

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

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Individual Quarter			Cumulative Quarter		
		Current Year Quarter 31 Dec 2019 (Unaudited) RM'000	Preceding Year Corresponding Quarter 31 Dec 2018 (Unaudited) RM'000		Current Year To Date 31 Dec 2019 (Unaudited) RM'000	Preceding Year Corresponding Period 31 Dec 2018 (Audited) RM'000	
			Change %	Change %		Change %	
Revenue	A.9	83,274	85,681	-2.81	331,192	333,778	-0.77
Cost of sales		(71,607)	(74,710)	-4.15	(287,953)	(292,077)	-1.41
Gross profit		11,667	10,971	6.34	43,239	41,701	3.69
Other income		496	489	1.43	2,028	1,669	21.51
Administration and general expenses		(2,573)	(2,045)	25.82	(10,078)	(9,590)	5.09
Selling and marketing expenses		(2,284)	(3,076)	-25.75	(8,844)	(8,750)	1.07
Profit before taxation	B.5	7,306	6,339	15.25	26,345	25,030	5.25
Income tax expense	B.6	(656)	47	-1495.74	(5,141)	(3,672)	40.01
Profit after taxation, representing total comprehensive income for the period, attributable to the owners of the Company		6,650	6,386	4.13	21,204	21,358	-0.72
Basic and diluted earnings per share attributable to the owners of the Company (sen):	B.16	3.54	3.40	4.12	11.30	11.38	-0.70

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 31 Dec 2019	(Audited) As at Preceding Financial Year Ended 31 Dec 2018
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	85,934	84,288
Investment property	1,010	1,033
	<u>86,944</u>	<u>85,321</u>
Current assets		
Inventories	61,814	47,472
Trade and other receivables	38,811	42,342
Short-term investments	37,540	27,542
Cash and bank balances	7,428	22,645
Current tax assets	1,137	2,507
	<u>146,730</u>	<u>142,508</u>
TOTAL ASSETS	<u>233,674</u>	<u>227,829</u>
Equity		
Share capital	98,773	98,773
Treasury shares	(21)	(21)
Retained earnings	92,388	82,443
	<u>191,140</u>	<u>181,195</u>
Non-current liability		
Deferred tax liabilities	10,399	10,014
Current liabilities		
Trade and other payables	32,135	36,620
TOTAL LIABILITIES	<u>42,534</u>	<u>46,634</u>
TOTAL EQUITY AND LIABILITIES	<u>233,674</u>	<u>227,829</u>
<i>Net assets per share attributable to the owners of the Company (RM)</i>	<u>1.02</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 31 December 2019</i>					
At 1 January 2019	98,773	-	(21)	82,443	181,195
Dividends paid to shareholders	-	-	-	(11,259)	(11,259)
Total comprehensive income for the period	-	-	-	21,204	21,204
At 31 December 2019	98,773	-	(21)	92,388	191,140
<i>For the period ended 31 December 2018</i>					
At 1 January 2018	98,773	-	(21)	68,591	167,343
Dividends paid to shareholders	-	-	-	(7,506)	(7,506)
Total comprehensive income for the period	-	-	-	21,358	21,358
At 31 December 2018	98,773	-	(21)	82,443	181,195

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 12 months ended 31 Dec 2019 RM'000	Audited 12 months ended 31 Dec 2018 RM'000
OPERATING ACTIVITIES		
Profit before taxation	26,345	25,030
<u>Adjustments for :</u>		
Depreciation of property, plant and equipment	10,710	9,211
Property, plant and equipment written off	10	-
Gain on disposal of property, plant and equipment	-	(109)
Interest income	(1,579)	(1,074)
Impairment loss on receivables	126	666
Inventories written down	-	210
Reversal of impairment loss on receivables	(326)	(64)
Loss on foreign exchange - unrealised	221	18
Operating cash flows before working capital changes	35,507	33,888
(Increase)/decrease in inventories	(14,342)	15,373
Decrease in receivables	3,245	651
Decrease in payables	(4,118)	(9,586)
Cash flows from/(used in) operations	20,292	40,326
Income taxes paid	(3,385)	(3,378)
Net cash flows from/(used in) operating activities	16,907	36,948
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(12,363)	(25,666)
Proceeds from disposal of property, plant and equipment	20	109
Interest received	1,579	1,074
Net cash flows (used in)/from investing activities	(10,764)	(24,483)
FINANCING ACTIVITIES		
Dividends paid	(11,259)	(7,506)
Net cash flows used in financing activities	(11,259)	(7,506)
Net increase/(decrease) in cash and cash equivalents	(5,116)	4,959
Cash and cash equivalents at 1 January	50,187	45,228
Effects of exchange differences	(103)	-
Cash and cash equivalents at 31 December	44,968	50,187
<u>Notes :</u>		
Cash and cash equivalents in the statement of cash flows comprise of :-		
Cash and bank balances	7,428	19,215
Repository deposits with a licensed bank	-	3,430
Short term deposits with financial institutions	37,540	27,542
	44,968	50,187

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 24 February 2020.

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 31 December 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 12 months period ended 31 December 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
- Second Single Tier interim dividend of 2 sen per share, paid on 20 December 2019	3,753
Total dividends paid as at 31 December 2019	<u>11,259</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				12 months ended			
	31 Dec 2019		31 Dec 2018		31 Dec 2019		31 Dec 2018	
	RM'000		RM'000		RM'000		RM'000	
Operating revenue:								
Asia countries	49,302	59%	52,674	62%	201,109	61%	200,650	60%
Malaysia	23,794	29%	20,727	24%	90,095	27%	90,630	27%
Others	10,178	12%	12,280	14%	39,988	12%	42,498	13%
Total operating revenue	<u>83,274</u>	100%	<u>85,681</u>	100%	<u>331,192</u>	100%	<u>333,778</u>	100%

A.10 Material events subsequent to the reporting date

There were no other material events subsequent to the quarter ended 31 December 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 ("4Q19") and 12 months period ended 31 December 2019 ("12M FY19") compared with last financial year's corresponding quarter ("4Q18") and 12-month period ("12M FY18") are as follows:

Description	Unaudited 4Q19 RM'000	Unaudited 4Q18 RM'000	Change %	Unaudited 12M FY19 RM'000	Audited 12M FY18 RM'000	Change %
Revenue	83,274	85,681	-2.81	331,192	333,778	-0.77
PBT	7,306	6,339	+15.25	26,345	25,030	+5.25
PAT	6,650	6,386	+4.13	21,204	21,358	-0.72

Quarter Review (4Q19 vs 4Q18)

For the current quarter, the Group's operating revenue of RM83.27 million was marginally lower compared to RM85.68 million in last year's corresponding 4Q18.

The Group recorded a higher unaudited profit before tax (PBT) and profit after tax (PAT) for the quarter under review of RM7.31 million and RM6.65 million respectively, representing an increase of 15.25% and 4.13% compared to unaudited PBT and PAT of RM6.34 million and RM6.39 million respectively in 4Q18.

The increase in the unaudited PBT and PAT for the quarter under review were mainly due to different product mix.

Year-to-date Review (12M FY19 vs 12M FY18)

For the 12 months ended 31 December 2019, the Group's operating revenue of RM331.19 million, was marginally lower compared to RM333.78 million in 12M FY18.

The Group recorded a higher unaudited PBT for the period under review of RM26.35 million, representing an increase of 5.25% compared to the audited PBT of RM 25.03 million in 12M FY18 mainly due to different product mix.

Unaudited PAT for the period under review was marginally lower by 0.72% at RM21.20 million compared to the audited PAT of RM21.36 million in 12M FY18 mainly due to marginally higher effective tax rate in the current year.

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B.2 Variation of results against last quarter

The Group's performance for the current quarter ("4Q19") compared with the preceding quarter ("3Q19") is as follows:

Description	Unaudited 4Q19 RM'000	Unaudited 3Q19 RM'000	Change %
Revenue	83,274	80,382	+3.60
PBT	7,306	6,939	+5.29
PAT	6,650	5,614	+18.45

Operating revenue for the current quarter of RM83.27 million was higher by 3.60% compared to RM80.38 million in 3Q19.

The Group recorded a higher unaudited PBT and PAT for the quarter under review of RM7.31 million and RM6.65 million respectively, representing an increase of 5.29% and 18.45% compared to unaudited PBT and PAT of RM6.94 million and RM5.61 million in 3Q19.

The increase in the unaudited PBT and PAT were mainly due to different product mix.

B.3 Commentary on prospects and outlook

The protracted trade war between USA and China, Brexit concerns, and the recent Covid-19 outbreak 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 is cautiously optimistic that the overall demand for plastic packaging remains intact and sustained, and will continue to focus on product innovations and enhancing production efficiencies to mitigate against increase in operating costs.

In view of the above, the Group remains committed to deliver a profitable performance for the financial year ending 31 December 2020.

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 2019 RM'000	31 Dec 2018 RM'000	31 Dec 2019 RM'000	31 Dec 2018 RM'000
Interest income	(392)	(303)	(1,579)	(1,074)
Rental income	(10)	(11)	(41)	(26)
Depreciation of property, plant and equipment	2,777	2,427	10,710	9,211
Gain on disposal of property, plant and equipment	-	(103)	-	(109)
Impairment loss on receivables	8	360	126	666
Reversal of impairment loss on receivables	(8)	-	(326)	(64)
Foreign exchange loss/(gain) – Realised	(15)	(393)	66	(44)
Foreign exchange loss/(gain) – Unrealised	222	388	221	18

B.6 Taxation

	Current Quarter 3 Months ended		Cumulative Quarter 12 Months ended	
	31 Dec 2019 RM'000	31 Dec 2018 RM'000	31 Dec 2019 RM'000	31 Dec 2018 RM'000
Income tax	(160)	(900)	5,020	2,685
Overprovided in prior year	206	-	(264)	(15)
	46	(900)	4,756	2,670
Deferred tax	325	1,033	100	713
Underprovided in prior year	285	(180)	285	289
	610	853	385	1,002
	656	(47)	5,141	3,672

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 19.43%, which is lower than the statutory tax rate due mainly to the availability of green investment tax allowance claimed by a subsidiary.

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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:

	31 Dec 2019	31 Dec 2018
	RM'000	RM'000
	<i>(Unaudited)</i>	<i>(Audited)</i>
Approved and contracted for	275	5,207

B.14 Proposed dividend

The Board of Directors of the Company proposed a third single tier interim dividend of 2 sen per share in respect of the financial year ended 31 December 2019. The entitlement date is fixed on 10 March 2020 and payment will be made on 26 March 2020.

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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		12 months ended	
		31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Net profit for the period	(RM'000)	6,650	6,386	21,204	21,358
Weighted average number of ordinary shares	('000)	187,688	187,688	187,688	187,688
Basic earnings per share	(sen)	3.54	3.40	11.30	11.38

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: 24 February 2020