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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 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	
		31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021		
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)		
		RM'000	RM'000	%	RM'000	RM'000	%
Revenue	A.9	110,414	124,852	-11.56	502,595	447,128	12.41
Operating profit		4,811	13,576		33,839	54,464	
Profit before taxation	B.5	5,545	14,041	-60.51	36,007	56,771	-36.58
Income tax expense	B.6	(94)	(2,132)	-95.59	(5,469)	(10,305)	-46.93
Profit after taxation, representing total comprehensive income for the period, attributable to the owners of the Company		5,451	11,909	-54.23	30,538	46,466	-34.28
Basic and diluted earnings per share attributable to the owners of the Company (sen):	B.16	1.94	4.23	-54.14	10.85	16.51	-34.28

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 31 Dec 2022	(Audited) As at Preceding Financial Year Ended 31 Dec 2021
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	122,402	89,179
Investment property	943	965
Right-of-use of assets	5,013	5,178
	128,358	95,322
Current assets		
Inventories	69,333	89,240
Trade and other receivables	43,766	70,913
Short-term investments	29,874	33,462
Cash and bank balances	33,418	27,457
Current tax assets	322	-
	176,713	221,072
TOTAL ASSETS	305,071	316,394
Equity		
Share capital	98,773	98,773
Treasury shares	(21)	(21)
Retained earnings	146,510	132,861
	245,262	231,613
Non-current liability		
Deferred tax liabilities	12,595	11,442
Current liabilities		
Trade and other payables	47,214	71,035
Current tax liabilities	-	2,304
	47,214	73,339
TOTAL LIABILITIES	59,809	84,781
TOTAL EQUITY AND LIABILITIES	305,071	316,394
<i>Net assets per share attributable to the owners of the Company (RM)</i>	<i>0.87</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 31 December 2022</i>				
At 1 January 2022	98,773	(21)	132,861	231,613
Dividends to shareholders	-	-	(16,889)	(16,889)
Total comprehensive income for the period	-	-	30,538	30,538
At 31 December 2022	98,773	(21)	146,510	245,262
<i>For the period ended 31 December 2021</i>				
At 1 January 2021	98,773	(21)	107,037	205,789
Dividends to shareholders	-	-	(20,642)	(20,642)
Total comprehensive income for the period	-	-	46,466	46,466
At 31 December 2021	98,773	(21)	132,861	231,613

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 12 months ended 31 Dec 2022 RM'000	Audited 12 months ended 31 Dec 2021 RM'000
OPERATING ACTIVITIES		
Profit before taxation	36,007	56,771
<u>Adjustments for :</u>		
Depreciation of property, plant and equipment	11,383	10,258
Depreciation of investment property	22	22
Depreciation of right-of-use assets	165	165
Property, plant and equipment written off	2	-
Gain on disposal of property, plant and equipment	(138)	(18)
Interest income	(1,036)	(1,209)
Impairment loss on receivables	629	31
Reversal of impairment loss on receivables	(6)	(33)
(Gain)/loss on foreign exchange - unrealised	(124)	1
Operating cash flows before working capital changes	46,904	65,988
Decrease/(increase) in inventories	19,907	(5,133)
Decrease/(increase) in receivables	26,919	(24,160)
Decrease in payables	(26,884)	(3,004)
Cash flows from operations	66,846	33,691
Income taxes paid	(6,944)	(9,885)
Net cash flows from operating activities	59,902	23,806
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(44,607)	(27,064)
Deposit paid for purchase of property, plant and equipment	-	(6,105)
Proceeds from disposal of property, plant and equipment	138	19
Disposal of short-term investments	3,588	23,364
Interest received	1,036	1,209
Net cash flows used in investing activities	(39,845)	(8,577)
FINANCING ACTIVITIES		
Dividends paid	(14,074)	(15,012)
Net cash flows used in financing activities	(14,074)	(15,012)
Net increase/(decrease) in cash and cash equivalents	5,983	217
Cash and cash equivalents at 1 January	27,457	27,240
Effects of exchange differences	(22)	-
Cash and cash equivalents at 30 September	33,418	27,457
<u>Notes :</u>		
Cash and cash equivalents in the statement of cash flows comprise of :-		
Cash and bank balances	33,418	27,457
	33,418	27,457

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 FOURTH QUARTER ENDED 31 DECEMBER 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 27 February 2023.

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: Disclosure of Accounting Policies
- Amendments to MFRS 108: Definition of Accounting Estimates

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- Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16: Lease Liability in a Sale and Leaseback
- Amendment to MFRS 101: Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101: Non-current Liabilities with Covenants

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 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 12 months period ended 31 December 2022:

	RM'000
In respect of the financial year ended 31 December 2021:	
- Fourth Single Tier interim dividend of 2 sen per share, paid on 8 April 2022	5,630

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In respect of the financial year ended 31 December 2022:

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

Total dividends paid as at 31 December 2022	<u>14,074</u>
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On 21 November 2022, the Company declared a third single tier interim dividend of 1 sen per share amounting to RM2.815 million in respect of the financial year ended 31 December 2022 that was paid on 12 January 2023.

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	31 Dec	31 Dec	31 Dec				
	2022	2021	2022	2021				
	RM'000	RM'000	RM'000	RM'000				
Operating revenue:								
Asia countries	64,021	58%	73,285	59%	287,138	57%	277,355	62%
Malaysia	30,169	27%	37,302	30%	149,795	30%	118,020	26%
Others	16,224	15%	14,265	11%	65,662	13%	51,753	12%
Total operating revenue	<u>110,414</u>	100%	<u>124,852</u>	100%	<u>502,595</u>	100%	<u>447,128</u>	100%

A.10 Material events subsequent to the reporting date

Other than disclosed in Note B.9, there were no other material events subsequent to the quarter ended 31 December 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 ("4Q22") and 12 months period ended 31 December 2022 ("12M FY22") compared with last financial year's corresponding quarter ("4Q21") and 12-month period ("12M FY21") are as follows:

Description	Unaudited 4Q22 RM'000	Unaudited 4Q21 RM'000	Change %	Unaudited 12M FY22 RM'000	Audited 12M FY21 RM'000	Change %
Revenue	110,414	124,852	-11.56	502,595	447,128	+12.41
PBT	5,545	14,041	-60.51	36,007	56,771	-36.58
PAT	5,451	11,909	-54.23	30,538	46,466	-34.28

Quarter Review (4Q22 vs 4Q21)

For the current quarter, the Group's unaudited operating revenue of RM110.41 million was lower compared to RM124.85 million in 4Q21 due to weakened demand arising from global economic uncertainties.

The Group recorded a lower unaudited profit before tax (PBT) and unaudited profit after tax (PAT) for the quarter under review of RM5.55 million and RM5.45 million respectively, representing a decrease of 60.51% and 54.23% compared to unaudited PBT and PAT of RM14.04 million and RM11.91 million respectively in 4Q21.

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

Year-to-date Review (12M FY22 vs 12M FY21)

For the 12 months ended 31 December 2022, the Group's unaudited operating revenue of RM502.60 million was higher compared to RM447.13 million in 12M 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 RM36.01 million and RM30.54 million respectively, representing a decrease of 36.58% and 34.28% compared to the audited PBT and PAT of RM56.77 million and RM46.47 million respectively in 12M FY21.

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

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B.2 Variation of results against last quarter

The Group's performance for the current quarter ("4Q22") compared with the preceding quarter ("3Q22") is as follows:

Description	Unaudited 4Q22 RM'000	Unaudited 3Q22 RM'000	Change %
Revenue	110,414	120,736	-8.55
PBT	5,545	6,025	-7.97
PAT	5,451	5,353	+1.83

Unaudited operating revenue for the current quarter of RM110.41 million was lower by 8.55% compared to RM120.74 million in 3Q22 due to weakened demand arising from global economic uncertainties for the quarter under review.

The Group recorded a lower unaudited PBT for the quarter under review of RM5.55 million, a decrease of 7.97% compared to unaudited PBT of RM6.03 million in 3Q22.

The unaudited PAT for the quarter under review of RM5.45 million was higher by 1.83% compared to unaudited PAT of RM5.35 million in 3Q22 due to lower effective tax rate.

B.3 Prospects

Outlook remains challenging with the ongoing battle against the global inflation as well as protracted military conflict in Ukraine. Albeit the challenging outlook, China's earlier reopening of its borders might potentially aid to boost the global economic growth.

Nonetheless, the Group remains cautiously optimistic of sustained demand for plastic packaging products. Moving forward, the Group shall continue to focus on supply chain, cost management and new market expansion.

Despite the challenges ahead, the Group remains committed to deliver a profitable performance for the financial year ending 31 December 2023.

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 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	RM'000	RM'000	RM'000	RM'000
Interest income	(403)	(256)	(1,036)	(1,209)
Rental income	(11)	(11)	(44)	(42)
Depreciation of property, plant and equipment	3,001	2,628	11,383	10,258
Depreciation of investment property	5	5	22	22
Depreciation of right-of-use assets	41	41	165	165
Impairment loss on receivables	629	-	629	31
Reversal of impairment loss on receivables	-	(24)	(6)	(33)
Foreign exchange loss/(gain) – Realised	593	(27)	387	(495)
Foreign exchange (gain)/loss – Unrealised	(124)	16	(124)	1

B.6 Taxation

	Current Quarter 3 Months ended		Cumulative Quarter 12 Months ended	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	RM'000	RM'000	RM'000	RM'000
Income tax	(583)	1,520	4,387	8,940
Under/(over) provided in prior year	1	(1)	(71)	(187)
	(582)	1,519	4,316	8,753
Deferred tax	906	541	1,383	1,480
(Over)/under provided in prior year	(230)	72	(230)	72
	676	613	1,153	1,552
	94	2,132	5,469	10,305

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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 16.02%, which is lower than the statutory tax rate due mainly to the reinvestment allowance in one of the subsidiary company.

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 RM3.59 million in money market funds for the 12 months period under review.

B.9 Status on corporate proposals

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.

The Proposed Acquisition has been completed on 20 January 2023.

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:

	31 Dec 2022	31 Dec 2021
	RM'000	RM'000
	<i>(Unaudited)</i>	<i>(Audited)</i>
Approved and contracted for	17,620	22,222

B.14 Proposed dividend

The Board of Directors of the Company proposed a fourth single tier interim dividend of 1.5 sen per share in respect of the financial year ended 31 December 2022.

The entitlement date is fixed on 17 March 2023 and payment will be made on 7 April 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		12 months ended	
		31 Dec	31 Dec	31 Dec	31 Dec
		2022	2021	2022	2021
Net profit for the period	(RM'000)	5,451	11,909	30,538	46,466
Weighted average number of ordinary shares	('000)	281,479	281,479	281,479	281,479
Basic earnings per share	(sen)	1.94	4.23	10.85	16.51

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: 27 February 2023