

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

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Note	(Unaudited)	(Unaudited)	Change %	(Unaudited)	(Audited)	Change %
		Current Year Quarter 31 Dec 2017 RM'000	Individual Quarter Preceding Year Corresponding Quarter 31 Dec 2016 RM'000		Current Year To Date 31 Dec 2017 RM'000	Cumulative Quarter Preceding Year Corresponding Period 31 Dec 2016 RM'000	
<b>Revenue</b>	<b>A.9</b>	<b>85,515</b>	<b>80,787</b>	<b>5.85</b>	<b>328,557</b>	<b>324,358</b>	<b>1.29</b>
Cost of sales		(75,886)	(71,973)	5.44	(295,383)	(284,486)	3.83
<b>Gross profit</b>		<b>9,629</b>	<b>8,814</b>	<b>9.25</b>	<b>33,174</b>	<b>39,872</b>	<b>-16.80</b>
Other income		464	547	-15.17	1,503	2,834	-46.97
Administration and general expenses		(3,404)	(4,058)	-16.12	(11,260)	(11,858)	-5.04
Selling and marketing expenses		(1,964)	(2,023)	-2.92	(7,907)	(7,979)	-0.90
<b>Profit before taxation</b>	<b>B.5</b>	<b>4,725</b>	<b>3,280</b>	<b>44.05</b>	<b>15,510</b>	<b>22,869</b>	<b>-32.18</b>
Income tax expense	<b>B.6</b>	(1,413)	568	-348.77	(2,682)	(5,002)	-46.38
<b>Profit after taxation, representing total comprehensive income for the period</b>		<b>3,312</b>	<b>3,848</b>	<b>-13.93</b>	<b>12,828</b>	<b>17,867</b>	<b>-28.20</b>
<b>Basic and diluted earnings per share attributable to the owners of the Company (sen):</b>	<b>B.16</b>	<b>1.76</b>	<b>2.05</b>	<b>-14.15</b>	<b>6.83</b>	<b>9.52</b>	<b>-28.26</b>

*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.*

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**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS**  
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	(Unaudited) As at end of Current Quarter 31 Dec 2017	(Audited) As at Preceding Financial Year End 31 Dec 2016
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	68,867	75,065
<b>Current assets</b>		
Inventories	56,500	72,699
Trade and other receivables	41,468	47,983
Short-term investments	23,171	19,040
Cash and bank balances	21,047	26,028
Current tax assets	1,800	758
	143,986	166,508
<b>TOTAL ASSETS</b>	<b>212,853</b>	<b>241,573</b>
<b>Equity</b>		
Share capital	98,773	93,844
Share premium	-	4,929
Treasury shares	(21)	(21)
Retained earnings	68,584	67,015
	167,336	165,767
<b>Non-current liability</b>		
Deferred tax liabilities	9,012	9,599
<b>Current liabilities</b>		
Trade and other payables	36,505	65,472
Derivative liabilities	-	735
	36,505	66,207
<b>TOTAL LIABILITIES</b>	<b>45,517</b>	<b>75,806</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>212,853</b>	<b>241,573</b>
<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.*

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**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 31 Dec 2017</i>					
<b>At 1 January 2017</b>	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	-	-	-	(11,259)	(11,259)
Total comprehensive income for the period	-	-	-	12,828	12,828
<b>At 31 December 2017</b>	<b>98,773</b>	<b>-</b>	<b>(21)</b>	<b>68,584</b>	<b>167,336</b>
<i>For the period ended 31 Dec 2016</i>					
<b>At 1 January 2016</b>	93,844	4,929	(21)	66,037	164,789
Dividends paid to shareholders	-	-	-	(16,889)	(16,889)
Total comprehensive income for the period	-	-	-	17,867	17,867
<b>At 31 December 2016</b>	<b>93,844</b>	<b>4,929</b>	<b>(21)</b>	<b>67,015</b>	<b>165,767</b>

**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.*

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**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Unaudited 12 months ended 31 Dec 2017 RM'000	Audited 12 months ended 31 Dec 2016 RM'000
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	15,510	22,869
<u>Adjustments for :</u>		
Depreciation of property, plant and equipment	9,635	8,634
(Gain)/loss on disposal of property, plant and equipment	(50)	1
Property, plant and equipment written off	-	3
Interest income	(868)	(1,883)
Allowance for/(reversal of) impairment loss on receivables	64	(26)
Loss/(gain) on foreign exchange - unrealised	358	(400)
Fair value changes on financial instruments	(735)	735
Operating cash flows before working capital changes	23,914	29,933
Decrease/(increase) in inventories	16,199	(32,589)
Decrease/(increase) in receivables	6,133	(5,445)
(Decrease)/increase in payables	(28,863)	31,498
Cash flows from operations	17,383	23,397
Income taxes paid	(4,310)	(7,815)
<b>Net cash flows from operating activities</b>	<b>13,073</b>	<b>15,582</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(3,438)	(15,783)
Proceeds from disposal of property, plant and equipment	51	7
Interest received	868	1,883
<b>Net cash flows used in investing activities</b>	<b>(2,519)</b>	<b>(13,893)</b>
<b>FINANCING ACTIVITIES</b>		
Dividends paid	(11,259)	(16,889)
<b>Net cash flows used in financing activities</b>	<b>(11,259)</b>	<b>(16,889)</b>
Net decrease in cash and cash equivalents	(705)	(15,200)
<b>Cash and cash equivalents at 1 January</b>	<b>45,068</b>	<b>60,288</b>
Effects of exchange differences	(145)	(20)
<b>Cash and cash equivalents at 31 December</b>	<b>44,218</b>	<b>45,068</b>
<u>Notes :</u>		
Cash and cash equivalents in the statement of cash flows comprise of :-		
Cash and bank balances	20,472	26,028
Repository deposits with a licensed bank	575	-
Short term deposits with financial institutions	23,171	19,040
	<b>44,218</b>	<b>45,068</b>

**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.*

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## INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

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### PART 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 26 February 2018.

#### 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)

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*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 31 December 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 12 months period ended 31 December 2017:

	<b>RM'000</b>
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 ended 31 December 2017:	
- First Single Tier interim dividend of 2 sen per share, paid on 30 June 2017	3,753
- Second Single Tier interim dividend of 2 sen per share, paid on 29 December 2017	<u>3,753</u>
Total dividends paid as at 31 December 2017	<u><u>11,259</u></u>

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### 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		12 months ended		12 months ended	
	31 Dec 2017		31 Dec 2016		31 Dec 2017		31 Dec 2016	
	RM'000		RM'000		RM'000		RM'000	
Operating revenue:								
Asia countries	53,266	63%	51,612	64%	204,581	63%	214,744	66%
Malaysia	20,942	24%	18,979	23%	80,541	24%	68,448	21%
Others	11,307	13%	10,196	13%	43,435	13%	41,166	13%
Total operating revenue	<u>85,515</u>	100%	<u>80,787</u>	100%	<u>328,557</u>	100%	<u>324,358</u>	100%

### A.10 Material events subsequent to the reporting date

There were no other material events subsequent to the quarter ended 31 December 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.

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### 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 ("4Q17") and 12 months period ended 31 December 2017 ("12MFY17") compared with last financial year's corresponding quarter ("4Q16") and 12-month period ("12MFY16") are as follows:

Description	Unaudited 4Q17 RM'000	Unaudited 4Q16 RM'000	Change %	Unaudited 12MFY17 RM'000	Audited 12MFY16 RM'000	Change %
Revenue	85,515	80,787	+5.85	328,557	324,358	+1.29
PBT	4,725	3,280	+44.05	15,510	22,869	-32.18
PAT	3,312	3,848	-13.93	12,828	17,867	-28.20

#### Quarter Review (4Q17 vs 4Q16)

For the current quarter, the Group achieved higher operating revenue of RM85.52 million, an increase of 5.85% compared to RM80.79 million in 4Q16 mainly due to higher demand from export markets and higher selling prices.

The Group achieved a higher unaudited profit before tax (PBT) for the quarter under review of RM4.73 million, an increase of 44.05% compared to unaudited PBT of RM3.28 million in 4Q16 mainly due to cost savings achieved from better production efficiencies.

Unaudited profit after tax (PAT) for the quarter under review was lower by 13.93% at RM3.31 million, compared to the unaudited PAT of RM3.85 million in 4Q16 mainly due to the availability of reinvestment allowance of a subsidiary which had been claimed in 4Q16.

#### Year-to-date Review (12MFY17 vs 12MFY16)

For the 12 months ended 31 December 2017, the Group registered operating revenue of RM328.56 million, an increase of 1.29% compared to RM324.36 million in 12MFY16.

The Group achieved a lower unaudited PBT for the period under review of RM15.51 million, a decrease of 32.18% compared to audited PBT of RM22.87 million in 12MFY16.

Unaudited PAT for the period under review was also lower by 28.20% at RM12.83 million, compared to the audited PAT of RM17.87 million in 12MFY16.

The decline in PBT and PAT for the period under review was mainly due to higher resin costs in the first half of FY2017 which the Group was unable to completely pass through to its customers in order to maintain price competitiveness amidst the challenging and competitive business environment during that period.



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### B.2 Variation of results against last quarter

The Group's performance for the current quarter ("4Q17") compared with the preceding quarter ("3Q17") is as follows:

Description	Unaudited 4Q17 RM'000	Unaudited 3Q17 RM'000	Change %
Revenue	85,515	84,875	+0.75
PBT	4,725	3,598	+31.32
PAT	3,312	4,260	-22.25

Operating revenue for the current quarter of RM85.52 million was higher by 0.75% compared to RM84.88 million in 3Q17.

Unaudited PBT of RM4.73 million for the quarter under review was higher by 31.32% compared with the unaudited PBT of RM3.60 million in 3Q17 mainly due to better production efficiencies.

Unaudited PAT of RM3.31 million for the quarter under review was lower by 22.25% compared with the unaudited PAT of RM4.26 million in 3Q17 mainly due to the availability of Automation Capital Allowance claimed in 3Q17 upon the gazette order issued on 30 August 2017.

### B.3 Current year prospects

Despite the many challenges ahead particularly on the strengthening of Malaysian Ringgit and the continuous volatility of commodity prices, the Group will remain focused on product innovations, improving cost efficiencies and quality enhancements to serve our customers.

The construction of new factory and warehouse building (BP11) is progressing as planned and is expected to be completed by first half of FY2018. The Group has allocated approximately RM16 million capital expenditure on plant and machinery this year to support the business growth.

With all the above efforts, the Board expects to continue to deliver profitable results in this highly competitive and challenging environment.

### 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.

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### B.5 Profit before tax

Included in the profit before tax are the following items:

	Current quarter 3 Months ended		Cumulative quarter 12 Months ended	
	31 Dec 2017 RM'000	31 Dec 2016 RM'000	31 Dec 2017 RM'000	31 Dec 2016 RM'000
Interest income	(274)	(389)	(868)	(1,883)
Depreciation of property, plant and equipment	2,362	2,247	9,635	8,634
(Gain)/loss on disposal of property, plant and equipment	(50)	1	(50)	1
Property, plant and equipment written off	-	-	-	3
Allowance for/(reversal of) impairment loss on receivables	(2)	-	64	(26)
Fair value changes on financial instruments	-	735	(735)	735
Foreign exchange loss/(gain) – Realised	918	1,695	1,489	1,745
Foreign exchange loss/(gain) – Unrealised	358	(400)	358	(400)

### B.6 Taxation

	Current Quarter 3 Months ended		Cumulative Quarter 12 Months ended	
	31 Dec 2017 RM'000	31 Dec 2016 RM'000	31 Dec 2017 RM'000	31 Dec 2016 RM'000
Income tax				
-current year	1,300	(1,186)	4,800	3,214
-under/(over) provided in prior years	113	-	(1,531)	1,170
Deferred tax	-	618	(587)	618
	<u>1,413</u>	<u>(568)</u>	<u>2,682</u>	<u>5,002</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 12 months period under review was 27.16%, which is higher than last year's same corresponding period effective tax rate of 16.76% mainly due to certain expenses are not deductible. The overprovision of tax was due to the claiming of Automation Capital Allowance upon the gazette order issued on 30 August 2017.

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### **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 Capital commitment**

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

	<b>31 Dec 2017</b> <b>RM'000</b> <i>(Unaudited)</i>	<b>31 Dec 2016</b> <b>RM'000</b> <i>(Audited)</i>
Approved and contracted for	16,404	-

### **B.13 Material litigation**

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

### **B.14 Proposed dividend**

No dividend was recommended for the current quarter under review.

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## INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

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### B.15 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.16 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		12 months ended	
		31 Dec	31 Dec	31 Dec	31 Dec
		2017	2016	2017	2016
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Net profit for the period	RM'000)	3,312	3,848	12,828	17,867
Weighted average number of ordinary shares	('000)	187,688	187,688	187,688	187,688
Basic earnings per share	(sen)	1.76	2.05	6.83	9.52

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

**By Order of the Board**

**Company Secretary**

DATED: 26 February 2018