

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

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2021**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Individual Quarter			Cumulative Quarter		
		Current Year Quarter 31 Mar 2021 (Unaudited)	Preceding Year Corresponding Quarter 31 Mar 2020 (Unaudited)	Change	Current Year To Date 31 Mar 2021 (Unaudited)	Preceding Year Corresponding Period 31 Mar 2020 (Unaudited)	Change
		RM'000	RM'000	%	RM'000	RM'000	%
Revenue	A.9	100,064	77,601	28.95	100,064	77,601	28.95
Cost of sales		(80,514)	(64,891)	24.08	(80,514)	(64,891)	24.08
Gross profit		19,550	12,710		19,550	12,710	
Other income		409	1,244	-67.12	409	1,244	-67.12
Administration and general expenses		(3,880)	(3,418)	13.52	(3,880)	(3,418)	13.52
Selling and marketing expenses		(4,159)	(2,220)	87.34	(4,159)	(2,220)	87.34
Profit before taxation	B.5	11,920	8,316	43.34	11,920	8,316	43.34
Income tax expense	B.6	(2,245)	(2,094)	7.21	(2,245)	(2,094)	7.21
Profit after taxation, representing total comprehensive income for the period, attributable to the owners of the Company		9,675	6,222	55.50	9,675	6,222	55.50
Basic and diluted earnings per share attributable to the owners of the Company (sen):	B.16	5.15	3.32	55.12	5.15	3.32	55.12

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020 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 2021	(Audited) As at Preceding Financial Year Ended 31 Dec 2020
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	76,315	72,373
Investment property	982	988
Right-of-use of assets	5,302	5,343
	82,599	78,704
Current assets		
Inventories	72,098	84,107
Trade and other receivables	38,982	40,820
Short-term investments	57,796	56,826
Cash and bank balances	18,336	27,240
	187,212	208,993
TOTAL ASSETS	269,811	287,697
Equity		
Share capital	98,773	98,773
Treasury shares	(21)	(21)
Retained earnings	112,959	107,037
	211,711	205,789
Non-current liability		
Deferred tax liabilities	10,075	9,890
Current liabilities		
Trade and other payables	44,813	68,582
Current tax liabilities	3,212	3,436
	48,025	72,018
TOTAL LIABILITIES	58,100	81,908
TOTAL EQUITY AND LIABILITIES	269,811	287,697
<i>Net assets per share attributable to the owners of the Company (RM)</i>	<i>1.13</i>	<i>1.10</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 2020 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 Treasury Shares RM'000	Distributable Retained Earnings RM'000	Total RM'000
<i>For the period ended 31 March 2021</i>				
At 1 January 2021	98,773	(21)	107,037	205,789
Dividends paid to shareholders	-	-	(3,753)	(3,753)
Total comprehensive income for the period	-	-	9,675	9,675
At 31 March 2021	98,773	(21)	112,959	211,711
<i>For the period ended 31 March 2020</i>				
At 1 January 2020	98,773	(21)	92,388	191,140
Dividends paid to shareholders	-	-	(3,753)	(3,753)
Total comprehensive income for the period	-	-	6,222	6,222
At 31 March 2020	98,773	(21)	94,857	193,609

Remark

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2020 and the accompanying explanatory notes to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 3 months ended 31 Mar 2021 RM'000	Unaudited 3 months ended 31 Mar 2020 RM'000
OPERATING ACTIVITIES		
Profit before taxation	11,920	8,316
<u>Adjustments for :</u>		
Depreciation of property, plant and equipment	2,556	2,827
Depreciation of investment property	6	6
Depreciation of right-of-use assets	41	41
Property, plant and equipment written off	1	-
Interest income	(311)	(344)
Impairment loss on receivables	-	125
Reversal of impairment loss on receivables	-	(13)
Loss/(gain) on foreign exchange - unrealised	168	(268)
Operating cash flows before working capital changes	14,381	10,690
Decrease in inventories	12,009	16,601
Decrease in receivables	2,267	1,891
Decrease in payables	(24,445)	(8,362)
Cash flows from operations	4,212	20,820
Income taxes paid	(2,284)	(518)
Net cash flows from operating activities	1,928	20,302
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(6,498)	(516)
Interest received	311	344
Net cash flows used in investing activities	(6,187)	(172)
FINANCING ACTIVITIES		
Dividends paid	(3,753)	(3,753)
Net cash flows used in financing activities	(3,753)	(3,753)
Net (decrease)/increase in cash and cash equivalents	(8,012)	16,377
Cash and cash equivalents at 1 January	84,066	44,968
Effects of exchange differences	78	182
Cash and cash equivalents at 31 March	76,132	61,527
<u>Notes :</u>		
Cash and cash equivalents in the statement of cash flows comprise of :-		
Cash and bank balances	18,336	13,085
Short-term investments with financial institutions	57,796	48,442
	76,132	61,527

Remark

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020 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 2021

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 27 May 2021.

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 2020.

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 2020, except for the adoption of the following as below, effective for 1 January 2021:

- Amendments to MFRS 9, MFRS 139, MFRS 7 and MFRS 16: Interest Rate Benchmark Reform – Phase 2

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 2022

- Amendments to MFRS 3: Reference to the Conceptual Framework
- Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to MFRS Standards 2018 – 2020

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Amendments effective for annual periods beginning on or after 1 January 2023

- Amendments to MFRS 101: Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101: Disclosure of Accounting Policies
- Amendments to MFRS 108: Definition of Accounting Estimates

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 2021, 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 2021:

	RM'000
In respect of the financial year ended 31 December 2020:	
- Fourth Single Tier interim dividend of 2 sen per share, paid on 26 March 2021	3,753
Total dividends paid as at 31 March 2021	<u>3,753</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		3 months ended		3 months ended	
	31 Mar		31 Mar		31 Mar		31 Mar	
	2021		2020		2021		2020	
	RM'000		RM'000		RM'000		RM'000	
Operating revenue:								
Asia countries	65,181	65%	47,358	61%	65,181	65%	47,358	61%
Malaysia	24,453	24%	23,001	30%	24,453	24%	23,001	30%
Others	10,430	11%	7,242	9%	10,430	11%	7,242	9%
Total operating revenue	<u>100,064</u>	100%	<u>77,601</u>	100%	<u>100,064</u>	100%	<u>77,601</u>	100%

A.10 Material events subsequent to the reporting date

There were no other material events subsequent to the quarter ended 31 March 2021 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 2020.

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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 ("1Q21") compared with last financial year's corresponding quarter ("1Q20") is as follows:

Description	Unaudited 1Q21 RM'000	Unaudited 1Q20 RM'000	Change %
Revenue	100,064	77,601	+28.95
PBT	11,920	8,316	+43.34
PAT	9,675	6,222	+55.50

Quarter Review (1Q21 vs 1Q20)

For the current quarter, the Group's operating revenue of RM100.06 million was higher compared to RM77.60 million in 1Q20. The increase was attributable to stronger demand for packaging films for the quarter under review.

The Group recorded a higher unaudited profit before tax (PBT) and unaudited profit after tax (PAT) for the quarter under review of RM11.92 million and RM9.68 million respectively, representing an increase of 43.34% and 55.50% compared to unaudited PBT and PAT of RM8.32 million and RM6.22 million respectively in 1Q20.

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

B.2 Variation of results against last quarter

The Group's performance for the current quarter ("1Q21") compared with the preceding quarter ("4Q20") is as follows:

Description	Unaudited 1Q21 RM'000	Unaudited 4Q20 RM'000	Change %
Revenue	100,064	84,870	+17.90
PBT	11,920	8,948	+33.21
PAT	9,675	7,219	+34.02

Operating revenue for the current quarter of RM100.06 million was higher by 17.90% compared to RM84.87 million in 4Q20 due to stronger demand in 1Q21.

The Group recorded a higher unaudited PBT and PAT for the quarter under review of RM11.92 million and RM9.68 million respectively, representing an increase of 33.21% and 34.02% compared to unaudited PBT and PAT of RM8.95 million and RM7.22 million respectively in 4Q20.

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The higher unaudited PBT for the quarter under review were mainly due to higher sales and better product mix, while the PAT was higher due to tax savings from the availability of reinvestment allowance to be claimed by a subsidiary.

B.3 Prospects

The spike in Covid-19 cases in Malaysia has made the government reinstate the Movement Control Order (MCO 3.0) from 12 May 2021 to 7 June 2021. In view of this adverse development, business and economic conditions will remain challenging for this year.

The Group's Management and staff at all levels remain committed and will continue to prioritise on Covid risk mitigation and prevention plan at workplace, improvement on supply chain sources, readiness of infrastructure facilities to support timely installation, as well as commissioning of new machines to meet the increasing demand of packaging products once Covid risk subsided.

Despite the uncertainties ahead, the Group remains committed to deliver a satisfactory and profitable performance for the financial year ending 31 December 2021.

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 3 Months ended	
	31 Mar 2021 RM'000	31 Mar 2020 RM'000	31 Mar 2021 RM'000	31 Mar 2020 RM'000
Interest income	(311)	(344)	(311)	(344)
Rental income	(10)	(10)	(10)	(10)
Depreciation of property, plant and equipment	2,556	2,827	2,556	2,827
Depreciation of investment property	6	6	6	6
Depreciation of right-of-use assets	41	41	41	41
Impairment loss on receivables	-	125	-	125
Reversal of impairment loss on receivables	-	(13)	-	(13)
Foreign exchange gain – Realised	(110)	(527)	(110)	(527)
Foreign exchange loss/(gain) – Unrealised	168	(268)	168	(268)

B.6 Taxation

	Current Quarter 3 Months ended		Cumulative Quarter 3 Months ended	
	31 Mar 2021 RM'000	31 Mar 2020 RM'000	31 Mar 2021 RM'000	31 Mar 2020 RM'000
Income tax	2,060	2,180	2,060	2,180
Deferred tax	185	(86)	185	(86)
	<u>2,245</u>	<u>2,094</u>	<u>2,245</u>	<u>2,094</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 18.83%, which is lower than the statutory tax rate due mainly to the availability of reinvestment allowance to be 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 Mar 2021	31 Dec 2020
	RM'000	RM'000
	<i>(Unaudited)</i>	<i>(Audited)</i>
Approved and contracted for	14,447	17,629

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 2021.

In addition, the Board of Directors also declared a special single tier dividend of 1 sen per share for the financial year ending 31 December 2021.

The entitlement date for both dividends are fixed on 17 June 2021 and payment will be made on 7 July 2021.

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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 2020 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 2021	31 Mar 2020
Net profit for the period	(RM'000)	9,675	6,222
Weighted average number of ordinary shares	('000)	187,688	187,688
Basic earnings per share	(sen)	5.15	3.32

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: 27 May 2021