

BP PLASTICS HOLDING BHD
[Registration No. 200401006398 (644902-V)]
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Individual Quarter			Cumulative Quarter		
		Current Year Quarter 30 Sep 2019 (Unaudited) RM'000	Preceding Year Corresponding Quarter 30 Sep 2018 (Unaudited) RM'000	Change %	Current Year To Date 30 Sep 2019 (Unaudited) RM'000	Preceding Year Corresponding Period 30 Sep 2018 (Unaudited) RM'000	Change %
Revenue	A.9	80,382	80,593	-0.26	247,918	248,097	-0.07
Cost of sales		(69,386)	(70,782)	-1.97	(216,375)	(216,534)	-0.07
Gross profit		10,996	9,811	12.08	31,543	31,563	-0.06
Other income		599	785	-23.69	1,570	1,152	36.28
Administration and general expenses		(1,927)	(1,741)	10.68	(6,233)	(5,719)	8.99
Selling and marketing expenses		(2,729)	(2,986)	-8.61	(7,841)	(8,274)	-5.23
Profit before taxation	B.5	6,939	5,869	18.23	19,039	18,722	1.69
Income tax expense	B.6	(1,325)	(534)	148.13	(4,485)	(4,023)	11.48
Profit after taxation, representing total comprehensive income for the period, attributable to the owners of the Company		5,614	5,335	5.23	14,554	14,699	-0.99
Basic and diluted earnings per share attributable to the owners of the Company (sen):	B.16	2.99	2.84	5.28	7.75	7.83	-1.02

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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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at end of Current Quarter 30 Sep 2019	(Audited) As at Preceding Financial Year Ended 31 Dec 2018
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	85,222	84,288
Investment property	1,016	1,033
	<u>86,238</u>	<u>85,321</u>
Current assets		
Inventories	61,486	47,472
Trade and other receivables	34,318	42,342
Short-term investments	46,276	27,542
Cash and bank balances	5,382	22,645
Current tax assets	-	2,507
	<u>147,462</u>	<u>142,508</u>
TOTAL ASSETS	<u>233,700</u>	<u>227,829</u>
Equity		
Share capital	98,773	98,773
Treasury shares	(21)	(21)
Retained earnings	89,491	82,443
	<u>188,243</u>	<u>181,195</u>
Non-current liability		
Deferred tax liabilities	9,789	10,014
Current liabilities		
Trade and other payables	34,541	36,620
Current tax liabilities	1,127	-
	<u>35,668</u>	<u>36,620</u>
TOTAL LIABILITIES	<u>45,457</u>	<u>46,634</u>
TOTAL EQUITY AND LIABILITIES	<u>233,700</u>	<u>227,829</u>
<i>Net assets per share attributable to the owners of the Company (RM)</i>	<u>1.00</u>	<u>0.97</u>

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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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 September 2019</i>					
At 1 January 2019	98,773	-	(21)	82,443	181,195
Dividends paid to shareholders	-	-	-	(7,506)	(7,506)
Total comprehensive income for the period	-	-	-	14,554	14,554
At 30 September 2019	98,773	-	(21)	89,491	188,243
<i>For the period ended 30 June 2018</i>					
At 1 January 2018	98,773	-	(21)	68,590	167,342
Dividends paid to shareholders	-	-	-	(3,753)	(3,753)
Total comprehensive income for the period	-	-	-	14,699	14,699
At 30 September 2018	98,773	-	(21)	79,536	178,288

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.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 9 months ended 30 Sep 2019 RM'000	Unaudited 9 months ended 30 Sep 2018 RM'000
OPERATING ACTIVITIES		
Profit before taxation	19,039	18,722
<u>Adjustments for :</u>		
Depreciation of property, plant and equipment	7,933	6,782
Gain on disposal of property, plant and equipment	-	(6)
Interest income	(1,188)	(761)
Impairment loss on receivables	118	306
Reversal of impairment loss on receivables	(318)	(64)
Gain on foreign exchange - unrealised	(108)	(162)
Operating cash flows before working capital changes	25,476	24,817
Decrease in inventories	(14,013)	10,905
Decrease in receivables	8,017	5,371
Decrease in payables	(1,730)	(25,629)
Cash flows from/(used in) operations	17,750	15,464
Income taxes paid	(1,075)	(3,385)
Net cash flows from/(used in) operating activities	16,675	12,079
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(8,850)	(19,433)
Proceeds from disposal of property, plant and equipment	-	6
Interest received	1,188	761
Net cash flows (used in)/from investing activities	(7,662)	(18,666)
FINANCING ACTIVITIES		
Dividends paid	(7,506)	(3,753)
Net cash flows used in financing activities	(7,506)	(3,753)
Net increase/(decrease) in cash and cash equivalents	1,507	(10,340)
Cash and cash equivalents at 1 January	50,187	45,228
Effects of exchange differences	(36)	38
Cash and cash equivalents at 30 June	51,658	34,926
<u>Notes :</u>		
Cash and cash equivalents in the statement of cash flows comprise of :-		
Cash and bank balances	5,382	7,450
Repository deposits with a licensed bank	-	180
Short term deposits with financial institutions	46,276	27,296
	51,658	34,926

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.

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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 25 November 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 amendments to 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

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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 30 September 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 9 months period ended 30 September 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
In respect of the financial year ending 31 December 2019:	
- First Single Tier interim dividend of 2 sen per share, paid on 4 July 2019	3,753
Total dividends paid as at 30 September 2019	<u>7,506</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		9 months ended		9 months ended	
	30 Sep 2019		30 Sep 2018		30 Sep 2019		30 Sep 2018	
	RM'000		RM'000		RM'000		RM'000	
Operating revenue:								
Asia countries	50,684	63%	46,236	57%	151,807	61%	147,976	60%
Malaysia	19,798	25%	24,673	31%	66,301	27%	69,903	28%
Others	9,900	12%	9,684	12%	29,810	12%	30,218	12%
Total operating revenue	<u>80,382</u>	100%	<u>80,593</u>	100%	<u>247,918</u>	100%	<u>248,097</u>	100%

A.10 Material events subsequent to the reporting date

There were no other material events subsequent to the quarter ended 30 September 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.

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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 ("3Q19") and 9 months period ended 30 September 2019 ("9M FY19") compared with last financial year's corresponding quarter ("3Q18") and 9-month period ("9M FY18") are as follows:

Description	Unaudited 3Q19 RM'000	Unaudited 3Q18 RM'000	Change %	Unaudited 9M FY19 RM'000	Unaudited 9M FY18 RM'000	Change %
Revenue	80,382	80,593	-0.27	247,918	248,097	-0.08
PBT	6,939	5,869	+18.23	19,039	18,722	+1.69
PAT	5,614	5,335	+5.23	14,554	14,699	-1.00

Quarter Review (3Q19 vs 3Q18)

For the current quarter, the Group's operating revenue of RM80.38 million was marginally lower compared to RM80.59 million in last year's corresponding 3Q18.

The Group recorded a higher unaudited profit before tax (PBT) and profit after tax (PAT) for the quarter under review of RM6.94 million and RM5.61 million respectively, representing an increase of 18.23% and 5.23% compared to unaudited PBT and PAT of RM5.87 million and RM5.34 million respectively in 3Q18.

The increase in the unaudited PBT and PAT for the quarter under review were mainly due to lower production costs.

Year-to-date Review (9M FY19 vs 9M FY18)

For the 9 months ended 30 September 2019, the Group's operating revenue of RM247.92 million, was marginally lower compared to RM248.10 million in 9M FY18.

The Group recorded a higher unaudited PBT for the period under review of RM19.04 million, representing an increase of 1.69% compared to the unaudited PBT of RM18.72 million in 9M FY18 mainly due to lower production costs.

Unaudited PAT for the period under review was lower by 1.00% at RM14.55 million compared to the unaudited PAT of RM14.70 million in 9M FY18 mainly due to higher effective tax rate arising from the expiry of the tax incentive in one of the subsidiary in the current year.

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B.2 Variation of results against last quarter

The Group's performance for the current quarter ("3Q19") compared with the preceding quarter ("2Q19") is as follows:

Description	Unaudited 3Q19 RM'000	Unaudited 2Q19 RM'000	Change %
Revenue	80,382	86,705	-7.30
PBT	6,939	6,185	+12.19
PAT	5,614	4,525	+24.07

Operating revenue for the current quarter of RM80.38 million was lower by 7.30% compared to RM86.71 million in 2Q19.

The Group recorded a higher unaudited PBT and PAT for the quarter under review of RM6.94 million and RM5.61 million respectively, representing an increase of 12.19% and 24.07% compared to unaudited PBT and PAT of RM6.19 million and RM4.53 million respectively in 2Q19.

The increase in the unaudited PBT and PAT were mainly due to lower production costs.

B.3 Current year prospects

The protracted and unresolved trade war between USA and China as well as Brexit concerns has resulted in moderation of both global and Malaysian economic growth due to continued inter-regional trade uncertainties as well as volatility in forex and commodities pricing.

Notwithstanding the above, the Group expects that the overall demand for plastic packaging remains intact and sustained, and will continue to focus on delivering 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.

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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 9 Months ended	
	30 Sep 2019 RM'000	30 Sep 2018 RM'000	30 Sep 2019 RM'000	30 Sep 2018 RM'000
Interest income	(428)	(279)	(1,187)	(761)
Rental income	(10)	(11)	(31)	(16)
Depreciation of property, plant and equipment	2,643	2,292	7,933	6,782
Gain on disposal of property, plant and equipment	-	-	-	(6)
Impairment loss on receivables	118	271	118	306
Reversal of impairment loss on receivables	(7)	-	(318)	(64)
Foreign exchange loss/(gain) – Realised	71	(361)	188	141
Foreign exchange loss/(gain) – Unrealised	(108)	(26)	(108)	(162)

B.6 Taxation

	Current Quarter 3 Months ended		Cumulative Quarter 9 Months ended	
	30 Sep 2019 RM'000	30 Sep 2018 RM'000	30 Sep 2019 RM'000	30 Sep 2018 RM'000
Income tax	2,380	203	5,180	3,803
Overprovided in prior year	(470)	(15)	(470)	(15)
	1,910	188	4,710	3,788
Deferred tax	(585)	(9)	(225)	(120)
Underprovided in prior year	-	355	-	355
		346		235
	1,325	534	4,485	4,023

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 26.03%, which is slightly higher than the statutory tax rate due mainly to certain non-deductible expenses.

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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 Material litigation

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

B.13 Capital commitment

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

	30 Sep 2019	31 Dec 2018
	RM'000	RM'000
	<i>(Unaudited)</i>	<i>(Audited)</i>
Approved and contracted for	2,608	5,207

B.14 Proposed 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 2019. The entitlement date is fixed on 11 December 2019 and payment will be made on 20 December 2019.

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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 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		9 months ended	
		30 Sep 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018
Net profit for the period	(RM'000)	5,614	5,335	14,554	14,699
Weighted average number of ordinary shares	('000)	187,688	187,688	187,688	187,688
Basic earnings per share	(sen)	2.99	2.84	7.75	7.83

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: 25 November 2019