

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

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2019**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Individual Quarter			Cumulative Quarter		
		Current Year Quarter 31 Mar 2019 (Unaudited) RM'000	Preceding Year		Current Year To Date 31 Mar 2019 (Unaudited) RM'000	Preceding Year	
			Corresponding Quarter 31 Mar 2018 (Unaudited) RM'000	Change %		Corresponding Period 31 Mar 2018 (Unaudited) RM'000	Change %
Revenue	A.9	80,831	84,945	-4.84	80,831	84,945	-4.84
Cost of sales		(70,392)	(72,869)	-3.40	(70,392)	(72,869)	-3.40
Gross profit		10,439	12,076	-13.56	10,439	12,076	-13.56
Other income		387	340	13.82	387	340	13.82
Administration and general expenses		(2,474)	(2,896)	-14.57	(2,474)	(2,896)	-14.57
Selling and marketing expenses		(2,437)	(2,744)	-11.19	(2,437)	(2,744)	-11.19
Profit before taxation	B.5	5,915	6,776	-12.71	5,915	6,776	-12.71
Income tax expense	B.6	(1,500)	(2,162)	-30.62	(1,500)	(2,162)	-30.62
Profit after taxation, representing total comprehensive income for the period, attributable to the owners of the Company		4,415	4,614	-4.31	4,415	4,614	-4.31
Basic and diluted earnings per share attributable to the owners of the Company (sen):	B.16	2.35	2.46	-4.47	2.35	2.46	-4.47

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 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 2019

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at end of Current Quarter 31 Mar 2019	(Audited) As at Preceding Financial Year Ended 31 Dec 2018
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	82,929	84,288
Investment property	1,027	1,033
	83,956	85,321
Current assets		
Inventories	37,095	47,472
Trade and other receivables	35,001	42,342
Short-term investments	33,099	27,542
Cash and bank balances	20,864	22,645
Current tax assets	1,444	2,507
	127,503	142,508
TOTAL ASSETS	211,459	227,829
Equity		
Share capital	98,773	98,773
Treasury shares	(21)	(21)
Retained earnings	83,105	82,443
	181,857	181,195
Non-current liability		
Deferred tax liabilities	10,014	10,014
Current liabilities		
Trade and other payables	19,588	36,620
	19,588	36,620
TOTAL LIABILITIES	29,602	46,634
TOTAL EQUITY AND LIABILITIES	211,459	227,829
<i>Net assets per share attributable to the owners of the Company (RM)</i>	0.97	0.97

Remark

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 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 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 2019</i>					
At 1 January 2019	98,773	-	(21)	82,443	181,195
Dividends paid to shareholders	-	-	-	(3,753)	(3,753)
Total comprehensive income for the period	-	-	-	4,415	4,415
At 31 Mar 2019	98,773	-	(21)	83,105	181,857
<i>For the period ended 31 Mar 2018</i>					
At 1 January 2018	98,773	-	(21)	68,590	167,342
Dividends paid to shareholders	-	-	-	-	-
Total comprehensive income for the period	-	-	-	4,614	4,614
At 31 Mar 2018	98,773	-	(21)	73,204	171,956

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 2018 and the accompanying explanatory notes to the interim financial statements.

BP PLASTICS HOLDING BHD
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(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2019**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 3 months ended 31 Mar 2019 RM'000	Unaudited 3 months ended 31 Mar 2018 RM'000
OPERATING ACTIVITIES		
Profit before taxation	5,915	6,776
<u>Adjustments for :</u>		
Depreciation of property, plant and equipment	2,644	2,263
Gain on disposal of property, plant and equipment	-	(7)
Interest income	(316)	(241)
Impairment loss on receivables	-	32
Reversal of impairment loss on receivables	(233)	(49)
(Gain)/loss on foreign exchange - unrealised	34	541
Operating cash flows before working capital changes	8,044	9,315
Decrease in inventories	10,377	8,221
Decrease in receivables	7,320	1,980
Decrease in payables	(16,854)	(28,219)
Cash flows from/(used in) operations	8,887	(8,703)
Income taxes paid	(437)	(902)
Net cash flows from/(used in) operating activities	8,450	(9,605)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,279)	(1,626)
Proceeds from disposal of property, plant and equipment	-	7
Interest received	316	241
Net cash flows (used in)/from investing activities	(963)	(1,378)
FINANCING ACTIVITIES		
Dividends paid	(3,753)	-
Net cash flows used in financing activities	(3,753)	-
Net increase/(decrease) in cash and cash equivalents	3,734	(10,983)
Cash and cash equivalents at 1 January	50,187	45,228
Effects of exchange differences	42	(253)
Cash and cash equivalents at 31 March	53,963	33,992
<u>Notes :</u>		
Cash and cash equivalents in the statement of cash flows comprise of :-		
Cash and bank balances	20,404	12,445
Repository deposits with a licensed bank	460	160
Short term deposits with financial institutions	33,099	21,387
	53,963	33,992

Remark

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 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 FIRST QUARTER ENDED 31 MARCH 2019

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 29 May 2019.

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 2018.

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 2018, except for the adoption of the following as below, effective for 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 Standards 2015 – 2017 Cycles

The adoptions of the above accounting standards and interpretations (including the consequential amendments, if any) do not have any effect on the Group’s accounting policies and no financial impact on the financial performance 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:

Amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3: Definition of a Business
- Amendments to MFRS 101 and MFRS 108: Definition of Material
- Amendments to References to the Conceptual Framework in MFRS Standards

BP PLASTICS HOLDING BHD

(Company No. 644902-V)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019

The adoption of the above amendments 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 March 2019, 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 current quarter and 3 months period ended 31 March 2019:

	RM'000
In respect of the financial year ending 31 December 2018:	
- Third Single Tier interim dividend of 2 sen per share, paid on 28 March 2019	3,753
Total dividends paid as at 31 March 2019	<u>3,753</u>

BP PLASTICS HOLDING BHD

(Company No. 644902-V)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019

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	
	2019		2018		2019		2018	
	RM'000		RM'000		RM'000		RM'000	
Operating revenue:								
Asia countries	47,316	59%	51,557	61%	47,316	59%	51,557	61%
Malaysia	22,742	28%	22,872	27%	22,742	28%	22,872	27%
Others	10,773	13%	10,516	12%	10,773	13%	10,516	12%
Total operating revenue	<u>80,831</u>	100%	<u>84,945</u>	100%	<u>80,831</u>	100%	<u>84,945</u>	100%

A.10 Material events subsequent to the reporting date

There were no other material events subsequent to the quarter ended 31 March 2019 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 2018.

BP PLASTICS HOLDING BHD

(Company No. 644902-V)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019

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 ("1Q19") compared with the corresponding period last year ("1Q18") is as follows:

Description	Unaudited 1Q19 RM'000	Unaudited 1Q18 RM'000	Change %
Revenue	80,831	84,945	-4.84
PBT	5,915	6,776	-12.70
PAT	4,415	4,614	-4.31

Quarter Review (1Q19 vs 1Q18)

For the current quarter, the Group's operating revenue of RM80.83 million was lower compared to the RM84.95 million in last year's corresponding 1Q18. The decline is mainly attributable to lower product prices as a result of the lower resin polymer prices due to China and US trade tension.

The Group recorded a lower unaudited profit before tax (PBT) for the quarter under review of RM5.92 million, a decrease of 12.70% compared to unaudited PBT of RM6.78 million in 1Q18.

Unaudited profit after tax (PAT) for the quarter under review was lower by 4.31% at RM4.42 million compared to the unaudited PAT of RM4.61 million in 1Q18.

The decline in PBT were mainly due to higher electricity tariff and machinery upkeep costs.

B.2 Variation of results against last quarter

The Group's performance for the current quarter ("1Q19") compared with the preceding quarter ("4Q18") is as follows:

Description	Unaudited 1Q19 RM'000	Unaudited 4Q18 RM'000	Change %
Revenue	80,831	85,681	-5.66
PBT	5,915	6,549	-9.68
PAT	4,415	6,596	-33.07

Operating revenue for the current quarter of RM80.83 million was lower by 5.66% compared to RM85.68 million in 4Q18.

Unaudited PBT of RM5.92 million for the quarter under review was lower by 9.68% compared with the unaudited PBT of RM6.55 million in 4Q18.

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(Company No. 644902-V)

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INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019

Unaudited PAT of RM4.42 million for the quarter under review was lower by 33.07% compared with the unaudited PAT of RM6.60 million in 4Q18.

The decline in PBT were mainly due to higher machinery upkeep costs. The PAT was lower due to the lower PBT achieved and the availability of reinvestment allowance tax incentives which was claimed by a subsidiary in 4Q18.

B.3 Current year prospects

The on-going and escalation of the US-China trade war tensions as well as commodity price volatility has affected the global and Malaysia economic growth.

Despite all the challenges, the Group continues to focus on product innovations, enhancing existing production capabilities as well as productivity and process flow re-alignments to deliver a profitable performance for the financial year ending 31 December 2019.

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 3 Months ended		Cumulative quarter 3 Months ended	
	31 Mar 2019 RM'000	31 Mar 2018 RM'000	31 Mar 2019 RM'000	31 Mar 2018 RM'000
Interest income	(316)	(241)	(316)	(241)
Rental income	(10)	-	(10)	-
Depreciation of property, plant and equipment	2,644	2,263	2,644	2,263
Gain on disposal of property, plant and equipment	-	(7)	-	(7)
Impairment loss on receivables	-	32	-	32
Reversal of impairment loss on receivables	(233)	(49)	(233)	(49)
Foreign exchange loss/(gain) – Realised	298	188	298	188
Foreign exchange loss/(gain) – Unrealised	34	541	34	541

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INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019

B.6 Taxation

	Current Quarter 3 Months ended		Cumulative Quarter 3 Months ended	
	31 Mar 2019 RM'000	31 Mar 2018 RM'000	31 Mar 2019 RM'000	31 Mar 2018 RM'000
Income tax	1,500	2,100	1,500	2,100
Deferred tax	-	62	-	62
	<u>1,500</u>	<u>2,162</u>	<u>1,500</u>	<u>2,162</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 25.36%, which is slightly higher than the statutory tax rate due mainly 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 2019

B.13 Capital commitment

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

	31 Mar 2019	31 Dec 2018
	RM'000	RM'000
	<i>(Unaudited)</i>	<i>(Audited)</i>
Approved and contracted for	7,858	5,207

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 2019. The entitlement date is fixed on 21 June 2019 and payment will be made on 4 July 2019.

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 2018 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	
		31 Mar	31 Mar
		2019	2018
Net profit for the period	(RM'000)	4,415	4,614
Weighted average number of ordinary shares	('000)	187,688	187,688
Basic earnings per share	(sen)	2.35	2.46

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: 29 May 2019