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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 2022**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Individual Quarter			Cumulative Quarter		
		Current Year	Preceding Year	Change	Current Year	Preceding Year	Change
		Quarter	Corresponding		To Date	Corresponding	
		30 Sep 2022 (Unaudited)	30 Sep 2021 (Unaudited)	%	30 Sep 2022 (Unaudited)	30 Sep 2021 (Unaudited)	%
		RM'000	RM'000		RM'000	RM'000	
Revenue	A.9	120,736	113,305	6.56	392,181	322,316	21.68
Operating profit		4,995	11,269		28,822	40,929	
Profit before taxation	B.5	6,025	12,100	-50.21	30,462	42,730	-28.71
Income tax expense	B.6	(672)	(1,987)	-66.18	(5,375)	(8,173)	-34.23
Profit after taxation, representing total comprehensive income for the period, attributable to the owners of the Company		5,353	10,113	-47.07	25,087	34,557	-27.40
Basic and diluted earnings per share attributable to the owners of the Company (sen):	B.16	1.90	3.59	-47.08	8.91	12.28	-27.44

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021 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 2022	(Audited) As at Preceding Financial Year Ended 31 Dec 2021
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	107,502	89,179
Investment property	949	965
Right-of-use of assets	5,054	5,178
	113,505	95,322
Current assets		
Inventories	79,318	89,240
Trade and other receivables	44,052	70,913
Short-term investments	24,076	33,462
Cash and bank balances	31,263	27,457
	178,709	221,072
TOTAL ASSETS	292,214	316,394
Equity		
Share capital	98,773	98,773
Treasury shares	(21)	(21)
Retained earnings	148,097	132,861
	246,849	231,613
Non-current liability		
Deferred tax liabilities	11,919	11,442
Current liabilities		
Trade and other payables	32,658	71,035
Current tax liabilities	788	2,304
	33,446	73,339
TOTAL LIABILITIES	45,365	84,781
TOTAL EQUITY AND LIABILITIES	292,214	316,394
<i>Net assets per share attributable to the owners of the Company (RM)</i>	<i>0.88</i>	<i>0.82</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 2021 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 September 2022</i>				
At 1 January 2022	98,773	(21)	132,861	231,613
Dividends to shareholders	-	-	(9,851)	(9,851)
Total comprehensive income for the period	-	-	25,087	25,087
At 30 September 2022	98,773	(21)	148,097	246,849
<i>For the period ended 30 September 2021</i>				
At 1 January 2021	98,773	(21)	107,037	205,789
Dividends to shareholders	-	-	(15,013)	(15,013)
Total comprehensive income for the period	-	-	34,557	34,557
At 30 September 2021	98,773	(21)	126,581	225,333

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 2021 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 2022 RM'000	Unaudited 9 months ended 30 Sep 2021 RM'000
OPERATING ACTIVITIES		
Profit before taxation	30,462	42,730
<u>Adjustments for :</u>		
Depreciation of property, plant and equipment	8,382	7,630
Depreciation of investment property	17	17
Depreciation of right-of-use assets	124	124
Property, plant and equipment written off	2	1
Gain on disposal of property, plant and equipment	(127)	-
Interest income	(633)	(953)
Impairment loss on receivables	-	233
Reversal of impairment loss on receivables	(6)	(211)
(Gain)/loss on foreign exchange - unrealised	(357)	10
Operating cash flows before working capital changes	37,864	49,581
Decrease in inventories	9,922	11,676
Decrease in receivables	27,330	142
Decrease in payables	(33,470)	(22,470)
Cash flows from operations	41,646	38,929
Income taxes paid	(6,415)	(5,533)
Net cash flows from operating activities	35,231	33,396
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(26,708)	(24,680)
Proceeds from disposal of property, plant and equipment	127	-
Disposal/(purchase) of short-term investments	9,386	(1,903)
Interest received	633	953
Net cash flows used in investing activities	(16,562)	(25,630)
FINANCING ACTIVITIES		
Dividends paid	(15,481)	(9,383)
Net cash flows used in financing activities	(15,481)	(9,383)
Net increase/(decrease) in cash and cash equivalents	3,188	(1,617)
Cash and cash equivalents at 1 January	27,457	27,240
Effects of exchange differences	618	68
Cash and cash equivalents at 30 September	31,263	25,691
<u>Notes :</u>		
Cash and cash equivalents in the statement of cash flows comprise of :-		
Cash and bank balances	31,263	25,691
	31,263	25,691

Remark

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021 and the accompanying explanatory notes to the interim financial statements.

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INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

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 (“Bursa Securities”).

These condensed consolidated interim financial statements were approved by the Board of Directors on 21 November 2022.

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 Securities. 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 2021.

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 2021.

During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):

- 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

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) did 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 2023

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

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- 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 September 2022, the number of treasury shares held by the Company amounted to 52,500 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 2022:

	RM'000
In respect of the financial year ended 31 December 2021:	
- Third Single Tier interim dividend of 2 sen per share, paid on 6 January 2022	3,753
- Special Single Tier interim dividend of 1 sen per share, paid on 6 January 2022	1,877
- Fourth Single Tier interim dividend of 2 sen per share, paid on 8 April 2022	5,629

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In respect of the financial year ending 31 December 2022:

- First Single Tier interim dividend of 1.5 sen per share, paid on 7 July 2022 4,222

Total dividends paid as at 30 September 2022 15,481

On 15 August 2022, the Company declared a second single tier interim dividend of 1.5 sen per share amounting to RM4.22 million in respect of the financial year ending 31 December 2022 that was paid on 7 October 2022.

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		9 months ended					
	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021				
	RM'000	RM'000	RM'000	RM'000				
Operating revenue:								
Asia countries	65,018	54%	67,782	60%	223,117	57%	204,070	63%
Malaysia	40,050	33%	28,177	25%	119,626	30%	80,757	25%
Others	15,668	13%	17,346	15%	49,438	13%	37,489	12%
Total operating revenue	<u>120,736</u>	100%	<u>113,305</u>	100%	<u>392,181</u>	100%	<u>322,316</u>	100%

A.10 Material events subsequent to the reporting date

There were no other material events subsequent to the quarter ended 30 September 2022 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 2021.

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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 performances for the current quarter ("3Q22") and 9 months period ended 30 September 2022 ("9M FY22") compared with last financial year's corresponding quarter ("3Q21") and 9-month period ("9M FY21") are as follows:

Description	Unaudited 3Q22 RM'000	Unaudited 3Q21 RM'000	Change %	Unaudited 9M FY22 RM'000	Audited 9M FY21 RM'000	Change %
Revenue	120,736	113,305	+6.56	392,181	322,316	+21.68
PBT	6,025	12,100	-50.21	30,462	42,730	-28.71
PAT	5,353	10,113	-47.07	25,087	34,557	-27.40

Quarter Review (3Q22 vs 3Q21)

For the current quarter, the Group's unaudited operating revenue of RM120.74 million was higher compared to RM113.31 million in 3Q21. The increase was attributable to better product mix for the quarter under review.

The Group recorded a lower unaudited profit before tax (PBT) and unaudited profit after tax (PAT) for the quarter under review of RM6.03 million and RM5.35 million respectively, representing a decrease of 50.21% and 47.07% compared to unaudited PBT and PAT of RM12.10 million and RM10.11 million respectively in 3Q21.

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

Year-to-date Review (9M FY22 vs 9M FY21)

For the 9 months ended 30 September 2022, the Group's unaudited operating revenue of RM392.18 million was higher compared to RM322.32 million in 9M FY21 mainly due to better product mix for the period under review.

The Group recorded a lower unaudited PBT and PAT for the period under review of RM30.46 million and RM25.09 million respectively, representing a decrease of 28.71% and 27.40% compared to the unaudited PBT and PAT of RM42.73 million and RM34.56 million respectively in 9M FY21.

The lower unaudited PBT and PAT for the period under review were mainly due to higher production costs.

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B.2 Variation of results against last quarter

The Group's performance for the current quarter ("3Q22") compared with the preceding quarter ("2Q22") is as follows:

Description	Unaudited 3Q22 RM'000	Unaudited 2Q22 RM'000	Change %
Revenue	120,736	139,527	-13.47
PBT	6,025	15,263	-60.53
PAT	5,353	12,192	-56.09

Unaudited operating revenue for the current quarter of RM120.74 million was lower by 13.47% compared to RM139.53 million in 2Q22 due to weakened demand arising from global economic uncertainties for the quarter under review.

The Group recorded a lower unaudited PBT and PAT for the quarter under review of RM6.03 million and RM5.35 million respectively, representing a decrease of 60.53% and 56.09% compared to unaudited PBT and PAT of RM15.26 million and RM12.19 million respectively in 2Q22.

The decrease in the unaudited PBT and PAT for the quarter under review were mainly due to weakened demand arising from global economic uncertainties for the quarter under review.

B.3 Prospects

The final quarter of the year remains challenging due to elevated global inflation especially in the United States and major European countries, protracted military conflict in Ukraine that continue straining supply chains, and economic slowdown in China from stricter Covid-19 containment measures.

Nonetheless, the Group remains cautiously optimistic of sustained demand for plastic packaging products despite challenging economic outlook. Moving forward, the Group's management and staff at all levels shall focus on supply chain and cost management as well as preparedness in undertaking suitable expansion, capacity or technology adoption.

Despite the challenges ahead, the Group remains committed to deliver a profitable performance for the financial year ending 31 December 2022.

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 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021
	RM'000	RM'000	RM'000	RM'000
Interest income	(188)	(322)	(633)	(953)
Rental income	(12)	(10)	(33)	(31)
Depreciation of property, plant and equipment	2,811	2,526	8,382	7,630
Depreciation of investment property	6	6	17	17
Depreciation of right-of-use assets	41	41	124	124
Impairment loss on receivables	-	-	-	233
Reversal of impairment loss on receivables	-	(211)	(6)	(211)
Foreign exchange (gain)/loss – Realised	(194)	(371)	151	(494)
Foreign exchange (gain)/loss – Unrealised	(357)	10	(357)	10

B.6 Taxation

	Current Quarter 3 Months ended		Cumulative Quarter 9 Months ended	
	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021
	RM'000	RM'000	RM'000	RM'000
Income tax	620	1,530	4,970	7,300
Over provided in prior year	(72)	(186)	(72)	(186)
	548	1,344	4,898	7,114
Deferred tax	124	643	477	1,059
	672	1,987	5,375	8,173

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 17.64%, 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 disposals of short-term investments of RM9.39 million in money market funds for the 9 months period under review.

B.9 Status on corporate proposals

Save for the below, there are no other corporate proposals announced but not completed as at 14 November 2022, being the latest practicable date which shall not be earlier than 7 days from the date of this quarterly report.

On 23 August 2022, the Company announced that BP Packaging Sdn Bhd (“BP Packaging”), a wholly-owned subsidiary of the Company, entered into a Sale and Purchase Agreement (“SPA”) with KHP Steel Product (M) Sdn Bhd for the acquisition of all that piece of leasehold industrial land held under Pajakan Negeri 36047 Lot 36918, Mukim of Simpang Kanan, District of Batu Pahat, State of Johor, together with an individual industrial complex erected thereon which comprised of one double storey office building annexed single-storey factory and one block of single-storey detached factory, for a total purchase consideration of RM14.9 million.

Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed in the fourth quarter of financial year ending 31 December 2022.

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.

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B.13 Capital commitment

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

	30 Sep 2022	31 Dec 2021
	RM'000	RM'000
	<i>(Unaudited)</i>	<i>(Audited)</i>
Approved and contracted for	43,587	22,222

B.14 Proposed dividend

The Board of Directors of the Company proposed a third single tier interim dividend of 1 sen per share in respect of the financial year ending 31 December 2022.

The entitlement date is fixed on 13 December 2022 and payment will be made on 12 January 2023.

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 2021 was not subject to any audit qualification.

B.16 Earnings per share

i) Basic earnings per share

The calculation of basic 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	30 Sep	30 Sep	30 Sep
		2022	2021	2022	2021
Net profit for the period	(RM'000)	5,353	10,113	25,087	34,557
Weighted average number of ordinary shares	('000)	281,479	281,479	281,479	281,479
Basic earnings per share	(sen)	1.90	3.59	8.91	12.28

ii) Diluted earnings per share

Diluted earnings per ordinary share is not presented as the warrants are anti-dilutive where the average market price of ordinary shares during the current financial period does not exceed the exercise price of the warrants.

By Order of the Board

Company Secretary

DATED: 21 November 2022