 RM'000	Change %
Revenue	A.9	84,875	79,404	6.89	243,041	243,571	-0.22
Cost of sales		(76,622)	(70,812)	8.20	(219,497)	(212,513)	3.29
Gross profit		8,253	8,592	-3.95	23,544	31,058	-24.19
Other income		226	992	-77.22	468	1,836	-74.51
Administration and general expenses		(2,093)	(1,859)	12.59	(5,731)	(5,654)	1.36
Selling and marketing expenses		(2,788)	(2,510)	11.08	(7,496)	(7,652)	-2.04
Profit before taxation	B.5	3,598	5,215	-31.01	10,785	19,588	-44.94
Income tax expense	B.6	662	(2,170)	-130.51	(1,269)	(5,570)	-77.22
Profit after taxation, representing total comprehensive income for the period		4,260	3,045	39.90	9,516	14,018	-32.12
Basic and diluted earnings per share attributable to the owners of the Company (sen):	B.17	2.27	1.62	40.12	5.07	7.47	-32.13

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

BP PLASTICS HOLDING BHD
(Company No. 644902-V)
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at end of Current Quarter 30 Sep 2017	(Audited) As at Preceding Financial Year End 31 Dec 2016
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	68,640	75,065
Current assets		
Inventories	45,824	72,699
Trade and other receivables	39,482	47,983
Short-term investments	27,939	19,040
Cash and bank balances	23,981	26,028
Current tax assets	2,210	758
	139,436	166,508
TOTAL ASSETS	208,076	241,573
EQUITY AND LIABILITIES		
Equity		
Share capital	98,773	93,844
Share premium	-	4,929
Treasury shares	(21)	(21)
Retained earnings	69,025	67,015
	167,777	165,767
Non-current liability		
Deferred tax liabilities	9,012	9,599
Current liabilities		
Trade and other payables	31,287	65,472
Derivative liabilities	-	735
	31,287	66,207
TOTAL LIABILITIES	40,299	75,806
TOTAL EQUITY AND LIABILITIES	208,076	241,573
<i>Net assets per share attributable to ordinary equity holders of the parent (RM)</i>	<i>0.89</i>	<i>0.88</i>

Remark

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

BP PLASTICS HOLDING BHD
(Company No. 644902-V)
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM'000	<--- Non-distributable ---> Share Premium RM'000	Treasury Shares RM'000	Distributable Retained Earnings RM'000	Total RM'000
<i>For the period ended 30 Sep 2017</i>					
At 1 January 2017	93,844	4,929	(21)	67,015	165,767
Adjustments for effect of Companies Act 2016 (Note a)	4,929	(4,929)	-	-	-
Dividends paid to shareholders	-	-	-	(7,506)	(7,506)
Total comprehensive income for the period	-	-	-	9,516	9,516
At 30 September 2017	98,773	-	(21)	69,025	167,777
<i>For the period ended 30 Sep 2016</i>					
At 1 January 2016	93,844	4,929	(21)	66,037	164,789
Dividends paid to shareholders	-	-	-	(9,383)	(9,383)
Total comprehensive income for the period	-	-	-	14,018	14,018
At 30 September 2016	93,844	4,929	(21)	70,672	169,424

Note a

Pursuant to the Companies Act 2016 ("CA2016") which came into effect on 31 January 2017, the credit amounts in the share premium account has been transferred to the share capital account. The Group may exercise its right to use the credit amounts transferred from the share premium account within 24 months after the commencement of the CA2016.

Remark

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes to the interim financial statements.

BP PLASTICS HOLDING BHD
(Company No. 644902-V)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 9 months ended 30 Sep 2017 RM'000	Unaudited 9 months ended 30 Sep 2016 RM'000
OPERATING ACTIVITIES		
Profit before taxation	10,785	19,588
<u>Adjustments for :</u>		
Depreciation of property, plant and equipment	7,273	6,387
Loss on disposal of property, plant and equipment	-	10
Interest income	(593)	(1,494)
Allowance for/(reversal of) impairment loss on receivables	78	(26)
Loss/(gain) on foreign exchange - unrealised	344	(130)
Fair value changes on financial instruments	(735)	
Operating cash flows before working capital changes	17,152	24,335
Decrease/(increase) in inventories	26,875	(551)
Decrease in receivables	8,224	3,856
Decrease in payables	(34,028)	(6,841)
Cash flows from operations	18,223	20,799
Income taxes paid	(3,308)	(5,908)
Net cash flows from operating activities	14,915	14,891
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(848)	(12,585)
Proceeds from disposal of property, plant and equipment	-	1
Interest received	593	1,494
Net cash flows used in investing activities	(255)	(11,090)
FINANCING ACTIVITIES		
Dividends paid	(7,506)	(13,136)
Net cash flows used in financing activities	(7,506)	(13,136)
Net increase/(decrease) in cash and cash equivalents	7,154	(9,335)
Cash and cash equivalents at 1 January	45,068	60,288
Effects of exchange differences	(302)	67
Cash and cash equivalents at 30 September	51,920	51,020
<u>Notes :</u>		
Cash and cash equivalents in the statement of cash flows comprise of :-		
Cash and bank balances	23,816	4,290
Repository deposits with a licensed bank	165	-
Short term deposits with financial institutions	27,939	46,730
	51,920	51,020

Remark

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes to the interim financial statements.

BP PLASTICS HOLDING BHD

(Company No. 644902-V)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

11PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A.1 Corporate information

BP Plastics Holding Bhd is a public limited liability company incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

These condensed consolidated interim financial statements were approved by the Board of Directors on 28 November 2017.

A.2 Basis of preparation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134- *Interim Financial Reporting* and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements also comply with International Accounting Standard (“IAS”) 34- *Interim Financial Reporting* issued by the International Accounting Standards Board (“IASB”).

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of changes in the financial position and performance of the Group since the year ended 31 December 2016.

The accounting policies and method of computation adopted by the Group in the interim financial statements are consistent with those adopted in the financial statements for the year ended 31 December 2016, except for the adoption of the following as below, effective for 1 January 2017:

- Amendments to MFRS 12, Disclosure of Interests in Other Entities (Annual improvements 2014-2016 Cycle)
- Amendments to MFRS 107, Disclosures initiative
- Amendments to MFRS 112, Recognition of Deferred Tax for Unrealised losses

The adoption of the amendments do not have any material impact on the financial performance and financial position of the Group.

A.3 Standards and interpretations issued but not yet effective

As at date of authorisation of issuance of these interim financial statements, the following new MFRSs which are applicable to the Group, were issued but not yet effective, and have not been applied by the Group:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, Financial Instruments (effective from 1 January 2018)
- MFRS 15, Revenue from Contracts with Customers (effective 1 January 2018)

BP PLASTICS HOLDING BHD

(Company No. 644902-V)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, Leases (effective 1 January 2019)

The adoption of the above standards is expected to have no material impact on the financial statements of the Group in the period of initial application.

A.4 Seasonal or cyclical factors

The operations and performance of the Group during the current quarter under review have not been materially affected by any seasonal or cyclical factors.

A.5 Unusual items affecting the assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the current quarter under review.

A.6 Changes in estimates

There were no changes in estimates that have a material effect on the current quarter results.

A.7 Debt and equity securities

There was no issuance or repayment of debt and equity securities, share buy-backs and share cancellations, for the current quarter under review.

As at 30 September 2017, the number of treasury shares held by the Company amounted to 35,000 shares. None of the treasury shares held were resold or cancelled during the current quarter under review.

A.8 Dividend paid

The following dividend payments were made during the 9 months period ended 30 September 2017:

	RM'000
In respect of the financial year ended 31 December 2016:	
- Fourth Single Tier interim dividend of 2 sen per share, paid on 30 March 2017	<u>3,753</u>
In respect of the financial year ending 31 December 2017:	
- First Single Tier interim dividend of 2 sen per share, paid on 30 June 2017	<u>3,753</u>
Total dividends paid as at 30 September 2017	<u><u>7,506</u></u>

BP PLASTICS HOLDING BHD

(Company No. 644902-V)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

A.9 Segment information

The Group is principally involved in manufacturing of plastics packaging products which are carried out in Malaysia.

Revenue of the Group is derived from the geographical segments as follows:

	Current quarter				Cumulative quarter			
	3 months ended		3 months ended		9 months ended		9 months ended	
	30 Sep 2017		30 Sep 2016		30 Sep 2017		30 Sep 2016	
	RM'000		RM'000		RM'000		RM'000	
Operating revenue:								
Asia countries	52,078	61%	51,437	64%	151,224	62%	163,131	68%
Malaysia	20,900	25%	16,703	21%	59,599	25%	49,469	20%
Others	11,897	14%	11,264	15%	32,218	13%	30,971	12%
Total operating revenue	<u>84,875</u>	100%	<u>79,404</u>	100%	<u>243,041</u>	100%	<u>243,571</u>	100%

A.10 Material events subsequent to the reporting date

There were no other material events subsequent to the quarter ended 30 September 2017 that have not been reflected in the interim financial statements as at the date of this report.

A.11 Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter under review.

A.12 Changes in contingent liabilities or contingent assets

There were no changes in contingent liabilities or contingent assets since the last annual statements of financial position as at 31 December 2016.

BP PLASTICS HOLDING BHD

(Company No. 644902-V)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

PART B: ADDITIONAL NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B.1 Review of performance

The Group's performances for the current quarter ("3Q17") and 9 months period ended 30 September 2017 ("9MFY17") compared with last financial year's corresponding quarter ("3Q16") and 9-month period ("9MFY16") are as follows:

Description	Unaudited 3Q17 RM'000	Unaudited 3Q16 RM'000	Change %	Unaudited 9MFY17 RM'000	Unaudited 9MFY16 RM'000	Change %
Revenue	84,875	79,404	+6.89	243,041	243,571	-0.22
PBT	3,598	5,215	-31.01	10,785	19,588	-44.94
PAT	4,260	3,045	+39.90	9,516	14,018	-32.12

Quarter Review (3Q17 vs 3Q16)

For the current quarter, the Group achieved higher operating revenue of RM84.88 million, an increase of 6.89% compared to RM79.40 million in 3Q16 mainly due to the higher sales to domestic market.

The Group achieved a lower unaudited profit before tax (PBT) for the quarter under review of RM3.60 million, a decrease of 31.01% compared to unaudited PBT of RM5.22 million in 3Q16 mainly due to the higher costs of resin, production and packaging which the Group was unable to pass through completely to customers in order to maintain price competitiveness amidst the current challenging and competitive business environment.

Unaudited profit after tax (PAT) for the quarter under review was higher by 39.90% at RM4.26 million, compared to the unaudited PAT of RM3.05 million in 3Q16 mainly due to the availability of tax incentive claimed as explained in Note B.6.

Year-to-date Review (9MFY17 vs 9MFY16)

For the 9 months ended 30 September 2017, the Group registered marginally lower operating revenue of RM243.04 million, a decrease of 0.22% compared to RM243.57 million in 9MFY16.

The Group achieved a lower unaudited PBT for the period under review of RM10.79 million, a decrease of 44.94% compared to unaudited PBT of RM19.59 million in 9MFY16.

Unaudited PAT for the period under review was also lower by 32.12% at RM9.52 million, compared to the unaudited PAT of RM14.02 million in 9MFY16.

The decline in PBT and PAT for the period under review was mainly due to higher costs of resin, production and packaging which the Group was unable to completely pass through to its customers in order to maintain price competitiveness amidst the current challenging and competitive business environment.

BP PLASTICS HOLDING BHD

(Company No. 644902-V)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

B.2 Variation of results against last quarter

The Group's performance for the current quarter ("3Q17") compared with the preceding quarter ("2Q17") is as follows:

Description	Unaudited 3Q17 RM'000	Unaudited 2Q17 RM'000	Change %
Revenue	84,875	73,833	+14.95
PBT	3,598	2,158	+66.73
PAT	4,260	1,627	+161.83

Operating revenue for the current quarter of RM84.88 million was higher by 14.95% compared to RM73.83 million in 2Q17 mainly due to higher demand from export markets.

Unaudited PBT of RM3.60 million for the quarter under review was higher by 66.73% compared with the unaudited PBT of RM2.16 million in 2Q17 mainly due to higher demand from export markets and operating cost savings achieved.

Unaudited PAT of RM4.26 million for the quarter under review was higher by 161.83% compared with the unaudited PAT of RM1.63 million in 2Q17 mainly due to the higher export sales revenue, operating cost savings and availability of tax incentive claimed as explained in Note B.6.

B.3 Current year prospects

In view of the positive global growth outlook and improving consumer sentiment/demand as forecasted by the International Monetary Fund, the Group anticipates improved polyethylene film packaging demand for the remaining quarter of 2017. The Group will continue to remain vigilant of the many challenges ahead as competition continues to intensify.

The new factory and warehouse building (BP11) is expected to be completed in 2018, instead of this year end as earlier planned. The Group will continue to work on the necessary infrastructure and hygiene requirement improvement, targeting ISO22000 certification by the end of 2018.

The Board expects to continue to deliver profitable results despite the highly competitive and challenging environment for the financial year ending 31 December 2017.

B.4 Variance of actual profit from profit forecast

This note is not applicable as the Group did not issue nor publish any profit forecast for the current year under review.

BP PLASTICS HOLDING BHD

(Company No. 644902-V)
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017**

B.5 Profit before tax

Included in the profit before tax are the following items:

	Current quarter 3 Months ended		Cumulative quarter 9 Months ended	
	30 Sep 2017 RM'000	30 Sep 2016 RM'000	30 Sep 2017 RM'000	30 Sep 2016 RM'000
Interest income	(251)	(458)	(593)	(1,494)
Depreciation of property, plant and equipment	2,416	2,135	7,273	6,387
Loss on disposal of property, plant and equipment	-	10	-	10
Allowance for/(reversal of) impairment loss on receivables	78	-	78	(26)
Foreign exchange (gain)/loss – Realised	(5)	(236)	227	180
Foreign exchange (gain)/loss – Unrealised	344	(130)	344	(130)

B.6 Taxation

	Current Quarter 3 Months ended		Cumulative Quarter 9 Months ended	
	30 Sep 2017 RM'000	30 Sep 2016 RM'000	30 Sep 2017 RM'000	30 Sep 2016 RM'000
Income tax				
-current year	1,200	1,000	3,500	4,400
-(Over)/underprovided in prior years	(1,644)	1,170	(1,644)	1,170
Deferred tax	(218)	-	(587)	-
	<u>(662)</u>	<u>2,170</u>	<u>1,269</u>	<u>5,570</u>

Income tax expense is recognised in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year.

The Group's effective tax rate for the 9 months period under review was 27%, which is higher than last year's same corresponding period effective tax rate of 22%, mainly due to certain expenses are not deductible.

The overprovision of tax was due to the claiming of Automation Capital Allowance that was gazetted on 30 August 2017.

BP PLASTICS HOLDING BHD

(Company No. 644902-V)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

B.7 Unquoted investments and/or properties

There were no purchases or disposal of unquoted investments and/or properties for the current quarter under review.

B.8 Quoted investments

There were no purchases or disposal of quoted investments for the current quarter under review.

B.9 Status on corporate proposals

There was no corporate proposal announced or not completed as at the date of this quarterly report.

B.10 Group borrowings

The Group has no borrowing as at end of the current quarter under review.

B.11 Financial derivatives

There were no outstanding derivatives as at the end of the reporting period.

B.12 Realised and unrealised earnings disclosure

The breakdown of the retained earnings of the Group as at 30 September 2017 and 31 December 2016 into realised and unrealised earnings is presented in accordance with the directives issued by Bursa Malaysia Securities Berhad dated 25 March 2010, and prepared in accordance with *Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Main Market Listing Requirements*, as issued by the Malaysian Institute of Accountants.

	Current period ended	Previous financial year ended
	30 Sep 2017	31 Dec 2016
	RM'000	RM'000
	<i>(Unaudited)</i>	<i>(Audited)</i>
Total retained earnings of BP Plastics Holding Bhd and its subsidiaries:		
- Realised	114,081	112,713
- Unrealised	(9,356)	(9,998)
	104,725	102,715
Less: Consolidation adjustments	(35,700)	(35,700)
Total Group retained earnings as per consolidated accounts	69,025	67,015

BP PLASTICS HOLDING BHD

(Company No. 644902-V)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

B.13 Capital commitment

Capital commitment of the Group as at end of the current quarter is as follows:

	30 Sep 2017 RM'000 (Unaudited)	31 Dec 2016 RM'000 (Audited)
Approved and contracted for	4,338	-

B.14 Material litigation

There was no material litigation pending as at the date of this quarterly report.

B.15 Dividend

The Board of Directors of the Company proposed a second single tier interim dividend of 2 sen per share in respect of the financial year ending 31 December 2017. The entitlement date is fixed on 18 December 2017 and payment will be made on 29 December 2017.

B.16 Auditors' report on preceding annual financial statements

The auditors' report of the Group in respect of the annual financial statements for the year ended 31 December 2016 was not subject to any audit qualification.

B.17 Earnings per share

The calculation of earnings per share is based on the net profit attributable to ordinary shareholders and weighted average number of shares outstanding as follows:-

		3 months ended		9 months ended	
		30 Sep 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016
Net profit for the period	(RM'000)	4,260	3,045	9,516	14,018
Weighted average number of ordinary shares	('000)	187,688	187,688	187,688	187,688
Basic earnings per share	(sen)	2.27	1.62	5.07	7.47

The basic and diluted earnings per share is the same as at the end of the reporting period.

By Order of the Board

Company Secretary

DATED: 28 November 2017