

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

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS  
FOR THE FIRST QUARTER ENDED 31 MARCH 2018**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Note	(Unaudited) Individual Quarter			(Unaudited) Cumulative Quarter		
		Current Year Quarter 31 Mar 2018 RM'000	Preceding Year Corresponding Quarter 31 Mar 2017 RM'000	Change %	Current Year To Date 31 Mar 2018 RM'000	Preceding Year Corresponding Period 31 Mar 2017 RM'000	Change %
<b>Revenue</b>	<b>A.9</b>	<b>84,945</b>	<b>84,333</b>	<b>0.73</b>	<b>84,945</b>	<b>84,333</b>	<b>0.73</b>
Cost of sales		(72,869)	(75,313)	-3.25	(72,869)	(75,313)	-3.25
<b>Gross profit</b>		<b>12,076</b>	<b>9,020</b>	<b>33.88</b>	<b>12,076</b>	<b>9,020</b>	<b>33.88</b>
Other income		340	463	-26.57	340	463	-26.57
Administration and general expenses		(2,896)	(1,967)	47.23	(2,896)	(1,967)	47.23
Selling and marketing expenses		(2,744)	(2,487)	10.33	(2,744)	(2,487)	10.33
<b>Profit before taxation</b>	<b>B.5</b>	<b>6,776</b>	<b>5,029</b>	<b>34.74</b>	<b>6,776</b>	<b>5,029</b>	<b>34.74</b>
Income tax expense	<b>B.6</b>	(2,162)	(1,400)	54.43	(2,162)	(1,400)	54.43
<b>Profit after taxation, representing total comprehensive income for the period, attributable to the owners of the Company</b>		<b>4,614</b>	<b>3,629</b>	<b>27.14</b>	<b>4,614</b>	<b>3,629</b>	<b>27.14</b>
<b>Basic and diluted earnings per share attributable to the owners of the Company (sen):</b>	<b>B.16</b>	<b>2.46</b>	<b>1.93</b>	<b>27.46</b>	<b>2.46</b>	<b>1.93</b>	<b>27.46</b>

*The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.*

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	(Unaudited) As at end of Current Quarter 31 Mar 2018	(Audited) As at Preceding Financial Year End 31 Dec 2017
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	68,229	68,867
<b>Current assets</b>		
Inventories	54,834	63,055
Trade and other receivables	41,489	43,830
Short-term investments	21,387	23,182
Cash and bank balances	12,605	22,047
Current tax assets	602	1,799
	130,917	153,913
<b>TOTAL ASSETS</b>	<b>199,146</b>	<b>222,780</b>
<b>Equity</b>		
Share capital	98,773	98,773
Treasury shares	(21)	(21)
Retained earnings	73,204	68,590
	171,956	167,342
<b>Non-current liability</b>		
Deferred tax liabilities	9,074	9,012
<b>Current liabilities</b>		
Trade and other payables	18,116	46,426
	18,116	46,426
<b>TOTAL LIABILITIES</b>	<b>27,190</b>	<b>55,438</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>199,146</b>	<b>222,780</b>
<i>Net assets per share attributable to the owners of the Company (RM)</i>	<i>0.92</i>	<i>0.89</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 2017 and the accompanying explanatory notes attached to the interim financial statements.*

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**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS**  
**FOR THE FIRST QUARTER ENDED 31 MARCH 2018**

**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 Mar 2018</i>					
<b>At 1 January 2018</b>	<b>98,773</b>	-	<b>(21)</b>	<b>68,590</b>	<b>167,342</b>
Dividends paid to shareholders	-	-	-	-	-
Total comprehensive income for the period	-	-	-	4,614	4,614
<b>At 31 March 2018</b>	<b>98,773</b>	-	<b>(21)</b>	<b>73,204</b>	<b>171,956</b>
<i>For the period ended 31 Mar 2017</i>					
<b>At 1 January 2017</b>	<b>93,844</b>	<b>4,929</b>	<b>(21)</b>	<b>67,015</b>	<b>165,767</b>
Transfer to share capital upon implementation of the Companies Act 2016	4,929	(4,929)	-	-	-
Dividends paid to shareholders	-	-	-	(3,753)	(3,753)
Total comprehensive income for the period	-	-	-	3,629	3,629
<b>At 31 March 2017</b>	<b>98,773</b>	-	<b>(21)</b>	<b>66,891</b>	<b>165,643</b>

**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 2017 and the accompanying explanatory notes to the interim financial statements.*

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**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS**  
**FOR THE FIRST QUARTER ENDED 31 MARCH 2018**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Unaudited 3 months ended 31 Mar 2018 RM'000	Unaudited 3 months ended 31 Mar 2017 RM'000
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	6,776	5,029
<u>Adjustments for :</u>		
Depreciation of property, plant and equipment	2,263	2,436
Gain on disposal of property, plant and equipment	(7)	-
Interest income	(241)	(163)
Impairment loss on receivables	32	-
Reversal of impairment loss on receivables	(49)	-
Loss on foreign exchange - unrealised	541	22
Operating cash flows before working capital changes	9,315	7,324
Decrease in inventories	8,221	19,935
Decrease in receivables	1,980	9,233
Decrease in payables	(28,219)	(46,843)
Cash flows used in operations	(8,703)	(10,351)
Income taxes paid	(902)	(1,308)
<b>Net cash flows used in operating activities</b>	<b>(9,605)</b>	<b>(11,659)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(1,626)	(82)
Proceeds from disposal of property, plant and equipment	7	-
Interest received	241	163
<b>Net cash flows (used in)/from investing activities</b>	<b>(1,378)</b>	<b>81</b>
<b>FINANCING ACTIVITIES</b>		
Dividends paid	-	(3,753)
<b>Net cash flows used in financing activities</b>	<b>-</b>	<b>(3,753)</b>
Net decrease in cash and cash equivalents	(10,983)	(15,331)
<b>Cash and cash equivalents at 1 January</b>	<b>45,228</b>	<b>45,068</b>
Effects of exchange differences	(253)	(759)
<b>Cash and cash equivalents at 31 March</b>	<b>33,992</b>	<b>28,978</b>
<u>Notes :</u>		
Cash and cash equivalents in the statement of cash flows comprise of :-		
Cash and bank balances	12,445	21,859
Repository deposits with a licensed bank	160	-
Short term deposits with financial institutions	21,387	7,119
	<b>33,992</b>	<b>28,978</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 2017 and the accompanying explanatory notes to the interim financial statements.*

# BP PLASTICS HOLDING BHD

(Company No. 644902-V)

(Incorporated in Malaysia)

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## INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

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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 30 May 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 2017.

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 2017, except for the adoption of the following as below, effective for 1 January 2018:

- MFRS 9, Financial Instruments
- MFRS 15, Revenue from Contracts with Customers
- IC Interpretation 22, Foreign Currency Transactions and Advance Consideration
- Amendments to MFRS 15: Clarifications to MFRS 15
- Amendments to MFRS 140: Transfers of Investment Property

The adoptions of the Amendments to MFRS 140 and IC Interpretations 22 do not have any effect on the Group’s accounting policies and no financial impact on the financial performance of the Group.

#### MFRS 9, Financial Instruments

This is to replace MFRS 139 that relates to recognition, classifications and measurements of financial assets and financial liabilities, recognition of financial instruments and impairment of financial assets.

The main impact of adopting the above on the Group’s accounting policies is as follows:

From 1 January 2018, the Group classifies its financial assets into those to be measured subsequently at fair value (either through other comprehensive income or profit or loss) and those to be measured at amortised costs.

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(Incorporated in Malaysia)

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## INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

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### A.2 Basis of preparation (continued)

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

At initial recognition, financial assets are measured at fair value plus transactions costs for those financial assets not at fair value through profit or loss. Transactions costs relating to financial assets at fair value through profit and loss are expensed to profit or loss.

For trade receivables, the Group assesses on a forward looking basis using the expected lifetime credit losses for impairment.

The accounting policy is adopted retrospectively with no financial impact from its adoption.

#### MFRS 15, Revenue from contracts with customers

This is to replaced MFSR 118, Revenue and MFRS 111, Constructions contracts.

The main impact of adopting the above on the Group's accounting policies is as follows:

Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products. No element of financing is deemed present as the sales are made with a credit term of 30 to 90 days.

The accounting policy is adopted retrospectively with no financial impact from its adoption.

### 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 2019***

- MFRS 16, Leases
- IC Interpretation 23 Uncertainty over Income Tax Treatments
- Amendments to MFRS 9: Prepayment Features with Negative Compensation
- Annual Improvements to MFRS Standard 2015-2017 Cycles

Amendments to References to the Conceptual Framework in MFRS Standards are effective for annual period beginning on or after 1 January 2020.

The adoption of the above MFRS, ICs and amendments is expected to have no material impact on the financial statements of the Group in the period of initial application except as the Group is in the midst for studying the effect for MFRS 16.

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## INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

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### 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 March 2018, 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

No dividend was paid during the current financial quarter under review.

### 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		3 months ended		3 months ended	
	31 Mar		31 Mar		31 Mar		31 Mar	
	2018		2017		2018		2017	
	RM'000		RM'000		RM'000		RM'000	
Operating revenue:								
Asia countries	51,557	61%	54,557	65%	51,557	61%	54,557	65%
Malaysia	22,872	27%	19,438	23%	22,872	27%	19,438	23%
Others	10,516	12%	10,338	12%	10,516	12%	10,338	12%
Total operating revenue	<u>84,945</u>	100%	<u>84,333</u>	100%	<u>84,945</u>	100%	<u>84,333</u>	100%

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## **INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018**

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

There were no other material events subsequent to the quarter ended 31 March 2018 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 2017.



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## INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

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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 performance for the current quarter ("1Q18") compared with the corresponding period last year ("1Q17") is as follows:

Description	Unaudited 1Q18 RM'000	Unaudited 1Q17 RM'000	Change %
Revenue	84,945	84,333	+0.73
PBT	6,776	5,029	+34.74
PAT	4,614	3,629	+27.14

For the current quarter, the Group achieved slightly higher operating revenue of RM84.95 million, an increase of 0.73% compared to RM84.33 million in 1Q17.

The Group achieved a higher unaudited profit before tax (PBT) for the quarter under review of RM6.78 million, an increase of 34.74% compared to unaudited PBT of RM5.03 million in 1Q17.

Unaudited profit after tax (PAT) for the quarter under review was higher by 27.14% at RM4.61 million, compared to the unaudited PAT of RM3.63 million in 1Q17.

The higher PBT and PAT were mainly due to better product mix and cost savings achieved from better production efficiencies.

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

The Group's performance for the current quarter ("1Q18") compared with the preceding quarter ("4Q17") is as follows:

Description	Unaudited 1Q18 RM'000	Unaudited 4Q17 RM'000	Change %
Revenue	84,945	85,515	-0.67
PBT	6,776	4,725	+43.41
PAT	4,614	3,312	+39.31

Operating revenue for the current quarter of RM84.95 million was slightly lower by 0.67% compared to RM85.52 million in 4Q17.

Unaudited PBT of RM6.78 million for the quarter under review was higher by 43.41% compared with the unaudited PBT of RM4.73 million in 4Q17.

Unaudited PAT of RM4.61 million for the quarter under review was higher by 39.31% compared with the unaudited PAT of RM3.31 million in 4Q17.

The higher PBT and PAT were mainly due to better product mix and cost savings achieved from better production efficiencies.

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## INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

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### B.3 Current year prospects

The Group anticipates that domestic and external packaging demands will remain resilient amidst many challenges and uncertainties ahead arising from trade tensions between US and China, foreign exchange fluctuations and commodity prices volatility.

The Group remains prudent in assessing economic, social and geopolitical factors whilst it continues to focus on its core business. The Group is committed to focus on product innovations to supply competitive high quality products, and to improve its cost management, internal process efficiencies and productivity to deliver better business growth and performance.

With all the above efforts, the Board expects to deliver profitable results for the financial year ending 31 December 2018.

### 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.

### B.5 Profit before tax

Included in the profit before tax are the following items:

	Current quarter		Cumulative quarter	
	3 Months ended		3 Months ended	
	31 Mar	31 Mar	31 Mar	31 Mar
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Interest income	(241)	(163)	(241)	(163)
Depreciation of property, plant and equipment	2,263	2,436	2,263	2,436
Gain on disposal of property, plant and equipment	(7)	-	(7)	-
Impairment loss on receivables	32	-	32	-
Reversal of impairment loss on receivables	(49)	-	(49)	-
Foreign exchange loss/(gain) – Realised	188	(261)	188	(261)
Foreign exchange loss/(gain) – Unrealised	541	22	541	22

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## INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

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### B.6 Taxation

	Current Quarter 3 Months ended		Cumulative Quarter 3 Months ended	
	31 Mar 2018 RM'000	31 Mar 2017 RM'000	31 Mar 2018 RM'000	31 Mar 2017 RM'000
Income tax	2,100	1,400	2,100	1,400
Deferred tax	62	-	62	-
	<u>2,162</u>	<u>1,400</u>	<u>2,162</u>	<u>1,400</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 3 months period under review was 31.54%, which is higher than last year's same corresponding period effective tax rate of 27.84% mainly due to certain non-deductible expenses.

### 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 Material litigation

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

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## INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

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### B.13 Capital commitment

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

	<b>31 Mar 2018</b>	<b>31 Dec 2017</b>
	<b>RM'000</b>	<b>RM'000</b>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Approved and contracted for	11,578	16,404

### B.14 Proposed dividend

The Board of Directors of the Company proposed a first single tier interim dividend of 2 sen per share in respect of the financial year ending 31 December 2018. The entitlement date is fixed on 13 June 2018 and payment will be made on 27 June 2018.

### 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 2017 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:-

		<b>3 months ended</b>		<b>3 months ended</b>	
		<b>31 Mar</b>	<b>31 Mar</b>	<b>31 Mar</b>	<b>31 Mar</b>
		<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Net profit for the period	(RM'000)	4,614	3,629	4,614	3,629
Weighted average number of ordinary shares	('000)	187,688	187,688	187,688	187,688
Basic earnings per share	(sen)	2.46	1.93	2.46	1.93

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: 30 May 2018