

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

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2021**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Individual Quarter			Cumulative Quarter		
		Current Year	Preceding Year		Current Year	Preceding Year	
		Quarter	Corresponding	Change	To Date	Corresponding	Change
		30 Jun 2021	30 Jun 2020		30 Jun 2021	30 Jun 2020	
		(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
		RM'000	RM'000	%	RM'000	RM'000	%
Revenue	A.9	108,947	80,292	35.69	209,011	157,893	32.38
Cost of sales		(83,664)	(64,059)	30.60	(164,178)	(128,950)	27.32
Gross profit		25,283	16,233		44,833	28,943	
Other income		618	418	47.85	969	1,662	-41.70
Administration and general expenses		(3,517)	(3,210)	9.56	(7,338)	(6,628)	10.71
Selling and marketing expenses		(3,674)	(2,126)	72.81	(7,834)	(4,346)	80.26
Profit before taxation	B.5	18,710	11,315	65.36	30,630	19,631	56.03
Income tax expense	B.6	(3,941)	(2,846)	38.48	(6,186)	(4,940)	25.22
Profit after taxation, representing total comprehensive income for the period, attributable to the owners of the Company		14,769	8,469	74.39	24,444	14,691	66.39
Basic and diluted earnings per share attributable to the owners of the Company (sen):	B.16	7.87	4.51	74.50	13.02	7.83	66.28

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 30 Jun 2021	(Audited) As at Preceding Financial Year Ended 31 Dec 2020
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	74,241	72,373
Investment property	977	988
Right-of-use of assets	5,260	5,343
	<u>80,478</u>	<u>78,704</u>
Current assets		
Inventories	70,883	84,107
Trade and other receivables	44,513	40,820
Short-term investments	57,997	56,826
Cash and bank balances	20,872	27,240
	<u>194,265</u>	<u>208,993</u>
TOTAL ASSETS	<u>274,743</u>	<u>287,697</u>
Equity		
Share capital	98,773	98,773
Treasury shares	(21)	(21)
Retained earnings	122,098	107,037
	<u>220,850</u>	<u>205,789</u>
Non-current liability		
Deferred tax liabilities	10,306	9,890
Current liabilities		
Trade and other payables	38,289	68,582
Current tax liabilities	5,298	3,436
	<u>43,587</u>	<u>72,018</u>
TOTAL LIABILITIES	<u>53,893</u>	<u>81,908</u>
TOTAL EQUITY AND LIABILITIES	<u>274,743</u>	<u>287,697</u>
<i>Net assets per share attributable to the owners of the Company (RM)</i>	<u>1.18</u>	<u>1.10</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 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 30 June 2021</i>				
At 1 January 2021	98,773	(21)	107,037	205,789
Dividends to shareholders	-	-	(9,383)	(9,383)
Total comprehensive income for the period	-	-	24,444	24,444
At 30 June 2021	98,773	(21)	122,098	220,850
<i>For the period ended 30 June 2020</i>				
At 1 January 2020	98,773	(21)	92,388	191,140
Dividends to shareholders	-	-	(7,506)	(7,506)
Total comprehensive income for the period	-	-	14,691	14,691
At 30 June 2020	98,773	(21)	99,573	198,325

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 6 months ended 30 Jun 2021 RM'000	Unaudited 6 months ended 30 Jun 2020 RM'000
OPERATING ACTIVITIES		
Profit before taxation	30,630	19,631
<u>Adjustments for :</u>		
Depreciation of property, plant and equipment	5,104	5,662
Depreciation of investment property	11	11
Depreciation of right-of-use assets	83	83
Property, plant and equipment written off	1	-
Interest income	(631)	(684)
Impairment loss on receivables	233	198
Bad debts written off	-	4
Reversal of impairment loss on receivables	-	(180)
Loss on foreign exchange - unrealised	15	294
Operating cash flows before working capital changes	35,446	25,019
Decrease in inventories	13,224	15,185
(Increase)/decrease in receivables	(3,604)	4,805
Decrease in payables	(36,242)	(1,557)
Cash flows from operations	8,824	43,452
Income taxes paid	(3,908)	(1,584)
Net cash flows from operating activities	4,916	41,868
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(6,972)	(764)
Interest received	631	684
Net cash flows used in investing activities	(6,341)	(80)
FINANCING ACTIVITIES		
Dividends paid	(3,753)	(7,506)
Net cash flows used in financing activities	(3,753)	(7,506)
Net (decrease)/increase in cash and cash equivalents	(5,178)	34,282
Cash and cash equivalents at 1 January	84,066	44,968
Effects of exchange differences	(19)	(365)
Cash and cash equivalents at 30 June	78,869	78,885
<u>Notes :</u>		
Cash and cash equivalents in the statement of cash flows comprise of :-		
Cash and bank balances	20,872	42,343
Short-term investments with financial institutions	57,997	36,542
	78,869	78,885

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 SECOND QUARTER ENDED 30 JUNE 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 20 August 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
- Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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 June 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 6 months period ended 30 June 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 30 June 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		6 months ended		6 months ended	
	30 Jun		30 Jun		30 Jun		30 Jun	
	2021		2020		2021		2020	
	RM'000		RM'000		RM'000		RM'000	
Operating revenue:								
Asia countries	71,107	65%	50,059	62%	136,288	65%	98,152	62%
Malaysia	28,127	26%	19,223	24%	52,580	25%	42,224	27%
Others	9,713	9%	11,010	14%	20,143	10%	17,517	11%
Total operating revenue	<u>108,947</u>	100%	<u>80,292</u>	100%	<u>209,011</u>	100%	<u>157,893</u>	100%

A.10 Material events subsequent to the reporting date

There were no other material events subsequent to the quarter ended 30 June 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 ("2Q21") and 6 months period ended 30 June 2021 ("6M FY21") compared with last financial year's corresponding quarter ("2Q20") and 6-month period ("6M FY20") are as follows:

Description	Unaudited 2Q21 RM'000	Unaudited 2Q20 RM'000	Change %	Unaudited 6M FY21 RM'000	Unaudited 6M FY20 RM'000	Change %
Revenue	108,947	80,292	+35.69	209,011	157,893	+32.38
PBT	18,710	11,315	+65.36	30,630	19,631	+56.03
PAT	14,769	8,469	+74.39	24,444	14,691	+66.39

Quarter Review (2Q21 vs 2Q20)

For the current quarter, the Group's operating revenue of RM108.95 million was higher compared to RM80.29 million in 2Q20. The increase was attributable to stronger demand 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 RM18.71 million and RM14.77 million respectively, representing an increase of 65.36% and 74.39% compared to unaudited PBT and PAT of RM11.32 million and RM8.47 million respectively in 2Q20.

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

Year-to-date Review (6M FY21 vs 6M FY20)

For the 6 months ended 30 June 2021, the Group's operating revenue of RM209.01 million was higher compared to RM157.89 million in 6M FY20 mainly due to stronger demand for the period under review.

The Group recorded a higher unaudited PBT and PAT for the period under review of RM30.63 million and RM24.44 million respectively, representing an increase of 56.03% and 66.39% compared to the unaudited PBT and PAT of RM19.63 million and RM14.69 million respectively in 6M FY20.

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

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B.2 Variation of results against last quarter

The Group's performance for the current quarter ("2Q21") compared with the preceding quarter ("1Q21") is as follows:

Description	Unaudited 2Q21 RM'000	Unaudited 1Q21 RM'000	Change %
Revenue	108,947	100,064	+8.88
PBT	18,710	11,920	+56.96
PAT	14,769	9,675	+52.65

Operating revenue for the current quarter of RM108.95 million was higher by 8.88% compared to RM100.06 million in 1Q21 due to stronger demand for the quarter under review.

The Group recorded a higher unaudited PBT and PAT for the quarter under review of RM18.71 million and RM14.77 million respectively, representing an increase of 56.96% and 52.65% compared to unaudited PBT and PAT of RM11.92 million and RM9.68 million respectively in 1Q21.

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

B.3 Prospects

The Group has delivered a commendable set of performance for the first 6 months ended 30 June 2021 (1H2021). Currently, in the global and domestic markets, resurgence of Covid-19 cases and the spread of highly contagious Delta variant is expected to delay the normalisation of economic activities.

The Group's Management and staff at all levels continue to prioritise on Covid risk mitigation and prevention measures at workplace to ensure the health and safety of the workforce. In addition, the Group anticipates achieving fully vaccinated workforce in due course and thus able to resume 100% operating capacity (as per MITI's recent guideline).

The overall global packaging demand is expected to grow along with the recovery and reopening of economy from the pandemic. Meanwhile, the Group continues to focus on product innovation, improving on supply chain sources, upgrading facilities to support capacity expansion, and commissioning new machines to meet the increasing demand of packaging products.

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 6 Months ended	
	30 Jun 2021 RM'000	30 Jun 2020 RM'000	30 Jun 2021 RM'000	30 Jun 2020 RM'000
Interest income	(320)	(340)	(631)	(684)
Rental income	(11)	(11)	(21)	(21)
Depreciation of property, plant and equipment	2,548	2,835	5,104	5,662
Depreciation of investment property	5	5	11	11
Depreciation of right-of-use assets	42	42	83	83
Impairment loss on receivables	233	61	233	198
Bad debts written off	-	4	-	4
Reversal of impairment loss on receivables	-	(167)	-	(180)
Foreign exchange gain – Realised	(196)	(312)	(138)	(1,107)
Foreign exchange loss – Unrealised	15	294	15	294

B.6 Taxation

	Current Quarter 3 Months ended		Cumulative Quarter 6 Months ended	
	30 Jun 2021 RM'000	30 Jun 2020 RM'000	30 Jun 2021 RM'000	30 Jun 2020 RM'000
Income tax	3,710	2,970	5,770	5,150
Deferred tax	231	(124)	416	(210)
	<u>3,941</u>	<u>2,846</u>	<u>6,186</u>	<u>4,940</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 6 months period under review was 20.20%, which is lower than the statutory tax rate due mainly to the reinvestment allowance in one of the subsidiary company.

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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 Jun 2021	31 Dec 2020
	RM'000	RM'000
	<i>(Unaudited)</i>	<i>(Audited)</i>
Approved and contracted for	14,433	17,629

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 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 is fixed on 22 September 2021 and payment will be made on 8 October 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		6 months ended	
		30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
Net profit for the period	(RM'000)	14,769	8,469	24,444	14,691
Weighted average number of ordinary shares	('000)	187,688	187,688	187,688	187,688
Basic earnings per share	(sen)	7.87	4.51	13.02	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: 20 August 2021