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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 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
		30 Jun 2023 (Unaudited)	30 Jun 2022 (Unaudited)		30 Jun 2023 (Unaudited)	30 Jun 2022 (Unaudited)	
		RM'000	RM'000	%	RM'000	RM'000	%
Revenue	A.9	110,165	139,527	-21.04	227,496	271,445	-16.19
Operating profit		10,350	14,690		19,370	23,441	
Profit before taxation	B.5	12,252	15,263	-19.73	22,888	24,437	-6.34
Income tax expense	B.6	(2,394)	(3,071)	-22.04	(4,732)	(4,703)	0.62
Profit after taxation, representing total comprehensive income for the period, attributable to the owners of the Company		9,858	12,192	-19.14	18,156	19,734	-8.00
Basic and diluted earnings per share attributable to the owners of the Company (sen):	B.16	3.50	4.33	-19.17	6.45	7.01	-7.99

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 30 Jun 2023	(Audited) As at Preceding Financial Year Ended 31 Dec 2022
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	124,819	120,118
Investment property	932	943
Right-of-use of assets	4,930	5,013
	130,681	126,074
Current assets		
Inventories	62,437	69,333
Trade and other receivables	48,817	47,553
Short-term investments	39,366	29,874
Cash and bank balances	27,073	33,418
Current tax assets	-	322
	177,693	180,500
TOTAL ASSETS	308,374	306,574
Equity		
Share capital	98,773	98,773
Treasury shares	(21)	(21)
Retained earnings	160,444	146,510
	259,196	245,262
Non-current liability		
Deferred tax liabilities	13,167	12,595
Current liabilities		
Trade and other payables	34,095	48,717
Current tax liabilities	1,916	-
	36,011	48,717
TOTAL LIABILITIES	49,178	61,312
TOTAL EQUITY AND LIABILITIES	308,374	306,574
<i>Net assets per share attributable to the owners of the Company (RM)</i>	<i>0.92</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 30 June 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	-	-	18,156	18,156
At 30 June 2023	98,773	(21)	160,444	259,196
<i>For the period ended 30 June 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	-	-	19,734	19,734
At 30 June 2022	98,773	(21)	142,744	241,496

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 6 months ended 30 Jun 2023 RM'000	Unaudited 6 months ended 30 Jun 2022 RM'000
OPERATING ACTIVITIES		
Profit before taxation	22,888	24,437
<u>Adjustments for :</u>		
Depreciation of property, plant and equipment	6,680	5,571
Depreciation of investment property	11	11
Depreciation of right-of-use assets	83	83
Gain on disposal of property, plant and equipment	-	(127)
Interest income	(1,257)	(445)
Impairment loss on receivables	35	-
Reversal of impairment loss on receivables	(757)	(6)
Gain on foreign exchange - unrealised	(397)	(87)
Operating cash flows before working capital changes	27,286	29,437
Decrease/(increase) in inventories	6,896	(7,974)
(Increase)/decrease in receivables	(597)	9,752
Decrease in payables	(11,611)	(25,746)
Cash flows from operations	21,974	5,469
Income taxes paid	(1,922)	(3,409)
Net cash flows from operating activities	20,052	2,060
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(11,382)	(12,592)
Proceeds from disposal of property, plant and equipment	-	127
(Purchase)/disposal of short-term investments	(9,491)	12,045
Interest received	1,257	445
Net cash flows (used in)/from investing activities	(19,616)	25
FINANCING ACTIVITIES		
Dividends paid	(7,037)	(11,259)
Net cash flows used in financing activities	(7,037)	(11,259)
Net decrease in cash and cash equivalents	(6,601)	(9,174)
Cash and cash equivalents at 1 January	33,418	27,457
Effects of exchange differences	256	(62)
Cash and cash equivalents at 30 June	27,073	18,221
<u>Notes :</u>		
Cash and cash equivalents in the statement of cash flows comprise of :-		
Cash and bank balances	13,967	18,221
Fixed deposits with a licensed bank	13,106	-
	27,073	18,221

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 SECOND QUARTER ENDED 30 JUNE 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 22 August 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
- Amendments to MFRS 112: International Tax Reform – Pillar Two Model Rules

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

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- Amendment to MFRS 101: Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101: Non-current Liabilities with Covenants
- Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements

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 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 6 months period ended 30 June 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
- Fourth Single Tier interim dividend of 1.5 sen per share, paid on 7 April 2023	4,222
Total dividends paid as at 30 June 2023	<u>7,037</u>

On 26 May 2023, the Company declared a first single tier interim dividend of 1.5 sen per share amounting to RM4.22 million in respect of the financial year ending 31 December 2023 that was paid on 7 July 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		6 months ended		6 months ended	
	30 Jun		30 Jun		30 Jun		30 Jun	
	2023		2022		2023		2022	
	RM'000		RM'000		RM'000		RM'000	
Operating revenue:								
Asia countries	61,275	56%	81,137	58%	130,754	57%	158,099	58%
Malaysia	32,070	29%	40,887	29%	65,597	29%	79,576	29%
Others	16,820	15%	17,503	13%	31,145	14%	33,770	13%
Total operating revenue	<u>110,165</u>	100%	<u>139,527</u>	100%	<u>227,496</u>	100%	<u>271,445</u>	100%

A.10 Material events subsequent to the reporting date

There were no other material events subsequent to the quarter ended 30 June 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 performances for the current quarter ("2Q23") and 6 months period ended 30 June 2023 ("6M FY23") compared with last financial year's corresponding quarter ("2Q22") and 6-month period ("6M FY22") are as follow:

Description	Unaudited 2Q23 RM'000	Unaudited 2Q22 RM'000	Change %	Unaudited 6M FY23 RM'000	Audited 6M FY22 RM'000	Change %
Revenue	110,165	139,527	-21.04	227,496	271,445	-16.19
PBT	12,252	15,263	-19.73	22,888	24,437	-6.34
PAT	9,858	12,192	-19.14	18,156	19,734	-8.00

Quarter Review (2Q23 vs 2Q22)

For the current quarter, the Group's unaudited operating revenue of RM110.17 million was lower compared to RM139.53 million in 2Q22 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 RM12.25 million and RM9.86 million respectively, representing a decrease of 19.73% and 19.14% compared to unaudited PBT and PAT of RM15.26 million and RM12.19 million respectively in 2Q22.

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

Year-to-date Review (6M FY23 vs 6M FY22)

For the 6 months ended 30 June 2023, the Group's unaudited operating revenue of RM227.50 million was lower compared to RM271.45 million in 6M FY22 mainly due to weakened demand arising from global economic uncertainties.

The Group recorded a lower unaudited PBT and PAT for the period under review of RM22.89 million and RM18.16 million respectively, representing a decrease of 6.34% and 8.00% compared to the unaudited PBT and PAT of RM24.44 million and RM19.73 million respectively in 6M FY22.

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

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B.2 Variation of results against last quarter

The Group's performance for the current quarter ("2Q23") compared with the preceding quarter ("1Q23") is as follows:

Description	Unaudited 2Q23 RM'000	Unaudited 1Q23 RM'000	Change %
Revenue	110,165	117,331	-6.11
PBT	12,252	10,636	+15.19
PAT	9,858	8,298	+18.80

Unaudited operating revenue for the current quarter of RM110.17 million was lower by 6.11% compared to RM117.33 million in 1Q23 due to weakened demand arising from global economic uncertainties for the quarter under review.

The Group recorded a higher unaudited PBT and PAT for the quarter under review of RM12.25 million and RM9.86 million respectively, representing an increase of 15.19% and 18.80% compared to unaudited PBT and PAT of RM10.64 million and RM8.30 million respectively in 1Q23.

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

B.3 Prospects

Although outlook remains challenging with persisting inflation, elevated interest rate environment as well as protracted military conflict in Ukraine, 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. 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 6 Months ended	
	30 Jun 2023 RM'000	30 Jun 2022 RM'000	30 Jun 2023 RM'000	30 Jun 2022 RM'000
Interest income	(681)	(191)	(1,257)	(445)
Rental income	(12)	(11)	(23)	(21)
Depreciation of property, plant and equipment	3,342	2,792	6,680	5,571
Depreciation of investment property	5	5	11	11
Depreciation of right-of-use assets	42	42	83	83
Impairment loss on receivables	12	-	35	-
Reversal of impairment loss on receivables	(384)	-	(757)	(6)
Foreign exchange (gain)/loss – Realised	(413)	571	(901)	432
Foreign exchange gain – Unrealised	(397)	(87)	(397)	(87)

B.6 Taxation

	Current Quarter 3 Months ended		Cumulative Quarter 6 Months ended	
	30 Jun 2023 RM'000	30 Jun 2022 RM'000	30 Jun 2023 RM'000	30 Jun 2022 RM'000
Income tax	2,153	2,880	4,160	4,350
Deferred tax	241	191	572	353
	2,394	3,071	4,732	4,703

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 20.67%, 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 purchases of short-term investments of RM9.49 million in money market funds for the 6 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.

B.13 Capital commitment

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

	30 Jun 2023	31 Dec 2022
	RM'000	RM'000
	<i>(Unaudited)</i>	<i>(Audited)</i>
Approved and contracted for	9,240	17,620

B.14 Proposed dividend

The Board of Directors of the Company proposed a second 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 22 September 2023 and payment will be made on 12 October 2023.

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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 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		6 months ended	
		30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
Net profit for the period	(RM'000)	9,858	12,192	18,156	19,734
Weighted average number of ordinary shares	('000)	281,479	281,479	281,479	281,479
Basic earnings per share	(sen)	3.50	4.33	6.45	7.01

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: 22 August 2023