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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 2023**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Individual Quarter			Cumulative Quarter		
		Current Year Quarter	Preceding Year Corresponding Quarter	Change	Current Year To Date	Preceding Year Corresponding Period	Change
		31 Mar 2023 (Unaudited)	31 Mar 2022 (Unaudited)		31 Mar 2023 (Unaudited)	31 Mar 2022 (Unaudited)	
RM'000	RM'000	%	RM'000	RM'000	%		
Revenue	A.9	117,331	131,918	-11.06	117,331	131,918	-11.06
Operating profit		9,447	8,612		9,447	8,612	
Profit before taxation	B.5	10,636	9,174	15.94	10,636	9,174	15.94
Income tax expense	B.6	(2,338)	(1,632)	43.26	(2,338)	(1,632)	43.26
Profit after taxation, representing total comprehensive income for the period, attributable to the owners of the Company		8,298	7,542	10.02	8,298	7,542	10.02
Basic and diluted earnings per share attributable to the owners of the Company (sen):	B.16	2.95	2.68	10.07	2.95	2.68	10.07

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 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 2023	(Audited) As at Preceding Financial Year Ended 31 Dec 2022
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	120,280	120,118
Investment property	937	943
Right-of-use of assets	4,971	5,013
	126,188	126,074
Current assets		
Inventories	56,714	69,333
Trade and other receivables	45,165	47,553
Short-term investments	39,557	29,874
Cash and bank balances	54,505	33,418
Current tax assets	-	322
	195,941	180,500
TOTAL ASSETS	322,129	306,574
Equity		
Share capital	98,773	98,773
Treasury shares	(21)	(21)
Retained earnings	150,586	146,510
	249,338	245,262
Non-current liability		
Deferred tax liabilities	12,926	12,595
Current liabilities		
Trade and other payables	59,056	48,717
Current tax liabilities	809	-
	59,865	48,717
TOTAL LIABILITIES	72,791	61,312
TOTAL EQUITY AND LIABILITIES	322,129	306,574
<i>Net assets per share attributable to the owners of the Company (RM)</i>	<i>0.89</i>	<i>0.87</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 2022 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 2023</i>				
At 1 January 2023	98,773	(21)	146,510	245,262
Dividends to shareholders	-	-	(4,222)	(4,222)
Total comprehensive income for the period	-	-	8,298	8,298
At 31 March 2023	98,773	(21)	150,586	249,338
<i>For the period ended 31 March 2022</i>				
At 1 January 2022	98,773	(21)	132,861	231,613
Dividends to shareholders	-	-	(5,630)	(5,630)
Total comprehensive income for the period	-	-	7,542	7,542
At 31 March 2022	98,773	(21)	134,773	233,525

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 2022 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 2023 RM'000	Unaudited 3 months ended 31 Mar 2022 RM'000
OPERATING ACTIVITIES		
Profit before taxation	10,636	9,174
<u>Adjustments for :</u>		
Depreciation of property, plant and equipment	3,338	2,779
Depreciation of investment property	6	6
Depreciation of right-of-use assets	41	41
Interest income	(576)	(254)
Impairment loss on receivables	23	-
Reversal of impairment loss on receivables	(373)	(6)
Loss/(gain) on foreign exchange - unrealised	333	(87)
Operating cash flows before working capital changes	13,428	11,653
Decrease/(increase) in inventories	12,620	(433)
Decrease in receivables	2,387	17,620
Increase/(decrease) in payables	9,271	(8,252)
Cash flows from operations	37,706	20,588
Income taxes paid	(875)	(1,826)
Net cash flows from operating activities	36,831	18,762
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,500)	(8,353)
Purchase of short-term investments	(9,682)	(2,638)
Interest received	576	254
Net cash flows used in investing activities	(12,606)	(10,737)
FINANCING ACTIVITIES		
Dividends paid	(2,815)	(5,630)
Net cash flows used in financing activities	(2,815)	(5,630)
Net increase in cash and cash equivalents	21,410	2,395
Cash and cash equivalents at 1 January	33,418	27,457
Effects of exchange differences	(323)	29
Cash and cash equivalents at 31 March	54,505	29,881
<u>Notes :</u>		
Cash and cash equivalents in the statement of cash flows comprise of :-		
Cash and bank balances	54,505	19,881
Fixed deposits with a licensed bank	-	10,000
	54,505	29,881

Remark

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 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 2023

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 26 May 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 2022.

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 2022.

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 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 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 2024

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

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- 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 March 2023, 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 3 months period ended 31 March 2023:

	RM'000
In respect of the financial year ended 31 December 2022:	
- Third Single Tier interim dividend of 1 sen per share, paid on 12 January 2023	2,815
Total dividends paid as at 31 March 2023	<u>2,815</u>

On 27 February 2023, the Company declared a fourth single tier interim dividend of 1.5 sen per share amounting to RM4.22 million in respect of the financial year ended 31 December 2022 that was paid on 7 April 2023.

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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	
	2023		2022		2023		2022	
	RM'000		RM'000		RM'000		RM'000	
Operating revenue:								
Asia countries	69,479	59%	76,962	59%	69,479	59%	76,962	59%
Malaysia	33,527	29%	38,689	29%	33,527	29%	38,689	29%
Others	14,325	12%	16,267	12%	14,325	12%	16,267	12%
Total operating revenue	<u>117,331</u>	100%	<u>131,918</u>	100%	<u>117,331</u>	100%	<u>131,918</u>	100%

A.10 Material events subsequent to the reporting date

There were no other material events subsequent to the quarter ended 31 March 2023 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 2022.

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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 ("1Q23") compared with last financial year's corresponding quarter ("1Q22") is as follows:

Description	Unaudited 1Q23 RM'000	Unaudited 1Q22 RM'000	Change %
Revenue	117,331	131,918	-11.06
PBT	10,636	9,174	+15.94
PAT	8,298	7,542	+10.02

Quarter Review (1Q23 vs 1Q22)

For the current quarter, the Group's unaudited operating revenue of RM117.33 million was lower compared to RM131.92 million in 1Q22 due to lower selling prices.

The Group recorded a higher unaudited profit before tax (PBT) and unaudited profit after tax (PAT) for the quarter under review of RM10.64 million and RM8.30 million respectively, representing an increase of 15.94% and 10.02% compared to unaudited PBT and PAT of RM9.17 million and RM7.54 million respectively in 1Q22.

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

B.2 Variation of results against last quarter

The Group's performance for the current quarter ("1Q23") compared with the preceding quarter ("4Q22") is as follows:

Description	Unaudited 1Q23 RM'000	Unaudited 4Q22 RM'000	Change %
Revenue	117,331	110,414	+6.26
PBT	10,636	5,545	+91.81
PAT	8,298	5,451	+52.23

Unaudited operating revenue for the current quarter of RM117.33 million was higher by 6.26% compared to RM110.41 million in 4Q22 due to stronger demand for the quarter under review.

The Group recorded a higher unaudited PBT and PAT for the quarter under review of RM10.64 million and RM8.30 million respectively, representing an increase of 91.81% and 52.23% compared to unaudited PBT and PAT of RM5.55 million and RM5.45 million respectively in 4Q22.

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

B.3 Prospects

Bank Negara Malaysia (BNM) has raised its overnight policy rate (OPR) by another 25 basis points to 3%, back to pre-pandemic levels due to increasing global inflationary pressures. While global economic outlook remains challenging, 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.

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 2023 RM'000	31 Mar 2022 RM'000	31 Mar 2023 RM'000	31 Mar 2022 RM'000
Interest income	(576)	(254)	(576)	(254)
Rental income	(11)	(10)	(11)	(10)
Depreciation of property, plant and equipment	3,338	2,779	3,338	2,779
Depreciation of investment property	6	6	6	6
Depreciation of right-of-use assets	41	41	41	41
Impairment loss on receivables	23	-	23	-
Reversal of impairment loss on receivables	(373)	(6)	(373)	(6)
Foreign exchange (gain)/loss – Realised	(821)	(52)	(821)	(52)
Foreign exchange loss/(gain) – Unrealised	333	(87)	333	(87)

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B.6 Taxation

	Current Quarter 3 Months ended		Cumulative Quarter 3 Months ended	
	31 Mar 2023 RM'000	31 Mar 2022 RM'000	31 Mar 2023 RM'000	31 Mar 2022 RM'000
Income tax	2,007	1,470	2,007	1,470
Deferred tax	331	162	331	162
	2,338	1,632	2,338	1,632

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 21.98%, 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 purchases of short-term investments of RM9.68 million in money market funds for the 3 months period under review.

B.9 Status on corporate proposals

There was no corporate proposal announced and 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.

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B.13 Capital commitment

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

	31 Mar 2023	31 Dec 2022
	RM'000	RM'000
	<i>(Unaudited)</i>	<i>(Audited)</i>
Approved and contracted for	15,940	17,620

B.14 Proposed dividend

The Board of Directors of the Company proposed a first single tier interim dividend of 1.5 sen per share in respect of the financial year ending 31 December 2023.

The entitlement date is fixed on 23 June 2023 and payment will be made on 7 July 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 2022 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	
		31 Mar	31 Mar
		2023	2022
Net profit for the period	(RM'000)	8,298	7,542
Weighted average number of ordinary shares	('000)	281,479	281,479
Basic earnings per share	(sen)	2.95	2.68

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: 26 May 2023