



南源塑膠控股有限公司
BP PLASTICS HOLDING BHD
(644902-V)



MS ISO 9001 : 2000
REG. NO. AR 1865



南源塑膠控股有限公司
BP PLASTICS HOLDING BHD
(644902-V)

5A, Jalan Wawasan 2
Kawasan Perindustrian Sri Gading
83300 Batu Pahat
Johor Darul Takzim
Malaysia

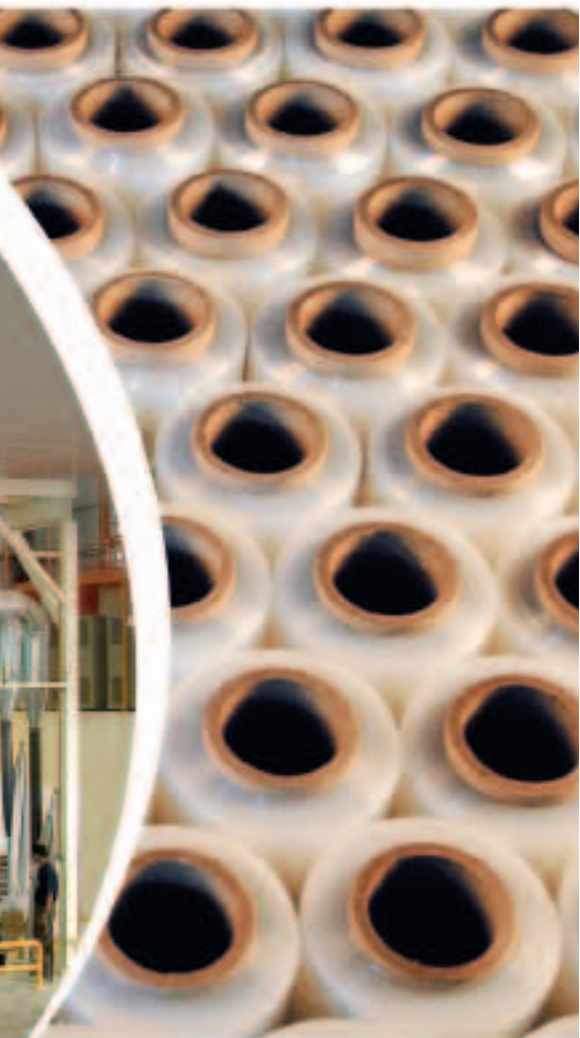
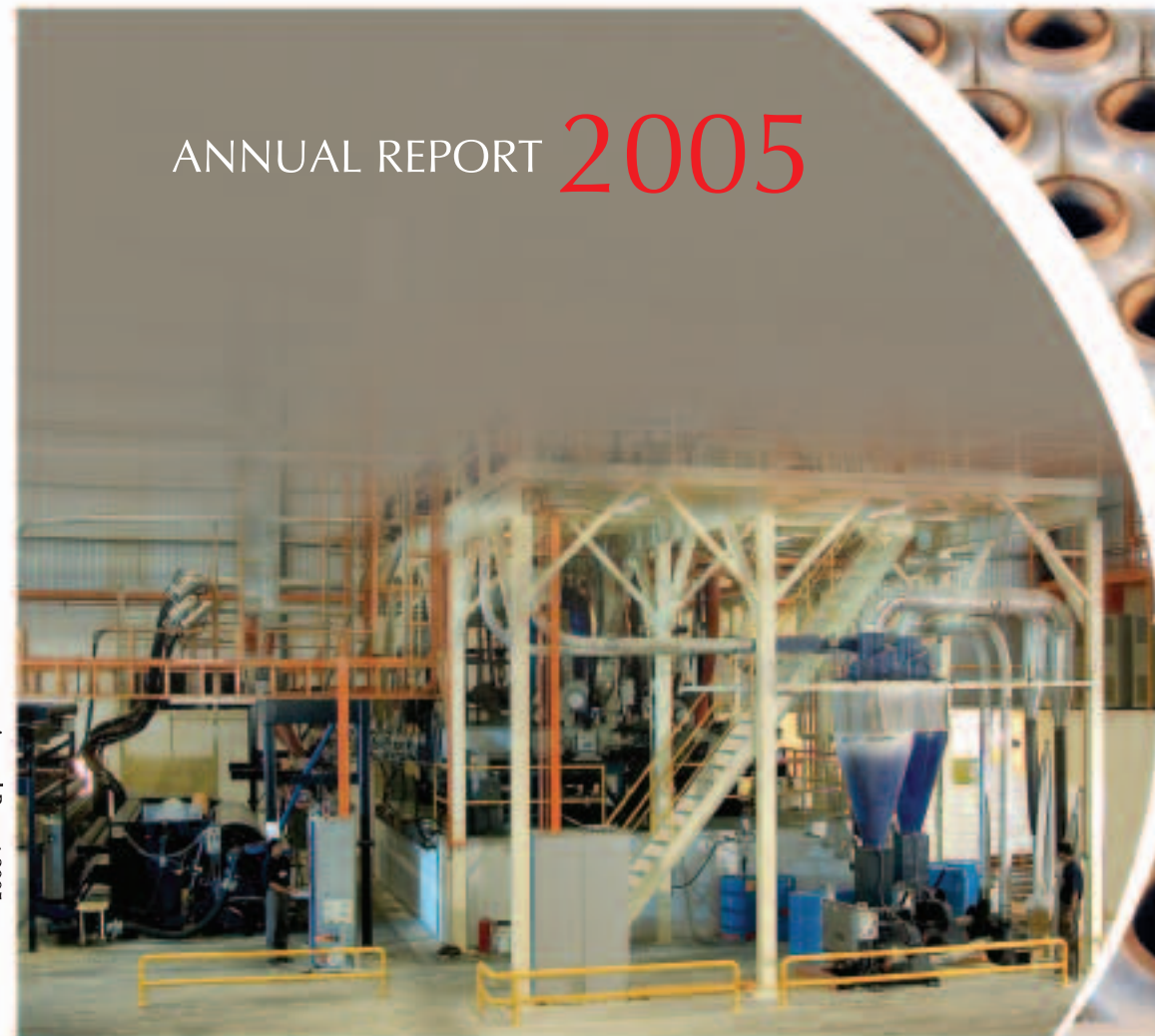
Tel : +607 455 7633
Fax : +607 455 6799
Url : www.bpplastics.com.my



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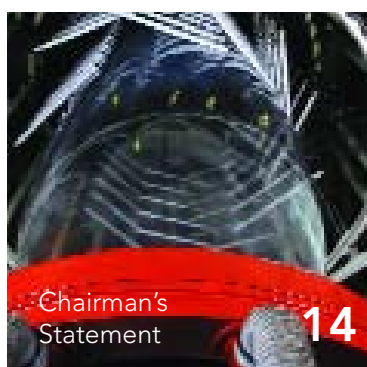
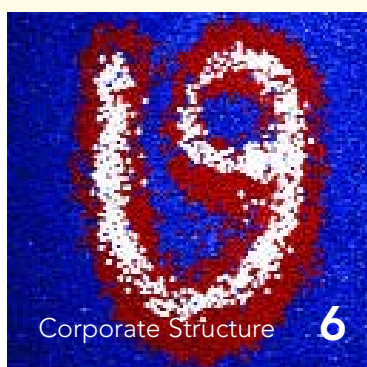


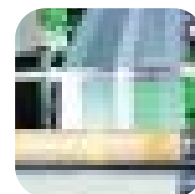
ANNUAL REPORT 2005



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corporate data

BOARD OF DIRECTORS

- **Lim Chun Yow** *Chairman and Managing Director*
- **Tan See Khim** *Executive Director*
- **Hey Shioh Hoe** *Executive Director*
- **Boo Chin Liong** *Independent Non-Executive Director*
- **Koh Chin Koon** *Independent Non-Executive Director*

COMPANY SECRETARY

Teo Soon Mei (MAICSA 7018590)

SHARE REGISTRAR

Securities Services (Holdings)
Sdn Bhd (36869-T)
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel : 03-2084 9000
Fax : 03-2094 9940

REGISTERED OFFICE

5A Jalan Wawasan 2
Kawasan Perindustrian Sri Gading
83300 Batu Pahat
Johor Darul Takzim
Tel : 07-455 7633
Fax : 07-455 7699
Email : enquiry@bpplastics.com.my

HEAD/MANAGEMENT OFFICE

5A Jalan Wawasan 2
Kawasan Perindustrian Sri Gading
83300 Batu Pahat
Johor Darul Takzim
Tel : 07-455 7633
Fax : 07-455 7699
Email : enquiry@bpplastics.com.my
Website : www.bpplastics.com.my

AUDITORS

Ernst & Young (AF 0039)
Chartered Accountants
Lot 1, 6th Floor
Menara Pertam, Jalan BBP 2
Taman Batu Berendam Putra
Batu Berendam, 75350 Melaka.
Tel : 06-336 2399
Fax : 06-336 2899

STOCK EXCHANGE LISTING BPPLAS (5100)

Main Board of the
Bursa Malaysia Securities Berhad
(Listed on 23rd February, 2005)

PRINCIPAL BANKERS

Malayan Banking Berhad
HSBC Bank Malaysia Berhad
Overseas-Chinese Banking
Corporation Limited
RHB Bank Berhad

AUDIT COMMITTEE

- Boo Chin Liong (Chairman)
Independent Non-Executive Director
- Lim Chun Yow (Member)
Chairman and Managing Director
- Koh Chin Koon (Member)
Independent Non-Executive Director

NOMINATION COMMITTEE

- Boo Chin Liong (Chairman)
Independent Non-Executive Director
- Koh Chin Koon (Member)
Independent Non-Executive Director

REMUNERATION COMMITTEE

- Koh Chin Koon (Chairman)
Independent Non-Executive Director
- Boo Chin Liong (Member)
Independent Non-Executive Director
- Lim Chun Yow (Member)
Chairman and Managing Director

EMPLOYEES' SHARE OPTION SCHEME ("ESOS") COMMITTEE

- Lim Chun Yow (Chairman)
Chairman and Managing Director
- Tan See Khim (Member)
Executive Director
- Hey Shioh Hoe (Member)
Executive Director
- Hey Siew Yong (Member)
Administration Manager
- Hey Sio Tong (Member)
Finance and Accounts Manager
- Yue Ah Huay (Member)
Production Manager
- Kelly Tan Eng Seng (Member)
Human Resource Manager

notice of annual general meeting

NOTICE BE AND IS HEREBY GIVEN that the Second Annual General Meeting of the Company will be held at Diamond Room, Level 2, Katerina Hotel, 8 Jalan Zabadah, 83000 Batu Pahat, Johor on Thursday, 4 May, 2006 at 10.30 a.m. to consider the following purposes:-

AGENDA

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December, 2005 together with the Directors' and Auditors' Reports thereon. Resolution 1
2. To approve the payment of a Final Tax Exempt Dividend of 4% in respect of the financial year ended 31 December, 2005. Resolution 2
3. To approve the payment of Directors' fee for the financial year ended 31 December, 2005. Resolution 3
4. To re-elect the following retiring Directors who retire by rotation and being eligible, offer themselves for re-election in accordance with the Article 92 of the Company's Articles of Association:-
 - (i) Mr. Hey Shiow Hoe Resolution 4
 - (ii) Mr. Tan See Khim Resolution 5
5. To re-appoint Messrs. Ernst & Young as Auditors of the Company for the financial year ending 31 December, 2006 and to authorize the Directors to fix the Auditors' remuneration. Resolution 6
6. As special business:-
 To consider and if thought fit, to pass with or without modifications, the following resolution:-
Ordinary Resolution
Authority To Issue Share Pursuant To Section 132D of the Companies Act, 1965
 "That subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant government/regulatory authorities, the Directors be and are hereby authorized, pursuant to Section 132D of the Companies Act, 1965, to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting of the Company and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and that the Directors are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares to be issued." Resolution 7
7. To transact any other ordinary business of which due notice has been given in accordance with the Companies Act, 1965.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders of the Company at the Second Annual General Meeting, a final tax exempt dividend of 4% in respect of the financial year ended 31 December, 2005 will be paid on 6 June, 2006 to members appearing in the Register at the close of business on 22 May, 2006.

notice of annual general meeting (cont'd)

A depositor shall qualify for entitlement only in respect of:-

- a) Securities transferred into the Depositor's Securities Account before 4.00 p.m. on 22 May, 2006 in respect of transfers; and
- b) Securities bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

TEO SOON MEI (MAICSA 7018590)

Company Secretary

Melaka

Dated: 10 April, 2006

Explanatory Notes On Special Business

1. The Ordinary Resolution proposed under item 6 above, if passed, will empower the Directors to issue shares up to 10% of the issued capital of the Company for the time being for such purposes as the Directors may consider to be in the interest of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company, or the expiration of period within which the next Annual General Meeting is required by law to be held, whichever is earlier.
2. Where a member is an authorized nominee as defined under the Securities Industry (Central Depository) Act, 1991, it may appoint more than (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, whether under its seal or under the hand of an officer or attorney duly authorized.

NOTES:

1. A member of the Company who is entitled to attend and vote at the meeting is entitled to appoint more than two proxies to attend and vote instead of him. Where a member appoints two or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a), (b), (c) and (d) of the Companies Act, 1965 shall not apply to the Company.
4. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or notarially certified true copy of that power or authority shall be deposited at the Registered Office of the Company at 5A Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor not less than 48 hours before the time for holding the meeting or at any adjournment thereof, and in default the instrument of proxy shall not be treated as valid.

statement accompanying the notice of annual general meeting

Pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad

Details of the retiring Directors namely, Mr. Hey Shiow Hoe and Mr. Tan See Khim are set out in pages 7 to 8 of the Annual Report of the Company for the financial year ended 31 December, 2005.

DIRECTORS STANDING FOR RE-ELECTION

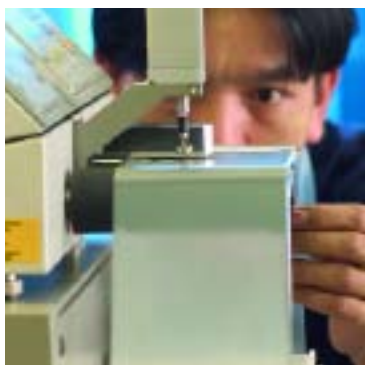
Mr. Hey Shiow Hoe and Mr. Tan See Khim, the Directors who are retiring and standing for re-election in accordance to Article 92 of the Company's Articles of Association at the Second Annual General Meeting of the Company to be held at Diamond Room, Level 2, Katerina Hotel, 8 Jalan Zabedah, 83000 Batu Pahat, Johor on Thursday, 4 May, 2005 at 10.30 a.m.

A total of three (3) Board of Directors' Meeting were held during the financial year ended 31 December, 2005 and all the Board of Directors' meeting held at 5A Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor. The date and time of the Board of Directors' Meeting were as follows:-

Date of the Board Meeting	Time
4 May, 2005	1100
12 August, 2005	1500
11 November, 2005	1100

Attendance record of directors for the board meetings held during the financial year ended 31 December, 2005 is as follows:-

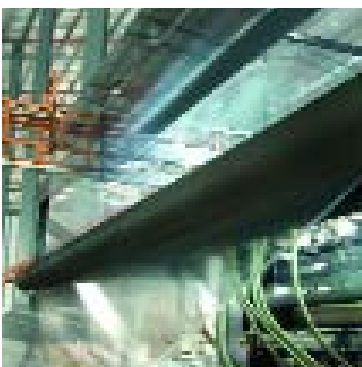
Name of Director	Date of Appointment	No. of Meetings Attended
Mr. Hey Shiow Hoe	3 September, 2004	3
Mr. Tan See Khim	3 September, 2004	3



corporate structure



BP Plastics Holding Bhd
(Company No: 644902-V)



board of directors

Name	Lim Chun Yow
Age	43
Nationality	Malaysian
Position in the Company	Chairman and Managing Director
Qualification	Holds a degree in Bachelor of Science in Business Administration from The Ohio State University, United State of America in 1985.
Working Experience	He was appointed as the Chairman and Managing Director of the Company on 23rd November, 2005 and 3rd September, 2004 respectively. He started his career with a plastic manufacturing company as a Marketing Executive in 1986 and has extensive experience in the sales and marketing of polybags. In 1990, he resigned from the company and set up a business with two co-founders of BP Plastics Sdn Bhd. He also sits on the board for several private limited companies.
Other Directorship of Public Companies	None
Details of Any Board Committee to which He Belongs	He is a member of the Remuneration and Audit Committees and the Chairman of ESOS Committee of the Company.
Number of Board Meetings Attended in the Financial Year	3/3

Name	Tan See Khim
Age	42
Nationality	Malaysian
Position in the Company	Executive Director
Qualification	Holds a Certificate in Senior Middle Three from Chung Hwa High School in Muar in 1982.
Working Experience	He was appointed as an Executive Director of the Company on 3rd September, 2004. He is a co-founder of BP Plastics Sdn Bhd. He was involved in the sales, trading, marketing, distribution, resource planning and training in consumer products in between 1983 and 1990, prior to the establishment of BP Plastics Sdn Bhd in 1991. His experience and knowledge in sales have been very instrumental towards the growth of the Company. He also sits on the board for several private limited companies.
Other Directorship of Public Companies	None
Details of Any Board Committee to which He Belongs	He is a member of the ESOS Committee of the Company.
Number of Board Meetings Attended in the Financial Year	3/3

board of directors (cont'd)

Name	Hey Shiow Hoe
Age	43
Nationality	Malaysian
Position in the Company	Executive Director
Qualification	Holds a degree in Bachelor of Science in Industrial and Systems Engineering from The Ohio State University, United State of America in 1986.
Working Experience	He was appointed as an Executive Director of the Company on 3rd September, 2004. He is a co-founder of BP Plastics Sdn Bhd. He started his career in a plastic manufacturing company upon his graduation in 1986. He was responsible for the strategic planning and total management of the manufacturing operations, infrastructure upgrading and development, technical improvement and support to the production team ever since the business set up of BP Plastics Sdn Bhd. He has also been appointed as the Management Representative in maintaining the ISO 9001:2000 Quality Management System of BP Plastics Sdn Bhd. He also sits on the board for several private limited companies.
Other Directorship of Public Companies	None
Details of Any Board Committee to which He Belongs	He is a member of the ESOS Committee of the Company.
Number of Board Meetings Attended in the Financial Year	3/3

Name	Boo Chin Liong
Age	45
Nationality	Malaysian
Position in the Company	Independent Non-Executive Director
Qualification	Holds a Bachelor of Law (Honours) degree from the University of Malaya in 1985 and was called to Bar in 1986.
Working Experience	He was appointed as an Independent Non-Executive Director of the Company on 3rd September, 2004. He is an advocate and solicitor and has been in active legal practice since 1986. He is a founding partner of Messrs. C. L. Boo & Associates. He also sits on the board for several private limited companies.
Other Directorship of Public Companies	He sits on the board of Ramatex Berhad, Changhuat Corporation Bhd and Poh Huat Resources Holdings Bhd, companies all listed on Bursa Malaysia Securities Berhad.
Details of Any Board Committee to which He Belongs	He is the Chairman of the Audit Committee and the Nomination Committee of the Company. He also is the member of the Remuneration Committee.
Number of Board Meetings Attended in the Financial Year	3/3

board of directors (cont'd)

Name	Koh Chin Koon
Age	36
Nationality	Malaysian
Position in the Company	Independent Non-Executive Director
Qualification	Holds a Bachelor Degree of Accounting (Hon) from University of Malaya in 1995 and joined Malaysia Institute of Accountants (MIA) and Malaysia Institute of Taxation (MIT) in 1999 and 2000 respectively.
Working Experience	He was appointed as an Independent Non-Executive Director of the Company on 3rd September, 2004. He was employed by Arthur Andersen & Co (Malacca Branch) as a Tax Assistant after he completed his Bachelor Degree and promoted as Tax Experience Senior during the employment. He left Arthur Andersen & Co and joined Chin & Co as a Tax Manager in 2000. After obtained a wide range of experience from his last employment involved in advising clients including private companies, public listed companies and government organizations, he set up Koh & Siow Management Services in 2001. He is also an approved tax agent under section 153(3)(b) pursuant to Income Tax Act, 1967 by Ministry of Finance since 2001. He also sits on the board for several private limited companies.
Other Directorship of Public Companies	He is an Independent Non-Executive Director of Impressive Edge Group Berhad, a company listed on the Bursa Malaysia Securities Berhad for Mesdaq Market. He is also the Independent Non-Executive Director of SKP Resources Bhd.
Details of Any Board Committee to which He Belongs	He is a member of the Audit and Nomination Committees and the Chairman of Remuneration Committee of the Company.
Number of Board Meetings Attended in the Financial Year	3/3



additional information on the board of directors

Family Relationship with the Director and Substantial Shareholders.

Mr. Tan See Khim and Mr. Lim Chun Yow are brother-in-law of Hey Shiow Hoe. They are the directors and substantial shareholders of the Company.

Save as disclosed above, none of the Directors of the Company has any relationship with any directors or substantial shareholders of the Company.

OTHER INFORMATION

Share Buy-Back

The group did not enter into any share buy-back transactions during the financial year.

Options, Warrants or Convertible Securities

The Group did not issue any options, warrants or convertible securities. However, the Group has established an Employees' Share Option Scheme ("ESOS") of not more than 15% of the issued share capital of the Company during the year. This was approved at the Extraordinary General Meeting held on 10 January, 2005.

The Company has on 15 February, 2005 granted 10,000,000 options at RM1.20 per share under the initial grant to Independent Non-Executive Directors and eligible employees of the Company and Group in accordance with the ESOS By-Laws.

American Depositary Receipt (ADR) or Global Depositary Receipt (GDR)

During the financial year, the Group did not sponsor any ADR or GDR programmes.

Sanctions And/Or Penalties

There were no sanctions and/or penalties imposed on the Group and its subsidiaries, Directors, or management by any regulatory bodies.

Non-Audit Fees

The non-audit fees of RM13,800 paid to the external auditors by the Group for the current financial year ended 31 December, 2005.

Variation in Results

The Group forecasted consolidated profit after taxation and minority interests of RM16.71 million as stated in the Prospectus to shareholders of the Company dated 26 January, 2005 differs from the Group consolidated net profit after taxation and minority interest of RM20.47 million as reported in the audited Financial Statements for the financial year ended 31 December, 2005 is due to the following reasons:-

- a) The higher operating margin achieved during the financial year ended 31 December, 2005; and
- b) Additional RM0.99 million tax credit obtained from the entitlement of higher export allowance of 30% instead of 10% from the prior year tax computation.



additional information on the board of directors (cont'd)

Profit Guarantee

During the year, the Company did not provide any profit guarantees.

Utilisation of Proceeds

The proceeds of RM26.822 million from the Rights Issue and Public Issue has been fully utilized for the core business of the Company and its subsidiaries during the year ended 31 December, 2005 as follows:-

Particulars	Utilisation of Proceeds as approved (RM'000)	Utilisation of Proceeds as at 31 December, 2005 (RM'000)	Surplus /(Deficit) (RM'000)
Purchase of land and construction of factory or purchase of land and factory	7,500	7,500	-
Purchase of plant and machinery	15,520	15,520	-
Working capital	2,002	2,002	-
Estimated Listing expenses	1,800	2,165	(376)*

Note:

(*) Deficits was paid through internal generated fund

Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest, either subsisting at the end of the financial year or entered into since the end of the previous financial year.

Revaluation Policy on Landed Properties

The Company has adopted a regular revaluation policy on landed properties. Revaluation is made at least once in every five years based on a valuation by an independent valuer on an open market value basis. The last revaluation was done in the financial year ended 31 December, 2004.

Recurrent Related Party Transaction of a Revenue Nature

There were no material recurrent related party transaction of a revenue nature during the year other than those disclosed in the financial statements.

Conviction for Offences

None of the Directors has been convicted for any offences within the past ten (10) years other than traffic offences, if any.

additional information on the board of directors (cont'd)

Conflict of Interests

Save as disclosed below, none of directors and substantial shareholders of the Company are engaged in any existing and potential related party transactions and conflict of interest in relation to the corporation and its related parties. The related party transactions, which may or may not result in conflicts of interest, are transactions entered into by the Company and its subsidiaries which involve the interest, direct or indirect, of a related party:-

- a) During the financial year ended 31 December, 2005, BP Plastics Sdn Bhd, the subsidiary of the Company purchased printing materials amounting to approximately RM23,465 from Libraprint & Advertising, a company in which Mr. Hey Shiow Hoe's brother has an interest.
- b) Pursuant to a written agreement dated 1 September, 2004 between BP Plastics Sdn Bhd and Madam Hey Sio Tong ("HST"), the spouse of Mr. Tan See Khim, BP Plastics Sdn Bhd had paid a monthly rental of RM1,100.00 to HST for the purposes of renting an apartment bearing the postal address A-05-04, Vista Komanwel, Bukit Jalil, 57000 Kuala Lumpur and measuring approximately 1,422 square feet.

Shareholdings in the Company

The direct and indirect interests in shares in the Company for those who were directors at the end of the financial year according to the Register of Directors' shareholdings are set out in the Directors' Report, pages 37 to 38 of the Annual Report.

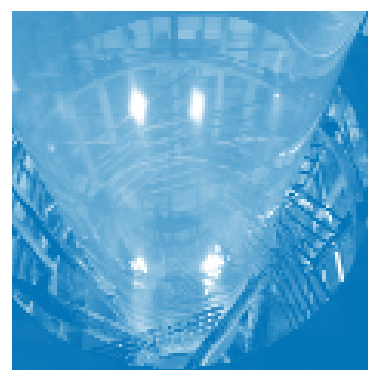


corporate profile

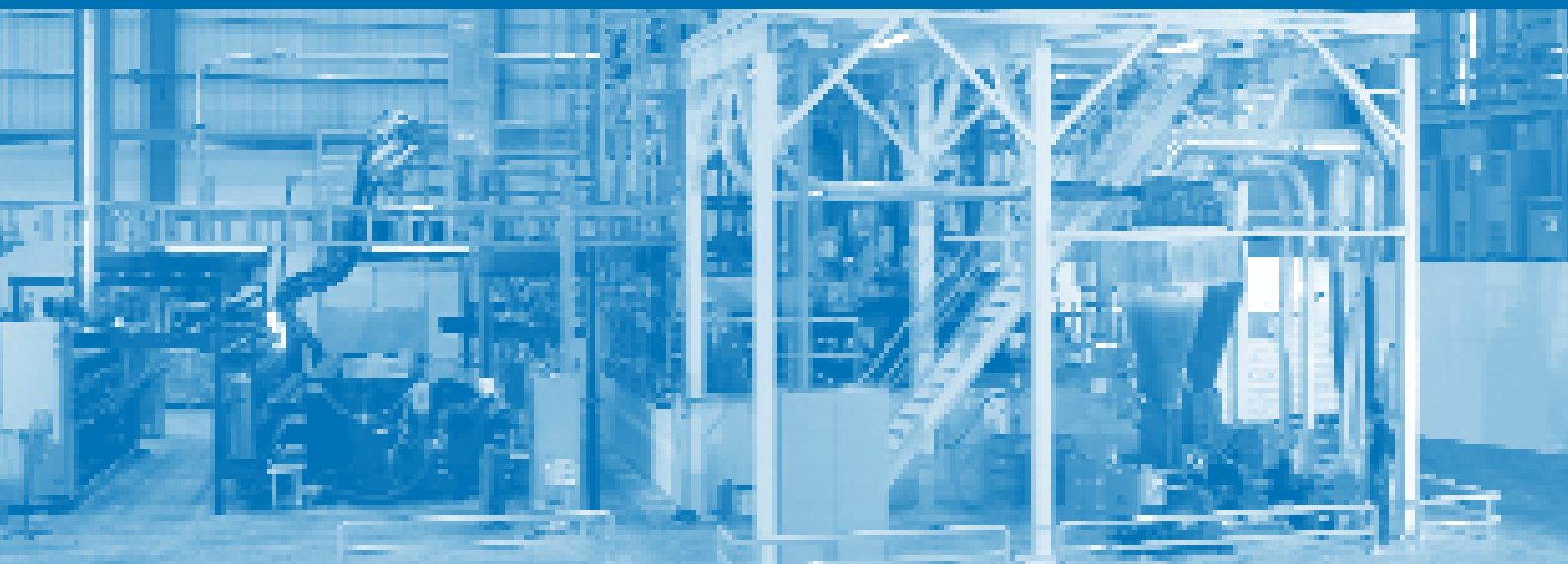
BP Plastics Holding Bhd, an investment holding company was incorporated in Malaysia under the Companies Act, 1965 on 9 March, 2004.

The principal activities of its subsidiaries are as follows:-

Company	Date and Country of Incorporation	Equity Interest (%)	Principal Activities
BP Plastics Sdn Bhd (Company No: 221104-W)	18 July, 1991 / Malaysia	100	Manufacturing
BP Packaging Sdn Bhd (Company No: 540196-U)	23 February, 2001/ Malaysia	100	Trading



chairman's statement



Dear Shareholders,

On behalf of the Board of Directors, it gives me great pleasure to present the second Annual Report and Audited Statements of BP Plastics Holding Bhd (BPPLAS) and its Group of Companies for the financial year ended 31 December, 2005.

2005 was indeed a very important and challenging year for BPPLAS. For a start, the Company was successfully listed on the Main Board of Bursa Malaysia Securities Berhad, on 23 February, 2005. Before our listing we have had 15 years of consistent growth that gave us the impetus to be one of Malaysia's leading manufacturers of Stretch Film and Industrial Plastic Packaging Bags. From the IPO exercise, total gross proceeds of RM26.822 million were raised to boost the total production capacity to 60,000 metric tonnes per annum. It is also good to note the list of newly installed equipment and property, which are as follows:

- i. one unit of 4-metre multi-layer Cast Stretch Film System from USA, producing pallet stretch film for warehouse supply and logistics usage,
- ii. one unit of 3-layer Co-extrusion Blown Film Extruder from Germany origin, producing laminating flat film,
- iii. one unit of 4-metre Mono-layer Extruder from USA, producing up to 8 meter sheets
- iv. one unit of Recycling Machine from Europe, converting all scraps and waste into resin to be reused in the production process
- v. Construction of a Factory spanning 115,200 sq ft situated on 10 acres of land with a 60-year lease that expires in 2052

With the recent capacity expansion, the Multi-layer Stretch Film annual production capacity of the Company was added by an additional 16,800 MT to a total of 43,200 MT per annum. Meanwhile the meticulous Industrial Plastic Bag annual extrusion capacity was also increased from an additional 7,200 MT to 16,800 MT per annum. This strategic expansion has ranked the Company as one of the top integrated industrial plastic bag, sack and film manufacturers in Malaysia, with core businesses in Cast Stretch Film and Blown Film Extrusion Manufacturing of 3-Layer Lamination-based Flat Film, Shrink Wrap Film, Mattress Cover, Cargo Sheet, Garment Packaging Bag, General Purpose Polyethylene (PE), High Density Polyethylene (HDPE) and Polypropylene (PP) Bag with printing of up to six colours.



chairman's statement (cont'd)

Financial Performance

BPPLAS has again been able to register yet another year of recorded profitability. It has expanded the business to double-digit growth in spite of the unprecedented high crude oil prices since the last decade, which posed a great challenge to the Company. Growth in both Stretch Film and meticulous Industrial Blown Film Plastic Bag department drove up the revenue to RM160.46 million for the financial year 2005 as compared to RM122.1 million in 2004. Profit before Taxation also increased to RM23.4 million from RM17.88 million in 2004. Hence, BPPLAS was able to record an increase of 31.4% in Revenue Turnover and 30.9% in Profit before Taxation, as compared to the previous year ended 31 December, 2004 Audited Proforma Financial Statement. The Group Profit after Taxation for the financial year 2005 increased by 39.2% to RM20.47 million as compared to RM14.71 million in 2004. For the financial year under review, the Group registered Earnings per Share of 17.21 sen as compared to 13.14 sen in 2004. Return on Equity and Return on Fixed Asset was 24.4% and 31.9% respectively for the financial year 2005.

The high crude oil had inevitably resulted in a cost-push effect to the price of plastic raw material, which in return resulted to a higher revenue turnover for the financial year 2005. However, the demand of Stretch Film and meticulous Industrial Plastic Bag recorded an addition of approximately 19% actual growth compared to the actual total quantity sales for 2004, on a year-to-year basis. An improved financial result of the forecast was achieved, due to the combination of high volume export growth and cost-efficient operations improvement. The Company was pleased to be entitled to a 30% export allowance instead of 10% in the previous financial year return, which brought in an additional RM0.99 million tax credit. As for the financial year 2005, BPPLAS exported about 60% total products to 20 countries around the Asia-Pacific region, including the three leading major export markets of Japan, Australia and Singapore. The total product mix exported is approximately 70% in Multi-Layer Stretch Film and 30% in Industrial Packaging Plastic Bags.

Dividends

In appreciation to the shareholder support, the Board is pleased to propose a special tax exempted final dividend

of RM0.02 per share, or 4% per share for the financial year 2005 subject to approval of the shareholders in the forthcoming Annual General Meeting. With the inclusion of the proposed dividend of RM0.02 per share, the total tax exempted dividend for the financial year 2005 was RM0.07 per share or 14% based on the par value of RM0.50 per share. The total tax exempted dividend payout ratio was 41%, amounting to RM8.4 million. Over the course of a year, the Company had paid the first interim dividend of RM0.03 per share on 10 May, 2005 and a second interim dividend of RM0.02 per share on 16 December, 2005.

Corporate Governance

The Company has adopted the 80/20 approach to identify the key risks areas in the organisation. The Board shall constantly continue to review the current business practices to ensure that all the practices are adhering to the highest standards of corporate governance in the long-term interest of our shareholders. The Board is fully committed in ensuring that the principles and best practices set out in the Malaysian Code on Corporate Governance are applied consistently in the Group. The application and compliance with the Principles and Best Practices as set out in the Malaysian Code on Corporate Governance has been disclosed in the Annual Report of the Company on pages 17 to 24.

As of December 2005, the Company has outsourced the internal audit functions to Deloitte KassimChan, who will closely monitor the progress of the Company and continue to improve its standard of corporate governance throughout the Group.

Industry Outlook and Prospects

The rapid industrialisation of the Asian economy and trade liberalisation have improved business opportunities and trading activities within Asia and between Asia and the G8 countries. The increasing import and export activities has stimulated the demand consumption of protective packaging material, particularly the Stretch Film and Industrial Packaging Plastic Bags to protect and secure all palletised merchandise, ensuring that they remain in good condition during storage and in transit, avoiding any unnecessary costs of reproduction and replacements.

chairman's statement (cont'd)

Industry Outlook and Prospects (Cont'd)

Although the price of crude oil has been fluctuating between US\$50 and US\$70 per barrel, the demand for polyethylene packaging products has not shown signs of weakening. Instead it continues to expand at a faster growth rate of 10% per annum, which is growing at 1.5 to 2 times of GDP growth in Asia. The resilient demand is due to polyethylene packaging material, which is not only the lowest price in the market but also due to its versatility and unique functionality in replacing other packaging materials. Stretch Film and Plastic Bag industry provides an economic value chain that secure, protect and improve the safety and hygiene of the product, and also to reduce the cost by making it recyclable. In addition, the expected recovery of Japan's economy would be the stimulus for economic growth in Asia, and we are optimistic that the Company would be able to capture the consistent growth of Stretch Film and Plastic Bag demand, especially from the economy of scale due to the recent expansion.

On the domestic level, according to 2005 Bank Negara Malaysia Annual Report, the real GDP is projected to grow at a faster rate of 6% for 2006, driven by strengthening export performance and resilient domestic demand. The Company would continue to benefit from its strong networking for the direct supply of Stretch Film and meticulous Industrial Plastic Bags and Film as the essential packaging material to more than 10 industries within Malaysia. Furthermore, our strong and prudent financial status, continued advanced technological equipment capacity expansion, aggressive sales and marketing development program, complemented with our constant service improvement, BPPLAS is confident that it will continue to lead in the production of high quality, consistent and cost-efficient products to stay ahead of the competition both in Malaysia and the global marketplace.

With regard to the environment, BPPLAS has installed the next generation machinery that will recycle all plastic wastes and scraps from the production line that will ultimately reduce wastage. Our efforts enable the Company to protect the environment by minimising wastage and also help to increase our competitive edge in serving customers with high-quality products on par with overseas markets.

Shareholder Value

BPPLAS is fully committed to delivering superior shareholder value. The unbroken and consistent profitability track record since the starting of business back in 1990 underpins the value the shareholders derive from their investment in BPPLAS. In improving profitability performance, the Group has also undertaken proactive initiatives to enhance shareholder value by adopting the dividend payout policy of distributing from 20% to 40% of its net profit to reward the shareholders subject to the Group net free cash flow and capital expenditure requirement.

The Board is fairly optimistic and barring any unforeseen circumstances, that we can achieve an improved and satisfactory performance for the financial year ended 31 December, 2006.

Acknowledgements

I wish to express my heartfelt appreciation to the Management and Staff of BPPLAS for their untiring commitment, dedication and loyalty in contributing to the Company's continued success.

I wish to also express my sincere appreciation and gratitude to all customers, suppliers and shareholders for their continued support and confidence in BPPLAS.

The Board and Management would like to thank the relevant authorities, advisors, business associates, investment analysts and fund managers for their invaluable advice, guidance and support.

LIM CHUN YOW

Chairman / Managing Director

corporate governance statement

Pursuant to Paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad

The Board of Directors (“Board”) of BP Plastics Holding Bhd (BPPLAS) is committed to ensure that corporate governance is practiced throughout BPPLAS and its subsidiary companies (“the Group”) in directing and managing the Group’s businesses and affairs as a fundamental part of discharging its responsibility and to enhance the business prosperity to support the continuous growth of the Group as long-term commitment to its shareholders and investors.

Set out below is a statement of how the Group has applied the Principles, and the extent of its compliance with Best Practices of the Malaysia Code of Corporate Governance (“the Code”) pursuant to paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad (“the Listing Requirements”).

B. BOARD OF DIRECTORS

1. Board Composition and Board Balance

The Board is composed, as at the date of this Statement, of five (5) Directors, two (2) of whom are Non-Executives. The two (2) Non-Executive Directors are independent. One-third of the Board comprises Independent Non-Executive Directors, thereby bringing independent objective and judgement to facilitate a balanced leadership in the Group as well as to safeguard the interest of the minority shareholders and other stakeholders in ensuring that the highest standard of conduct and integrity are maintained. Whilst Mr. Lim Chun Yow, Mr. Tan See Khim and Mr. Hey Shiow Hoe represents the interests of the largest shareholders of the Company, the investment of remaining shareholders were fairly reflected in the Boards representation. The mix would represent appropriately the respective size of investment by shareholders.

Mr. Lim Chun Yow who is the Chairman and Managing Director, and the two (2) Executive Directors namely Mr. Tan See Khim and Mr. Hey Shiow Hoe who have more than 15 years of expertise and experience in the plastic packaging business, particularly the bags, sacks and film section. The two (2) Independent Non-Executive Directors through their varied experiences and qualifications provide effective contribution and support to the functions of the Board. The profiles of each member of the Board are set out on pages 7 to 9 of this Annual Report.

2. Board Responsibilities

The Board is responsible for the overall corporate governance of the Group. The Board retains full and effective control of management in the Company and its overall responsibilities, as stated in the Company’s board manual, for more strategic directions, planning and execution of the Company objectives. It is the responsibility of the Board, in all decisions, to conscientiously weigh the interests of shareholders and to consider the effects of decisions in the interests of all shareholders. In leading the Company and Group, the Board also has the duty to act in the best interest of the Company and the Group at all times.

Mr. Lim Chun Yow, who is the Chairman/Managing Director of the Company, leads the Board assisted by two (2) Executive Directors of the Company. However, the roles of the Chairman and Managing Director are separated and each has a clear accepted division of responsibilities. There is also a clear demarcation of responsibilities between the roles of the Managing Director and the Executive Director to ensure a balance in both authority and power. The Chairman is primarily responsible for matters pertaining to the Board and the overall conduct and performance of the Company. The Managing Director, together with the Executive Directors of the Company, oversees the running of the Group and the implementation of the Board’s decisions, business strategies, and policies.

corporate governance statement (cont'd)

Pursuant to Paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad

B. BOARD OF DIRECTORS (CONT'D)**2. Board Responsibilities (Cont'd)**

Due to the relatively small size of the Group, the Board does not intend to appoint an Independent Chairman to the Board. It has appointed Mr. Boo Chin Liong as a senior Independent Non-Executive Director to facilitate communications of any stakeholders concerns where it would not be dealt with by the Managing Director or the Executive Directors.

The Board has also delegated certain responsibilities to other Board Committees which operate within clearly defined terms of reference. Standing committees of the Board include the Audit Committee (see Report on Audit Committee set out on pages 25 to 29), the Remuneration Committee, the Nomination Committee, and the Employees' Share Option Scheme ("ESOS") Committee.

3. Attendance of Board Meetings

Board meetings are scheduled at quarterly intervals with additional meetings held when necessary. The Meeting's agenda include reviews on various aspects of the Group's operation, financial performance, and other significant matters. Special Board meetings are convened on an ad-hoc basis to deliberate on urgent matters that require the Board's immediate decision. The number of Board meetings and attendance for meetings of the Board since the date of listing of the Company on 23 February, 2005 are as follows:-

Board of Director	Total no. of Meetings Held During The Director's Tenure in Office	Meetings Attended
Lim Chun Yow	3	3
Tan See Khim	3	3
Hey Shiow Hoe	3	3
Boo Chin Liong	3	3
Koh Chin Koon	3	3

4. Supply of Information and Access to Advice

All Board members are provided with relevant information of the Company and the Group to enable them to carry out their duties effectively as Directors. A full set of Board papers for each agenda including financial reports and notices are promptly communicated prior to the Board Meetings to allow for sufficient understanding of the proceedings.

Senior Management staff may be invited to attend any Board meetings to provide views and explanations on certain agenda being tabled to the Board, and to furnish clarification on issues that may be raised by the Directors. The Directors have the right to engage independent professional advice if necessary at the Company's expense. The Directors also have direct access to the advice and the services of the Company Secretary in ensuring the effective functioning of the Board.

corporate governance statement (cont'd)

Pursuant to Paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad

B. BOARD OF DIRECTORS (CONT'D)**5. Appointment to the Board**

The Nomination Committee was formed on 4 May, 2005. Nomination Committee recommends the appointments of new directors to the Board. However, the Board makes all decisions on appointments after considering those recommendations. Nomination Committee would also ensure that the Board has an appropriate balance of expertise and ability. Another objective of this Committee is to assess the effectiveness of the Board as a whole and the contribution of each individual director on an on-going basis. Other responsibilities of this Committee are clearly defined in the terms of reference of the Nomination Committee. The Nomination Committee comprises mainly of Independent Non-Executive Directors and its composition is as follows:-

Members	Designation	Responsibility
Mr. Boo Chin Liong	Independent Non-Executive Director	Chairman
Mr. Koh Chin Koon	Independent Non-Executive Director	Member

The Board through the First Nomination Committee annually assesses the effectiveness of the current board as a whole, the effectiveness of the Committees of the Board, and the contributions of each individual director. The Directors have direct access to the advice and the services of the Company Secretary who ensures that all the appointments are properly made and all the necessary information is obtained from directors, both for the Company's own records and for the purposes of meeting statutory obligations, as well as obligation arising from the Listing Requirements of the Bursa Malaysia Securities Berhad and other regulatory requirements.

6. Directors' Training

There is a familiarization programme in place for new Directors, including visits to the Group's business and meetings with senior management where appropriate to facilitate their understanding of the Group's businesses and operations.

All Directors have complete the Mandatory Accreditation Programme ("MAP") pursuant to the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Continuing Education Programmes ("CEP") requirements have been repealed with effect from 1 January, 2005. The Board acknowledged that the directors of the Company were through varied experience and qualifications provide effective contribution and support to the functions of the Board for the year ended 2005. The Board has empowered the directors of the Company to determine their own training requirements as they consider necessary or deem fit expedient to enhance their knowledge in new rules and regulations as well as understanding of the Group's business and operations and to keep abreast with current developments in the market place. During the year, all the board members except for Mr. Boo Chin Liong, the Independent Non-Executive Directors have attended seminars and briefings to keep abreast with current market developments.

corporate governance statement (cont'd)

Pursuant to Paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad

B. BOARD OF DIRECTORS (CONT'D)**6. Directors' Training**

The training programmes and seminars attended by members of the Board in 2005 are inter-alia on areas relating to plastics and related industries, taxation, human resources management and self-motivation. The following are training programmes seminars and briefing attended by Directors of the Company in 2005 (other than MAP/CEP requirements):-

1. 13th Petrochemicals Asia Summit
2. Radiation Safety and Health
3. Seminar on Human Resources Management
4. Seminar on To Design & Implement a customized 25 % productivity Improvement Plan
5. Seminar on Building Customer Lifetime Value in Clockspeed Landscape
6. Seminar on Creating Your Own Rainbow
7. Seminar on 2006 Budget and Goods & Services Tax
8. MIDA Southern Region Investment & Trade Dialogue and Seminar on Opportunities in Manufacturing and related services
9. Seminar on Duty Exemption

Mr. Boo Chin Liong, the Independent Non-Executive Director of the Company has not attended any training programme during the year as he has accumulated a total of 72 CEP points pursuant to the requirements of Bursa Securities. He was also in the opinion that he has adequate exposures to the new rules and regulations to keep abreast with the current developments in the market place.

7. Re-election of Directors

In accordance with the Company's Articles of Association, all Directors are required to retire from office once every three (3) years.

Directors who are appointed during the financial year are subjected to a re-election following their appointment in accordance with the Company's Articles of Association by shareholders at the Annual General Meeting ("AGM").

Detail of Directors seeking re-election at the forth coming AGM are disclosed in the Statement Accompanying the Notice of AGM as set out on page 5 of this Annual Report.

C. BOARD COMMITTEES

The Board has delegated certain responsibilities to Board Committees, which operate within clearly defined terms of reference. These committees are:-

a) The Audit Committee

The Audit Committee consist of three (3) directors, two (2) of whom including the Chairman are Independent Non-Executive Directors.

The Audit Committee assists and supports the Board's responsibility to oversee the Group's operations by providing a means for review of the Group's processes for producing financial data, its internal controls, and independence of the Group's external and internal auditors.

The Audit Committee met three (3) times during the financial year, the Audit Committee Report is presented on pages 25 to 29 of this Annual Report.

corporate governance statement (cont'd)

Pursuant to Paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad

C. BOARD COMMITTEES (CONT'D)**b) The Nomination Committee**

In compliance with the Code, the Board established the Nomination Committee on 4 May, 2005. The Nomination Committee consists of two (2) Independent Non-Executive Directors.

The Nomination Committee will recommend the appointments of new directors to the Board, review the required mix of skills, experience and other qualities including core competencies which Non-Executive Directors should bring to the Board, identify areas for improvement, and review the succession plan for senior management in the Group.

The Nomination Committee has not met during the financial year ended 31 December, 2005.

c) The Remuneration Committee

In compliance with the Code, the Board established the Remuneration Committee on 4 May, 2005. The Remuneration Committee comprises majority of Independent Non-Executive Directors.

The Remuneration Committee of the Company is in the process of setting up policy framework and making recommendations to the Board on the remuneration and other terms of employment for the Executive Directors. The terms of reference of the Remuneration Committee are clearly defined to its member.

The Remuneration Committee has not met during the financial year ended 31 December, 2005.

d) The Employees' Share Options Scheme ("ESOS") Committee

The ESOS Committee was formed on 22 September, 2004 to administer the Group's Employees' Share Options Scheme ("Scheme"). The ESOS Committee will ensure that the Scheme is administered in accordance with the by-laws approved by the shareholders of the Company.

D. DIRECTORS' REMUNERATION

The Remuneration Committee was set up on 4 May, 2005. The members of the Remuneration Committee are as follows:-

No.	Members	Designation	Responsibility
1.	Koh Chin Koon	Independent Non-Executive Director	Chairman
2.	Boo Chin Liang	Independent Non-Executive Director	Member
3.	Lim Chun Yow	Chairman/Managing Director	Member

The component parts of remuneration of the directors of the Company are structured so as link rewards to corporate and individual performance in the case of executive directors. In the case of non-executive directors, the levels of remuneration are reflected by the experience and level of responsibilities. The Executive Directors will abstain from participating in the discussion with respect to their own remuneration. The determination of remuneration of Non-Executive Directors is a matter for the Board as a whole. The individual concerned has abstained from discussion and decision of his own remuneration.

The remuneration of Non-Executive Directors comprises fees and participation in the Employees Share Option Scheme ("ESOS") while the remuneration package of Executive Directors comprises basic salary, fees, bonus, and participation in the ESOS.

corporate governance statement (cont'd)

Pursuant to Paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad

D. DIRECTORS' REMUNERATION (CONT'D)

The First Remuneration Committee of the Company was held on 20 February, 2006. During the meeting, the performance evaluation process and ratings by the Nomination Committee were presented. The Remuneration Committee strives to reward the Directors based on accountability, fairness, and competitiveness, as prescribed in the Code. Thus, there is a formal and transparent procedures for rewarding and fixing the remuneration packages of directors. The breakdown of the remuneration of the Directors of the Company for the financial year ended 31 December, 2005 is as follows:-

	Executive Directors (RM'000)	Non-Executive Directors (RM'000)	Total (RM'000)
Total Remuneration			
Fees	150	48	198
Salary and Bonus	1,365	-	1,365
Allowances	-	5	5
Employees Provident Fund	259	-	259
	1,774	53	1,827

Number of Directors whose remuneration falls within the following bands:-

	Executive Directors	Non-Executive Directors	Total
RM50,000 and below	-	2	2
RM50,001 to RM150,000	-	-	-
RM150,001 to RM250,000	-	-	-
RM250,001 to RM350,000	-	-	-
RM350,001 to RM450,000	-	-	-
RM450,001 to RM550,000	1	-	1
RM550,001 to RM650,000	1	-	1
RM650,001 to RM750,000	1	-	1
	3	2	5

E. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS**1. Dialogue between the Company and Investors**

The Group values its dialogues with investors. The shareholders and investors of the Company are kept informed of the Groups' performance, and major developments of the Group through announcements via BURSA LINK. Apart from this, financial results and other corporate information materials in the Annual Reports and Circulars to shareholders are available to enable shareholders and investors to have an overview of the Group's business activities and performance. Price-sensitive information about the Group is, however, not disclosed in these exchanges until after the prescribed announcement to the Bursa Malaysia Securities Berhad. The Group has also participated in the Capital Market Development Fund-Bursa Research Scheme (CMDF-Bursa Research Scheme) to enable investors to view Researchers Reports generated under the Scheme which is available free of charge to the public on the Bursa Malaysia Securities Berhad's website.

corporate governance statement (cont'd)

Pursuant to Paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad

E. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS (CONT'D)

2. Annual General Meeting

The main forum for dialogue with shareholders of the Company is the Company's general meeting. Shareholders who attend the general meetings are encouraged to raise questions pertaining to the agenda at the general meeting. Adequate notice of the Annual General Meeting of not less than 21 days are communicated to those concerned. All Directors are available to provide feedback to questions from any shareholders during the Annual General Meeting.

An explanatory note or statement to facilitate full understanding and evaluation of issued involved will accompany items of special business included in the notice of the meeting.

3. Extraordinary General Meeting

The Board will convene an Extraordinary General Meeting if a situation arises for reasons that require shareholders to meet in between Annual General Meeting. An appropriate notice of a meeting would be communicated to shareholders in providing explanation of the intended agenda to facilitate understanding and evaluation.

F. ACCOUNTABILITY AND AUDIT

1. Financial Reporting

The Board aims to present a balanced, clear and meaningful assessment of the Company and the Group's financial positions and prospects in all their reports to shareholders, investors, and relevant Regulatory Authorities.

Early releases of announcements on the quarterly financial statements reflect the Board's commitment to give timely and up-to-date disclosures of the Group's performance.

The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of financial reporting.

The Responsibility Statement by the Directors on the annual audited financial statements of the Company and its Group pursuant to paragraph 15.27(a) of the Listing Requirements of Bursa Malaysia Securities Berhad is set out on page 33.

2. Internal Controls

The Board acknowledges its responsibilities for maintaining a sound and reliable system of internal control within the Group, covering the financial controls, the operational and compliance controls, and risk management. The internal control system involves each business unit and its key management, including the Board, and is designed to meet the Group's needs and to manage risks to which it is exposed. This is a continuing process which includes risk assessments, internal controls reviews, and internal audit checks on all companies in the Group. The purpose of this continuous process is to ensure that the Group's assets are safeguarded in the interest of preserving the investment of Shareholders.

The system of internal controls, by its nature, can only provide reasonable but not absolute assurance against misstatement, fraud, or loss.

corporate governance statement (cont'd)

Pursuant to Paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad

F. ACCOUNTABILITY AND AUDIT (CONT'D)**2. Internal Controls (Cont'd)**

During the year under review, no formal approach on risk management is being formulated for the Group. The Group relied on findings of the external auditors and the monthly departmental or management meetings to identify the risks and monitor the effectiveness of the existing informal internal control system within the Group. The findings of the external auditors and the outcome derived from the departmental or management meetings are discussed with and reviewed by the Audit Committee, the corrective and preventive actions are implemented where necessary and appropriate.

As of December, 2005, the Company has outsourced the internal audit functions to Deloitte KassimChan, who will closely monitor the progress of the Company.

The Board has reviewed the adequacy and integrity of the Group's system of internal controls and the Board's Statement of Internal Control are on pages 30 to 32 of this Annual reports.

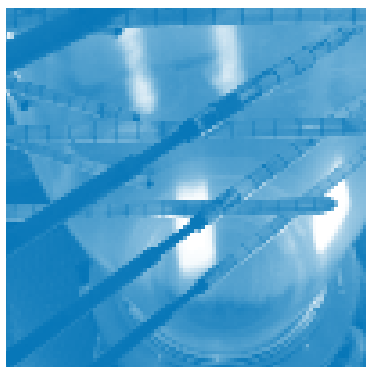
3. Relationships with the Auditors

The Group's independent external auditors are essential for all shareholders by ensuring the reliability of the Group's financial statements and providing assurance of that reliability to users of these financial statements. From time to time, the external auditors will bring attention to the Audit Committee of any significant deficiency in the Group's control system.

An appropriate relationship is maintained with the Group's auditors through the Audit Committee. The Audit Committee has been explicitly accorded the power to communicate directly with both the external and internal auditors. The Audit Committee meets with the external auditor whenever necessary to discuss the audit plan, annual financial statements, and audit findings. A full Audit Committee Report and its Terms of Reference detailing its role in relation to the auditors, is set out in pages 25 to 29 of this Annual Report.

G. STATEMENT OF COMPLIANCE WITH THE CODE

The Board has to the best of its ability and knowledge complied with the Best Practices on Corporate Governance set out in Part 2 of the Malaysian Code on Corporate Governance.





audit committee report

The Audit Committee for the financial year ended 31 December, 2005 comprises the following members:-

1. MEMBERSHIPS

The Board has up an Audit Committee, which comprises the following:-

Chairman

Boo Chin Liong *Independent Non-Executive Director*

Members

Lim Chun Yow *Chairman and Managing Director*

Koh Chin Koon *Independent Non-Executive Director*

Koh Chin Koon is a member of the Malaysian Institute of Accountants.

2. SECRETARY

Teo Soon Mei (MAICSA No. 7018590)

3. TERMS OF REFERENCE

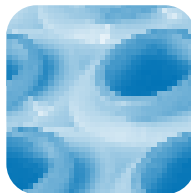
The terms of reference of the Audit Committee are as follows:-

3.1 Membership

The Committee shall be appointed by the Board of Directors from amongst their number and shall consist of not less than three (3) members, a majority of whom shall be independent directors. No Alternate Director is appointed as a member of the Committee and at least one (1) member of the Committee:-

- (a) shall be a member of the Malaysian Institute of Accountants; or
- (b) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:-
 - (i) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - (ii) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.

The members of the Audit Committee shall elect a Chairman from among their members who shall be an Independent Director. In the event of any vacancy in the Committee resulting in the non-compliance of the above stated conditions, the Company shall fill the vacancy within three (3) months.



audit committee report (cont'd)

3. TERMS OF REFERENCE (CONT'D)

3.2 Meetings and Minutes

Meetings shall be held not less than four (4) times a year and such additional meeting as the Chairman shall decide in order to fulfill its duties. The Company Secretary or any person appointed by the Audit Committee shall act as the Secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and other supporting explanatory documentation for circulation to the Committee Members prior to each meeting. The Secretary will also be responsible for keeping the minutes of the meetings of the Audit Committee, and circulating them to other members of the Board of Directors. The Chairman of the Audit Committee shall convene a meeting of the Audit Committee to consider any matter that the external auditor and/or Internal Auditor believes should be brought to the attention of the directors or shareholders. The Financial Controller, Internal Auditors and a representative of the external auditors shall normally be invited to attend the meetings. Other members of the Board and employees of the Company may attend any particular Audit Committee meeting only at the Audit Committee's invitation, specific to the relevant meeting. At least once a year, the Committee shall meet the external auditors without any Executive Directors present.

3.3 Quorum

A quorum shall consist of a majority of members present who must be independent directors.

3.4 Rights

The Audit Committee is empowered and authorized by the Board of Directors at the cost of the Company:-

- (a) to investigate any matters within its terms of reference and shall have unrestricted access to both the internal and external auditors and to all employees of the Group;
- (b) to have the resources in order to perform its duties as set out in its terms of reference;
- (c) to have full and unrestricted access to any information pertaining to the Company and the Group;
- (d) to have direct communication channels with the external auditors and internal audit (if any);
- (e) to obtain external legal or other independent professional advice where necessary; and
- (f) to invite outsiders with relevant experience to attend its meetings, whenever deemed necessary.

Notwithstanding anything contrary hereinbefore stated, the Committee does not have executive powers and shall report to the Board of Directors on matters considered and its recommendations thereon, pertaining to the Company and the Group.

3.5 Duties

The duties of the Committee are as follows:-

- (a) to consider the appointment, nomination, resignation and dismissal of internal and external auditors and their respective audit fees;
- (b) to review the adequacy of existing external audit arrangements, with particular emphasis on the scope and quality of the audit;

audit committee report (cont'd)

3. TERMS OF REFERENCE (CONT'D)

3.5 Duties (Cont'd)

- (c) to review the effectiveness of the internal audit function (if any);
- (d) to review the effectiveness of the internal control and management information system;
- (e) to review the quarterly and annual financial statements of the Company and the Group with both the external auditors and management;
- (f) to review the external auditors' audit report;
- (g) to review and discuss any management letter sent by the external auditors to the Company and the management's response to such letter;
- (h) to review assistance given by the employees of the Company and the Group to the external auditors;
- (i) to consider the report, major findings and management's response thereto on any internal investigations carried out by the internal auditors;
- (j) to review the adequacy of the scope, functions and resources of the internal auditors and whether its has the necessary authority to carry out its work;
- (k) to review all areas if significant financial risk and the arrangements in place to contain those risks to acceptance levels;
- (l) to review all related-party transactions entered into by the Group and the Company and potential conflict of interest situations;
- (m) to review the allocation of options pursuant to the Employees' Share Options Scheme and make such statement to be included in the annual report of the Company in relation to a share scheme for employees; and
- (n) any such other functions as may be agreed by the Committee and the Board.

3.6 Responsibility

Where the Committee is of the view that a matter reported by it to the Board of Directors of the Company has not been satisfactory resolved resulting in a breach of the Listing Requirements of the Bursa Malaysia Securities Berhad, the Committee has the responsibility to promptly report such matters to the Bursa Malaysia Securities Berhad or any other relevant authorities.

3.7 Review of the Composition of the Committee

The term of office and performance of the Committee and each of the members shall be reviewed by the Board of Directors at least once every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

audit committee report (cont'd)

4. SUMMARY OF AUDIT COMMITTEE ACTIVITIES DURING THE YEAR

The Audit Committee held a total of three (3) meetings during the financial year ended 31 December, 2005. The Accountant, departmental head and a representative of the external auditors normally attend the Committee meetings. Other Board members may attend meetings upon invitation by the Committee. The Minutes of the Audit Committee meetings have been extended to all members of the Board of Directors and significant issues were discussed at the Board Meetings. The attendance of each Audit Committee member was as follows:-

Audit Committee Member	Total no. of Meetings Held During the Year	Meetings Attended
Mr. Boo Chin Liong	3	3
Mr. Lim Chun Yow	3	3
Mr. Koh Chin Koon	3	3

During the financial year, the activities undertaken by the Audit Committee included:-

- a. Adopt the terms of reference of the Audit Committee;
- b. review of the quarterly unaudited financial statements of the Group and the Company prior making the recommendations to the Board of Directors for approval;
- c. review of inter-company transactions and/or any related party transaction or conflict of interest situations that arose within the Group or the Company;
- d. discussion on the Company's Corporate Governance process and the application of the key principles and best practices of Corporate Governance and the compliance with the Listing Requirement of the Bursa Malaysia Securities Berhad;
- e. discussion and review of the semi-annual returns pursuant to the Paragraph 8.02 of Chapter 8 of the Listing Requirements of the Bursa Malaysia Securities Berhad;
- f. discussion and review of the proposed amendments to the Listing Requirements of the Bursa Malaysia Securities Berhad;
- g. discussion and review of the board policy manual of the Company and made recommendations to the Board of Directors for approval;
- h. discussion and review of the external auditors' scope of work and the audit planning memorandum for the financial year ended 31 December, 2005;
- i. discussion and consideration the proposal for the Company to outsource the consultants to undertake the Group's internal control function and risk management framework; and
- j. review of the allocation of options pursuant to the Employees' Share Option Scheme of the Company.

audit committee report (cont'd)

5. REVIEW OF EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

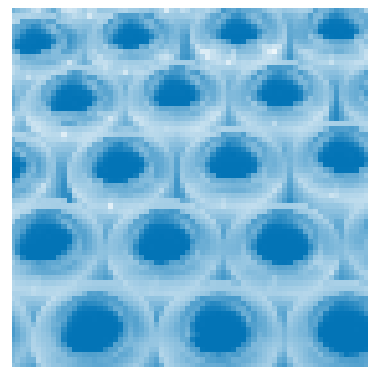
During the year, options pursuant to ESOS being offered to the eligible employees and Independent Directors of the Group pursuant to the ESOS of the Company. The Audit Committee reviewed the allocation of options pursuant to ESOS on 11 November, 2005.

6. INTERNAL AUDIT FUNCTION

The Audit Committee is aware of the fact that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal control.

No internal audit department has been set up by the Company during the financial year ended 31 December, 2005. As of December, 2005, the Company has outsourced the internal audit functions to Messrs Deloitte KassimChan, who will closely monitor the progress of the Company and continue to improve its standard of corporate governance throughout the Group.

Further details of the activities of the internal audit are set out in the Statement on Internal Control.



internal control statement

INTRODUCTION

The Malaysian Code on Corporate Governance stipulates that the Board of Directors of listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad Paragraph 15.27(b), directors of listed companies are to include a statement on the state of their internal controls in annual reports. Bursa Malaysia Securities Berhad's Statement on Internal Control: Guidance for Directors of Public Listed Companies ("Internal Control Guidance") provides guidance for compliance with these requirements.

In view of the above, the Board of Directors of BP Plastics Holding Bhd ("BPPlas") is pleased to set out below its Statement of Internal Control, which has been prepared in accordance with the Guidance.

BOARD RESPONSIBILITY

The Board of Directors recognizes its responsibility for the Group's system of internal control and for reviewing its adequacy and integrity. This includes reviewing the adequacy and integrity of financial, operational and compliance controls and risk management procedures.

The Group's system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives. In pursuing this objective, the system of internal control of the Group can only serve to provide reasonable and not absolute assurance that material misstatement or loss are managed appropriately and communicated to the Board on a timely basis.

THE GROUP'S SYSTEM OF INTERNAL CONTROL

Monitoring Mechanisms and Management Style

The Board entrusts the daily running of the business to the Managing Director and his management team. The Managing Director and his management team receive timely information pertaining to performance and profitability of the Group through timely reports which include quantitative and qualitative trends and analyses through its fully computerized information system.

The Managing Director plays a pivotal role in communicating the Board's expectations of an internal control system to management. This is achieved, on a day-to-day basis, through his active participation in the operations of the business as well as his attendance at various scheduled management committee meetings. The management committee comprises of Heads of Departments meet timely to discuss on Production, Operational, Sales and Human Resource issues. These meetings represent the platform by which the Group's activities are monitored to ensure timely identification and resolution of any critical issues. The Managing Director monitors the progress of these issues through daily interaction with the management and the reviews of the management committee minutes.

The Group practices an "open door" policy whereby Executive Directors, Senior Management and Executives are encouraged to voice out any matters to the Managing Director for prompt response. This culture provides opportunity for every employees of the Group to solve matters quickly and efficiently by drawing experience and knowledge from all levels of staffs within the Group.

Internal Audit

The Audit Committee is tasked by the Board with the duty of reviewing and monitoring the effectiveness of the Group's system of internal control and this task is supported by an out-source Internal Audit engagement which provides reasonable independent assurance on the effectiveness of the Group's system of internal control.

internal control statement (cont'd)

THE GROUP'S SYSTEM OF INTERNAL CONTROL (CONT'D)

Internal Audit (Cont'd)

The Group has outsourced its internal audit function to Deloitte KassimChan ("Deloitte") for financial year ending 31 December, 2006. Under the terms of the engagement letter, Deloitte is to perform the audit work on a half-yearly basis and the nature of the internal audit services they are to perform for BPPLAS includes the following:-

- To assist the Company's Audit Committee in designing a risk-based internal audit plan that sets forth various projects (the "internal audit projects")
- For each individual internal audit project, the Audit Committee will be responsible for approving the risk-based audit plan for each project, generally describing its objectives and the nature and scope of procedures to be performed by Deloitte
- To perform the audit work for each project which will involve the evaluation of the effectiveness and adequacy of the system of internal controls
- To provide a Final Internal Audit Report for each project to the Audit Committee for review and approval

In addition, as part of the requirements of the ISO 9001:2000 certification accredited to the Group, a scheduled internal quality audit is conducted each year. Results of the audit are reported to the Managing Director.

Risk Management Framework

The Board recognizes that effective risk management is part of good business management practice. The Board also acknowledges that all areas of the Group's activities do involve some degree of risk and is committed to ensure that the Group has an effective risk management framework which will allow the Group to identify, evaluate, and manage risks within defined risk parameters that affect the achievement of the Group's business objectives.

Subsequent to year end, BPPLAS has implemented a formal approach to develop a risk management framework whereby a systematic and logical methodology risk management model will be adopted to ensure key risks are identified, evaluated, properly prioritized, owners identified with proper response time set and allowed for continuous improvement.

In the forthcoming years, the Board is looking into establishing a Risk Advisory Committee, which will be chaired by the Chairman/Managing Director. The Risk Advisory Committee will meet with the audit committee on a quarterly basis to report on the processes, findings and actions taken by management. The Risk Advisory Committee will continuously identify new risks by taking into consideration the Groups' business objective, strategies and targets and external environmental factors. This covers matters such as, responses to significant risks identified, output from monitoring processes, and changes made to the internal control systems. The Audit Committee or Risk Advisory Committee then reports to the Board any significant changes in the business and the external environment.

Other Internal Control Processes

In addition to the risk management and internal audit, the current system of internal control in the Group has within it, the following key elements:-

- Well defined lines of responsibility, delegation of authority, segregation of duties and flow of information in the organization structure. Besides the predominantly non-executive standing committees, such as, the Audit, the Remuneration, the Nomination and the ESOS Committees, the Executive and Management Committees will support the Board. These committees convene regular board and management meetings to assess performance and controls in all facets of operations;

internal control statement (cont'd)

THE GROUP'S SYSTEM OF INTERNAL CONTROL (CONT'D)

Other Internal Control Processes (Cont'd)

- Regular interval Internal Quality Audit as specified by ISO 9001:2000 Quality Management System
- Independent appraisals by internal and external auditors to ensure on-going compliance with policies, procedures, standards, and legislation while assessing the effectiveness of the Group's system of financial, compliance and operational controls;
- Training and development programmes are conducted to enhance staff competencies;
- The public release of quarterly reports are made on time after review by the Audit Committee and the approval of the Board;
- Monthly monitoring of results against budget with major variances being followed up and action taken by management, where necessary;
- Monitoring mechanism in the form of scheduled Management Committee meetings on reviewing the Group's operations, financial performance and human resource matters; and
- Review and approval of quarterly reports by the Audit Committee and Board before public release;

THE BOARD'S COMMITMENT

To ensure that the Group will achieve its corporate objectives successfully, the Board is determined to establish proactive internal controls and is committed in keeping abreast with the ever-changing business environment in order to support the Group's businesses and size of operations. Cognizant of this fact, the Board, in striving for continuous improvement, will put in place appropriate measures, when necessary, to further enhance the Group's system of internal control.

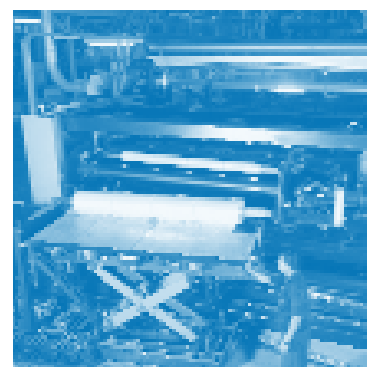
statement of directors' responsibility in preparing the financial statements

The Companies Act, 1965 requires the Directors to prepare financial statements which give a true and fair view of the financial position of the Company and the Group for each financial year. In preparing those statements, the directors have:-

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- prepared the financial statements on a going concern basis unless it is inappropriate to presume that the group will continue its business; and
- ensured that all applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group thus enabling to ensure that the financial statements comply with the Companies Act, 1965. They are also responsible for taking reasonable steps to safeguard the assets of the Group through prevention of fraud and other irregularities.

The Directors confirmed that they have complied with these requirements and have a reasonable expectation that the Group has adequate resources to continue its operation for the future and will continue to adopt a going concern basis in preparing the financial statements.



5 years financial highlights

	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000	2005 RM'000
TURNOVER	33,922	47,718	64,903	122,051	160,457
YoY change	37.51%	40.67%	36.01%	88.05%	31.47%
EBITDA	8,163	11,172	15,303	21,389	27,488
YoY change	42.26%	36.86%	36.98%	39.77%	28.51%
PROFIT BEFORE TAX	5,679	8,860	12,924	17,880	23,384
YoY change	18.91%	56.01%	45.87%	38.35%	30.78%
PROFIT AFTER TAX	4,718	7,800	10,666	14,712	20,468
YoY change	19.38%	65.32%	36.74%	37.93%	39.12%
SHAREHOLDERS' FUNDS	18,379	25,758	35,925	46,473	83,873
ROE	25.67%	30.28%	29.69%	31.66%	24.40%
NON CURRENT ASSET	19,970	21,049	36,325	37,543	64,158
ROA	23.63%	37.06%	29.36%	39.19%	31.90%
EPS *	3.93	6.50	8.89	12.26	17.06
YoY change	19.38%	65.32%	36.74%	37.93%	39.12%
PER **	30.53	18.46	13.50	9.79	7.03
Net Div (sen)	na	na	na	na	7 [#]
NTA PS (RM)	na	na	na	0.57	0.72

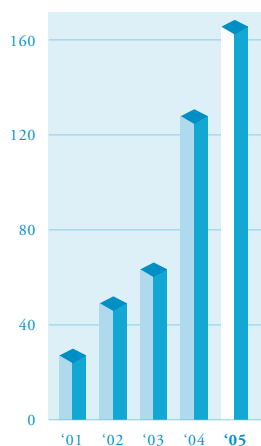
* based on 120 Million shares

** based on IPO share price of RM1.20 per share

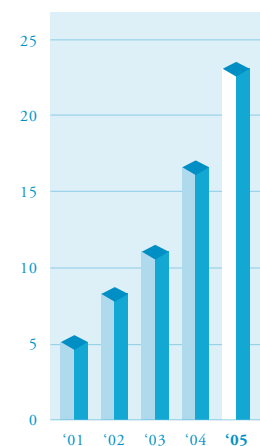
5 sen dividend per share was paid in 2005 and a 2 sen dividend is subject to approval from forthcoming AGM.

Note : The financial figures for 2001 to 2004 are prepared based on proforma consolidated basis on the assumption that the current structure of the Group has been in existence since the financial year ended 31 December, 2001.

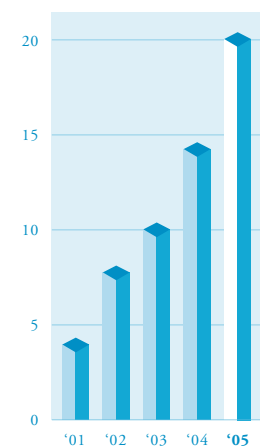
TURNOVER
(RM'000)



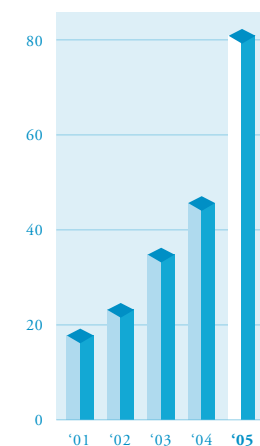
PROFIT BEFORE TAX
(RM'000)



PROFIT AFTER TAX
(RM'000)



SHAREHOLDER'S FUNDS
(RM'000)

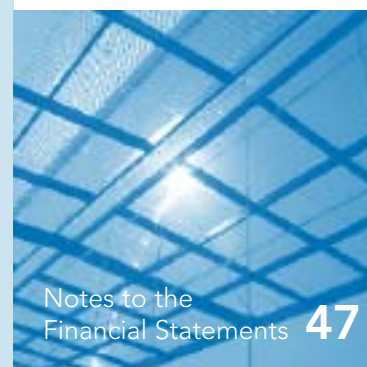
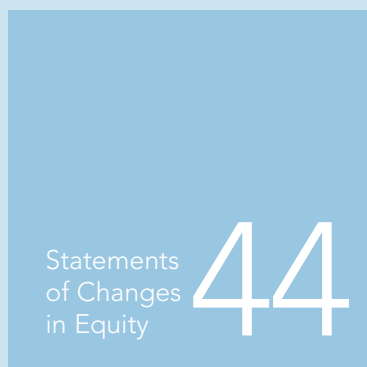
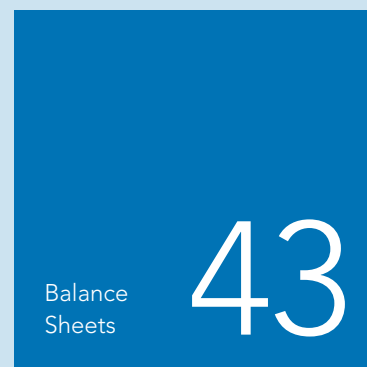
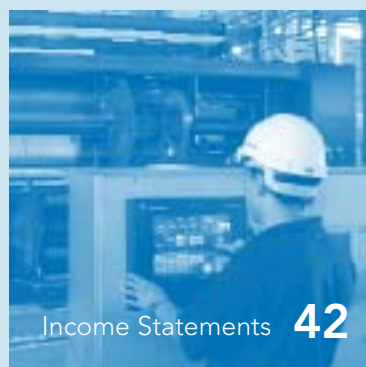


financial statements

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directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December, 2005.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services.

The principal activities of the subsidiaries are manufacturing and trading of plastic products.

There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

	Group RM	Company RM
Net profit for the year	20,467,570	6,089,113

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the statements of changes in equity.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDEND

The amount of dividends paid by the Company since 31 December, 2004 were as follows:

	RM
In respect of financial year ended 31 December, 2005	
First interim tax exempt dividend of 6% on every ordinary shares of RM0.50 each paid on 10 May, 2005	3,600,000
Second interim tax exempt dividend of 4% on every ordinary shares of RM0.50 each paid on 16 December, 2005	2,400,000
	6,000,000

At the forthcoming Annual General Meeting, a final tax exempt dividend in respect of the current financial year ended 31 December, 2005 of 4% on 120,000,000 ordinary shares amounting to a total dividend of RM2,400,000 (2 sen per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in the shareholders' equity as an appropriation of retained profits in the next financial year ending 31 December, 2006.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Lim Chun Yow
Tan See Khim
Hey Shiow Hoe
Boo Chin Liong
Koh Chin Koon

directors' report (cont'd)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the shares options granted under the Employee Share Option Scheme ("ESOS").

Since the end of previous financial period, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 6 to the financial statements or the fixed salary of a full time employee) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Company and its related corporations during the financial year were as follows:

	Number of Ordinary Shares of RM0.50 each			
	1.1.2005	Acquired	Sold	31.12.2005
Direct interest				
Lim Chun Yow	19,000,002	-	(7,330,000)	11,670,002 ⁺
Tan See Khim	18,999,999	-	(7,330,000)	11,669,999 [#]
Hey Shiow Hoe	18,999,999	-	(7,330,000)	11,669,999 [^]
Boo Chin Liong	-	18,000	-	18,000
Koh Chin Koon	-	18,000	-	18,000
Indirect interest				
Lim Chun Yow	54,000,000	-	-	54,000,000
Tan See Khim	54,000,000	-	-	54,000,000
Hey Shiow Hoe	54,000,000	-	-	54,000,000

	Number of Options over Ordinary Shares of RM0.50 Each			
	1.1.2005	Granted	Exercised	31.12.2005
Lim Chun Yow	-	980,000	-	980,000
Tan See Khim	-	980,000	-	980,000
Hey Shiow Hoe	-	980,000	-	980,000
Boo Chin Liong	-	100,000	-	100,000
Koh Chin Koon	-	100,000	-	100,000

Lim Chun Yow, Tan See Khim and Hey Shiow Hoe by virtue of their interest in shares in the Company are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

⁺ 4,670,000 shares are held through A.A Assets Nominees (Tempatan) Sdn. Bhd. Lim Chun Yow

[#] 4,670,000 shares are held through A.A Assets Nominees (Tempatan) Sdn. Bhd. Tan See Khim

[^] 4,670,000 shares are held through A.A Assets Nominees (Tempatan) Sdn. Bhd. Hey Shiow Hoe

directors' report (cont'd)

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM56,000,000 to RM60,000,000 by the issuance of 8,000,000 ordinary shares of RM0.50 each at an issue price of RM1.20 each pursuant to its listing on the Main Board of Bursa Malaysia Securities Berhad. Proceeds from the public issue are intended to be utilised mainly for capital expenditure. The new ordinary shares rank pari passu in all respects with the existing ordinary shares.

EMPLOYEE SHARE OPTION SCHEME

The Company's Employee Share Option Scheme ("ESOS") is governed by the by-laws which was approved by the shareholders at the Extraordinary General Meeting held on 10 January, 2005.

The main features and other terms of the ESOS are disclosed in Note 20 to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of employees who have been granted options to subscribe for less than 500,000 ordinary shares. The list of employees granted options to subscribe for 500,000 or more ordinary shares during the financial year are as follows:

Name	Grant Date	Expiry Date	Exercise Price RM	Number of Share Options		
				Granted	Exercised	31.12.2005
Lim Chun Yow	15.2.2005	14.2.2010	1.20	980,000	-	980,000
Hey Shiow Hoe	15.2.2005	14.2.2010	1.20	980,000	-	980,000
Tan See Khim	15.2.2005	14.2.2010	1.20	980,000	-	980,000
Hey Siew Yong *	15.2.2005	14.2.2010	1.20	620,000	-	620,000
Hey Sio Tong *	15.2.2005	14.2.2010	1.20	620,000	-	620,000
Yue Ah Huay *	15.2.2005	14.2.2010	1.20	620,000	-	620,000

* Subsequent to the financial year, these employees had resigned from the Group, thus the options granted were lapsed.

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:-
- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
 - to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and
 - the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

directors' report (cont'd)

OTHER STATUTORY INFORMATION (CONT'D)

- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:-
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:-
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENT

The significant event during the financial year is disclosed in Note 24 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors

LIM CHUN YOW

TAN SEE KHIM

Melaka, Malaysia

Date: 20 February, 2006

statement by directors

pursuant to section 169 (15) of the companies act, 1965

We, **LIM CHUN YOW** and **TAN SEE KHIM**, being two of the directors of **BP PLASTICS HOLDING BHD.**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 42 to 65 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December, 2005 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors

LIM CHUN YOW

TAN SEE KHIM

Melaka, Malaysia

Date: 20 February 2006

statutory declaration

pursuant to section 169 (16) of the companies act, 1965

I, **LIM CHUN YOW**, being the Director primarily responsible for the financial management of **BP PLASTICS HOLDING BHD.**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 42 to 65 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed **LIM CHUN YOW** at)
Melaka in the State of Melaka)
on 20 February, 2006)

LIM CHUN YOW

Before me,

A.SUPRAMANIAM PIS

report of the auditors to the members

of BP Plastics Holding Bhd. (Incorporated in Malaysia)

We have audited the financial statements set out on pages 42 to 65. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 31 December, 2005 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

ERNST & YOUNG

AF: 0039

Chartered Accountants

Melaka, Malaysia

Date: 20 February, 2006

LEE AH TOO

No. 2187/09/07(J)

Partner

income statements

for the year ended 31 December, 2005

		Group		Company	
		1.1.2005 to 31.12.2005 RM	9.3.2004 to 31.12.2004 RM	1.1.2005 to 31.12.2005 RM	9.3.2004 to 31.12.2004 RM
	Note				
Revenue	3	160,456,995	60,435,173	6,100,000	-
Cost of sales		(126,745,780)	(47,657,790)	-	-
Gross profit		33,711,215	12,777,383	6,100,000	-
Other operating income		814,589	176,705	279	-
Administrative and general expenses		(7,042,604)	(3,843,284)	(260,924)	(70,066)
Selling expenses		(4,379,397)	(1,276,064)	-	-
Profit from operations	4	23,103,803	7,834,740	5,839,355	(70,066)
Finance income, net	7	279,756	8,173	354,433	113,124
Profit before taxation		23,383,559	7,842,913	6,193,788	43,058
Taxation	8	(2,915,989)	(1,874,229)	(104,675)	(25,000)
Net profit for the year/period		20,467,570	5,968,684	6,089,113	18,058
Earnings per share (sen)	9	17.21	11.83		

The accompanying notes form an integral part of the financial statements.

balance sheets

as at 31 December, 2005

	Note	Group		Company	
		2005 RM	2004 RM	2005 RM	2004 RM
NON-CURRENT ASSETS					
Property, plant and equipment	11	64,158,377	37,542,021	-	-
Investment in subsidiaries	12	-	-	38,279,169	38,279,169
		64,158,377	37,542,021	38,279,169	38,279,169
CURRENT ASSETS					
Inventories	13	22,745,797	20,023,229	-	-
Trade receivables	14	20,950,006	16,831,022	-	-
Other receivables	15	164,152	2,632,129	25,086,365	3,962,481
Cash and bank balances	16	21,436,974	17,779,561	457,959	13,820,577
		65,296,929	57,265,941	25,544,324	17,783,058
CURRENT LIABILITIES					
Term loans	17	1,523,597	1,826,843	-	-
Trade payables	18	20,055,062	11,814,327	-	-
Other payables	19	8,986,788	2,752,979	252,744	18,000
Taxation		-	1,263,225	27,166	25,000
		30,565,447	17,657,374	279,910	43,000
NET CURRENT ASSETS		34,731,482	39,608,567	25,264,414	17,740,058
		98,889,859	77,150,588	63,543,583	56,019,227
FINANCED BY:					
Share capital	20	60,000,000	56,000,000	60,000,000	56,000,000
Share premium		3,436,412	1,169	3,436,412	1,169
Retained profits	21	20,436,254	5,968,684	107,171	18,058
Shareholders' equity		83,872,666	61,969,853	63,543,583	56,019,227
Negative goodwill		2,243,101	2,243,101	-	-
		86,115,767	64,212,954	63,543,583	56,019,227
Term loans	17	5,100,103	7,825,995	-	-
Deferred taxation	22	7,673,989	5,111,639	-	-
Non-current liabilities		12,774,092	12,937,634	-	-
		98,889,859	77,150,588	63,543,583	56,019,227

The accompanying notes form an integral part of the financial statements.

statements of changes in equity

for the year ended 31 December, 2005

	Share capital RM	Non- distributable Share premium RM	Distributable Retained profits RM	Total RM
Group				
Date of incorporation	500,000	-	-	500,000
Issue of share capital:				
Acquisition of subsidiaries	38,278,000	1,169	-	38,279,169
Rights issue	17,222,000	-	-	17,222,000
Net profit for the period	-	-	5,968,684	5,968,684
At 31 December, 2004	56,000,000	1,169	5,968,684	61,969,853
Public issue at RM1.20 per share	4,000,000	5,600,000	-	9,600,000
Share issue expenses	-	(2,164,757)	-	(2,164,757)
Net profit for the year	-	-	20,467,570	20,467,570
Dividends (Note 10)	-	-	(6,000,000)	(6,000,000)
At 31 December, 2005	60,000,000	3,436,412	20,436,254	83,872,666
Company				
Date of incorporation	500,000	-	-	500,000
Issue of share capital:				
Acquisition of subsidiaries	38,278,000	1,169	-	38,279,169
Rights issue	17,222,000	-	-	17,222,000
Net profit for the period	-	-	18,058	18,058
At 31 December, 2004	56,000,000	1,169	18,058	56,019,227
Public issue at RM1.20 per share	4,000,000	5,600,000	-	9,600,000
Share issue expenses	-	(2,164,757)	-	(2,164,757)
Net profit for the year	-	-	6,089,113	6,089,113
Dividends (Note 10)	-	-	(6,000,000)	(6,000,000)
At 31 December, 2005	60,000,000	3,436,412	107,171	63,543,583

The accompanying notes form an integral part of the financial statements.

cash flow statements

for the year ended 31 December, 2005

	Group		Company	
	1.1.2005	9.3.2004	1.1.2005	9.3.2004
	to	to	to	to
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	23,383,559	7,842,913	6,193,788	43,058
Adjustments for:				
Depreciation	3,714,461	1,439,010	-	-
Bad debts recovered	(33,127)	-	-	-
Bad and doubtful debts	-	200,000	-	-
Dividend income	-	-	(6,100,000)	-
Interest expenses	389,967	165,567	-	-
Interest income	(669,723)	(173,740)	(354,433)	(113,124)
Operating profit/(loss) before working capital changes	26,785,137	9,473,750	(260,645)	(70,066)
(Increase)/decrease in receivables	(1,600,494)	(2,923,633)	1,101,192	(1,108,196)
(Increase)/decrease in inventories	(2,722,568)	2,188,955	-	-
Increase/(decrease) in payables	9,315,619	(17,377,511)	234,744	18,000
Cash generated from/(used in) operations	31,777,694	(8,638,439)	1,075,291	(1,160,262)
Interest paid	(389,967)	(165,567)	-	-
Tax paid	(1,634,250)	(807,930)	(102,509)	-
Net cash generated from/(used in) operating activities	29,753,477	(9,611,936)	972,782	(1,160,262)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	669,723	173,740	354,433	113,124
Net inflow from acquisition of subsidiaries	-	7,764,187	-	-
Purchase of property, plant and equipment	(25,171,892)	(671,099)	-	-
Dividends received	-	-	6,100,000	-
Advance to a subsidiary	-	-	(22,225,076)	(2,854,285)
Net cash (used in)/generated from investing activities	(24,502,169)	7,266,828	(15,770,643)	(2,741,161)

The accompanying notes form an integral part of the financial statements.

cash flow statements (cont'd)
for the year ended 31 December, 2005

	Group		Company	
	1.1.2005	9.3.2004	1.1.2005	9.3.2004
	to	to	to	to
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
	RM	RM	RM	RM
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown of term loans	-	5,677,200	-	-
Proceeds from issuance of shares	9,600,000	17,722,000	9,600,000	17,722,000
Repayment of term loans	(3,029,138)	(2,174,531)	-	-
Short term borrowings	-	(1,100,000)	-	-
Dividends paid	(6,000,000)	-	(6,000,000)	-
Share issue expenses	(2,164,757)	-	(2,164,757)	-
Net cash (used in)/generated from financial activities	(1,593,895)	20,124,669	1,435,243	17,722,000
NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES	3,657,413	17,779,561	(13,362,618)	13,820,577
CASH AND BANK BALANCES AT BEGINNING OF YEAR/PERIOD	17,779,561	-	13,820,577	-
CASH AND BANK BALANCES AT END OF YEAR/PERIOD	21,436,974	17,779,561	457,959	13,820,577

The accompanying notes form an integral part of the financial statements.

notes to the financial statements

31 December, 2005

1. CORPORATE INFORMATION

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are manufacturing and trading of plastic products. There have been no significant changes in the nature of the principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of Bursa Malaysia Securities Berhad. The principal place of business of the Company is located at 5A, Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor Darul Takzim.

The number of employees in the Group at the end of the financial year was 338 (2004 : 286). There was no employee in the Company at the end of the financial year. The accounting records of the Company are maintained by the employees of a subsidiary.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 20 February, 2006.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below and comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those entities in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the financial year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of the subsidiaries are measured at their fair values at the date of acquisition. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiaries at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

Intra-group transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences.

(c) Negative Goodwill

Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition over the cost of acquisition.

Negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognised in the income statement over the weighted average remaining useful life of these assets of approximately 15 years. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(c) Negative Goodwill (Cont'd)**

To the extent that negative goodwill relates to expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which are not identifiable liabilities at the date of acquisition, that portion of negative goodwill is recognised in the income statement when the future losses and expenses are recognised.

(d) Investment in Subsidiaries

The Company's investments in subsidiaries are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2 (l).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

(e) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2 (l).

Freehold agriculture land, long term leasehold land and factory buildings are stated at valuation less impairment losses. Revaluations are made at least once in every five years based on a valuation by an independent valuer on an open market value basis. Any revaluation increase is credited to equity as a revaluation surplus, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is recognised in the income statement to the extent of the decrease previously recognised. A revaluation decrease is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised as an expense. Upon disposal of revalued assets, the attributable revaluation surplus remaining in the revaluation reserve is transferred to retained profits.

Freehold agriculture land and capital work-in-progress are not depreciated. Long term leasehold land are depreciated over the period of the respective leases which range from 51 years to 60 years. Depreciation of other property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Factory buildings	2%
Plant and machinery	6.67% to 10%
Tools and equipment	10%
Office equipment, furniture and fittings	10% to 50%
Motor vehicles	20%

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

notes to financial statements (cont'd)

31 December, 2005

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the first in, first out method. The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise raw materials, direct labour, other direct costs and appropriate proportions of production overheads.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(g) Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and at bank, deposits at call and short term highly liquid investment which are readily convertible to known amounts of cash which have an insignificant risk of changes in value.

(h) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary differences arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(i) Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

notes to financial statements (cont'd)
31 December, 2005

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Employee Benefits (Cont'd)

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statements as incurred.

(j) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

Revenue relating to sale of goods is recognised net of sales tax, discounts and returns upon the transfer of risks and rewards.

(k) Foreign Currency

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the date of the transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined. All exchange differences are taken to the income statement.

The principal exchange rates used for each respective unit of foreign currency ruling at balance sheet date are as follows:

	2005 RM	2004 RM
Singapore Dollar	2.27	2.31
United States Dollar	3.78	3.80
Japanese Yen	0.03	0.03

(l) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset.

notes to financial statements (cont'd)
31 December, 2005

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Trade Receivables

Trade receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(ii) Trade Payables

Trade payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(iii) Interest-Bearing Borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs. All borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

(iv) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to equity transaction which would otherwise have been avoided.

(v) Derivative Financial Instruments

The Group uses derivative financial instruments, such as forward foreign exchange contracts, to hedge its exposure to foreign exchange arising from operational and financing activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are not recognised in the financial statements on inception.

Forward foreign exchange contracts

The underlying foreign currency assets or liabilities are translated at their respective hedged exchange rate and all exchange gains or losses are recognised as income or expense in the income statement in the same period as the exchange differences on the underlying hedged items. Exchange gains and losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transaction, at which time they are included in the measurement of such transactions.

notes to financial statements (cont'd)
31 December, 2005

3. REVENUE

Revenue of the Group and of the Company represents the following :

	Group		Company	
	1.1.2005	9.3.2004	1.1.2005	9.3.2004
	to	to	to	to
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
	RM	RM	RM	RM
Dividends from a subsidiary	-	-	6,100,000	-
Sale of goods	160,456,995	60,435,173	-	-
	160,456,995	60,435,173	6,100,000	-

4. PROFIT FROM OPERATIONS

Profit from operations is stated after charging/(crediting):

	Group		Company	
	1.1.2005	9.3.2004	1.1.2005	9.3.2004
	to	to	to	to
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
	RM	RM	RM	RM
Auditors' remuneration				
- Statutory audits	41,000	40,000	19,000	18,000
- Other services	13,800	7,860	2,600	-
Depreciation	3,714,461	1,439,010	-	-
Non-executive directors' fees (Note 6)	48,000	-	48,000	-
Gain on foreign currency exchange-realised	(714,694)	(557,213)	-	-
Bad debts recovered	(33,127)	-	-	-
Provision for doubtful debts	-	200,000	-	-
Rental expense	60,140	24,600	-	-
Staff costs (Note 5)	7,492,036	2,749,880	-	-

5. STAFF COSTS

	Group	
	1.1.2005	9.3.2004
	to	to
	31.12.2005	31.12.2004
	RM	RM
Wages and salaries	5,967,277	1,726,563
Bonus	528,850	683,000
Social security costs	53,197	19,107
Pension costs - defined contribution plan	606,954	215,649
Other staff related expenses	335,758	105,561
	7,492,036	2,749,880

Included in the staff costs of the Group are executives directors' remuneration amounting to RM1,774,350 (2004: RM535,500) as further disclosed in Note 6.

notes to financial statements (cont'd)
31 December, 2005

6. DIRECTORS' REMUNERATION

	Group	
	1.1.2005 to 31.12.2005 RM	9.3.2004 to 31.12.2004 RM
Directors of the Company		
Executive:		
Salaries and other emoluments	1,260,000	450,000
Fees	150,000	-
Bonus	105,000	-
Pension costs - defined contribution plan	259,350	85,500
	1,774,350	535,500
Non-Executive:		
Fees	48,000	-
Allowances	5,000	-
	53,000	-
Analysis:		
Total executive directors' remuneration	1,774,350	535,500
Total non-executive directors' remuneration	53,000	-
Total directors' remuneration	1,827,350	535,500

7. FINANCE INCOME, NET

	Group		Company	
	1.1.2005 to 31.12.2005 RM	9.3.2004 to 31.12.2004 RM	1.1.2005 to 31.12.2005 RM	9.3.2004 to 31.12.2004 RM
Interest expense	389,967	165,567	-	-
Interest income	(669,723)	(173,740)	(354,433)	(113,124)
	(279,756)	(8,173)	(354,433)	(113,124)

notes to financial statements (cont'd)
31 December, 2005

8. TAXATION

	Group		Company	
	1.1.2005	9.3.2004	1.1.2005	9.3.2004
	to	to	to	to
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
	RM	RM	RM	RM
Income tax:				
Tax expense for the year/period	1,353,000	1,553,905	98,000	25,000
(Over)/underprovided in prior years	(999,361)	-	6,675	-
	353,639	1,553,905	104,675	25,000
Deferred tax:				
Relating to origination of temporary differences	2,562,350	320,324	-	-
	2,915,989	1,874,229	104,675	25,000

Income tax is calculated at the Malaysian statutory tax rate of 28% (2004: 28%) of the estimated assessable profit for the year/period.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	1.1.2005	9.3.2004	1.1.2005	9.3.2004
	to	to	to	to
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
	RM	RM	RM	RM
Profit before taxation	23,383,559	7,842,913	6,193,788	43,058
Taxation at Malaysian statutory tax rate of 28%	6,547,397	2,196,016	1,734,261	12,056
Effect of income subject to tax rate of 20%	(45,203)	(28,571)	-	-
Effect of income not subject to tax	-	-	(1,708,000)	-
Effect of expenses not deductible for tax purposes	225,297	51,937	71,739	12,944
Effect of utilisation of current year's export allowance/reinvestment allowance	(2,090,136)	(176,370)	-	-
Effect of utilisation of previously unrecognised unutilised reinvestment allowance	(722,005)	(168,783)	-	-
(Over)/underprovision of tax expense in prior year	(999,361)	-	6,675	-
Tax expense for the year/period	2,915,989	1,874,229	104,675	25,000

9. EARNINGS PER SHARE

Basic earnings per share of the Group is calculated by dividing the net profit for the year/period of RM20,467,570 (2004: RM5,968,684) by the weighted average number of ordinary shares of 118,926,027 (2004: 50,462,842) in issue during the financial year/period.

notes to financial statements (cont'd)
31 December, 2005

10. DIVIDENDS

	Group and Company Net dividends per ordinary share	
	Amount 1.1.2005 to 31.12.2005 RM	1.1.2005 to 31.12.2005 Sen
In respect of financial year ended 31 December, 2005:		
Interim		
First interim tax exempt dividend of 6% paid on 10 May, 2005	3,600,000	3
Second interim tax exempt dividend of 4% paid on 16 December, 2005	2,400,000	2
Final		
Final tax exempt dividend of 4% on 120,000,000 ordinary shares	2,400,000	2
	8,400,000	7

At the forthcoming Annual General Meeting, a final tax exempt dividend in respect of the current financial year ended 31 December, 2005 of 4% on 120,000,000 ordinary shares amounting to a total dividend of RM2,400,000 (2 sen per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in the shareholders' equity as an appropriation of retained profits in the next financial year ending 31 December, 2006.

11. PROPERTY, PLANT AND EQUIPMENT

	* Land and buildings RM	Plant and machinery, tools and equipment RM	Office equipment, furniture fittings and motor vehicles RM	Capital work-in- progress RM	Total RM
Group					
Cost					
At 1 January, 2005	11,453,058	35,688,210	2,714,363	224,218	50,079,849
Additions	8,255,113	21,422,875	576,456	76,373	30,330,817
Reclassification	-	-	224,218	(224,218)	-
At 31 December, 2005	19,708,171	57,111,085	3,515,037	76,373	80,410,666

notes to financial statements (cont'd)
31 December, 2005

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	* Land and buildings RM	Plant and machinery, tools and equipment RM	Office equipment, furniture fittings and motor vehicles RM	Capital work-in- progress RM	Total RM
Accumulated Depreciation					
At 1 January, 2005	788,344	10,257,639	1,491,845	-	12,537,828
Depreciation charge for the year	266,487	2,948,302	499,672	-	3,714,461
At 31 December, 2005	1,054,831	13,205,941	1,991,517	-	16,252,289
Net Book Value					
At 31 December, 2005	18,653,340	43,905,144	1,523,520	76,373	64,158,377
At 31 December, 2004	10,664,714	25,430,571	1,222,518	224,218	37,542,021
Depreciation charge for 2004	127,697	1,160,520	150,793	-	1,439,010

There were no property, plant and equipment as at the beginning of the comparative period.

* Land and buildings

	Freehold agriculture land RM	Long term leasehold land RM	Factory buildings RM	Total RM
Cost				
At 1 January, 2005	340,000	2,816,615	8,296,443	11,453,058
Additions	-	3,836,783	4,418,330	8,255,113
At 31 December, 2005	340,000	6,653,398	12,714,773	19,708,171
Accumulated Depreciation				
At 1 January, 2005	-	228,936	559,408	788,344
Depreciation charge for the year	-	93,140	173,347	266,487
At 31 December, 2005	-	322,076	732,755	1,054,831

notes to financial statements (cont'd)
31 December, 2005

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold agriculture land RM	Long term leasehold land RM	Factory buildings RM	Total RM
Net Book Value				
At 31 December, 2005	340,000	6,331,322	11,982,018	18,653,340
At 31 December, 2004	340,000	2,587,679	7,737,035	10,664,714
Depreciation charge for 2004	-	27,234	100,463	127,697

- (a) All the assets of the Group have been charged to banks for banking facilities granted to a subsidiary as referred to in Note 17.
- (b) Included in property, plant and equipment of the Group are fully depreciated assets which are still in use costing RM1,681,586 (2004: RM1,501,911).

12. INVESTMENT IN SUBSIDIARIES

	Company	
	2005 RM	2004 RM
Unquoted shares at cost	38,279,169	38,279,169

Details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Equity Interest Held (%)		Principal Activities
		2005	2004	
BP Plastics Sdn. Bhd.	Malaysia	100	100	Manufacturing of plastic products
BP Packaging Sdn. Bhd.	Malaysia	100	100	Trading of plastic products

- (a) Acquisition of subsidiaries:

On 7 August, 2004, the Group acquired 100% equity interest in BP Plastics Sdn. Bhd. and BP Packaging Sdn. Bhd. for a total consideration of RM38,279,169 satisfied by the issuance of 76,556,000 new ordinary shares of RM0.50 each of the Company at an issue price of approximately RM0.50 each.

- (b) The effect of acquisition on the financial results of the Group from 7 August, 2004, the date of acquisition to 31 December, 2004 was as follows:

	RM
Revenue	60,435,173
Profit from operations	7,904,806
Net profit for the period	5,950,62

notes to financial statements (cont'd)
31 December, 2005

12. INVESTMENT IN SUBSIDIARIES (CONT'D)

- (c) The effect of the acquisition on the financial position of the Group as at 31 December, 2004 was as follows:

	RM
Property, plant and equipment	37,542,021
Inventories	20,023,229
Trade and other receivables	19,463,151
Cash and bank balances	17,779,561
Short term loans	(1,826,843)
Trade and other payables	(14,567,306)
Taxation	(1,263,225)
Long term loans	(7,825,995)
Deferred taxation	(5,111,639)
Negative goodwill	(2,243,101)
Group's share of net assets	61,969,853

- (d) The fair value of the assets acquired and liabilities assumed from the acquisition of the subsidiaries were as follows:

	7.8.2004 RM
Net assets acquired:	
Property, plant and equipment	38,309,932
Inventories	22,212,184
Trade and other receivables	16,739,518
Cash and bank balances	7,764,187
Borrowings	(7,250,169)
Trade and other payables	(31,944,817)
Taxation	(517,250)
Deferred taxation	(4,791,315)
Fair value of total net assets	40,522,270
Negative goodwill	(2,243,101)
Total consideration	38,279,169
Purchase consideration satisfied by:	
Ordinary shares issued	38,279,169
Cash inflow arising on acquisition:	
Cash and cash equivalents of subsidiaries acquired	7,764,187

notes to financial statements (cont'd)
31 December, 2005

13. INVENTORIES

	Group	
	2005 RM	2004 RM
At cost:		
Raw materials	19,533,956	15,582,055
Work-in-progress	1,392,922	837,645
Spare parts	217,853	-
Finished goods	1,442,924	3,420,214
	22,587,655	19,839,914
At net realisable value:		
Raw materials	158,142	120,66
Finished goods	-	62,653
	22,745,797	20,023,229

14. TRADE RECEIVABLES

	Group	
	2005 RM	2004 RM
Trade receivables	21,150,006	17,071,580
Less: Provision for doubtful debts	(200,000)	(240,558)
	20,950,006	16,831,022

The Group's normal credit term ranges from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or groups of debtors.

15. OTHER RECEIVABLES

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Custom duty draw back	-	1,026,581	-	-
Deposits	72,771	415,134	2,000	-
Prepayment	73,995	1,190,414	5,004	1,108,196
Tax recoverable	17,386	-	-	-
Due from a subsidiary	-	-	25,079,361	2,854,285
	164,152	2,632,129	25,086,365	3,962,481

notes to financial statements (cont'd)
31 December, 2005

15. OTHER RECEIVABLES (CONT'D)

The amount due from a subsidiary is unsecured, interest free and has no fixed terms of repayment.

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or groups of debtors.

16. CASH AND BANK BALANCES

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Cash on hand and at banks	3,398,498	978,561	97,959	99,577
Repository deposits with a licensed bank	3,090,000	6,891,000	360,000	3,811,000
Deposits with licensed banks	4,740,000	9,910,000	-	9,910,000
Short term deposit with other financial institution	10,208,476	-	-	-
	21,436,974	17,779,561	457,959	13,820,577

The weighted average effective interest rates of deposits at the balance sheet date were as follows:

	Group and Company	
	2005 %	2004 %
Repository deposits with a licensed bank	2.55	2.30
Fixed deposits with licensed banks	2.95	3.00
Short term deposit with other financial institution	2.73	-

The average maturities of deposits as at the end of the financial year were as follows:

	Group and Company	
	2005 days	2004 days
Repository deposits with a licensed bank	30	2
Fixed deposits with licensed banks	30	30
Short term deposit with other financial institution	11	-

notes to financial statements (cont'd)
31 December, 2005

17. TERM LOANS

	Group	
	2005	2004
	RM	RM
Term loans		
Due within 12 months	1,523,597	1,826,843
Due after 12 months	5,100,103	7,825,995
	6,623,700	9,652,838
Maturity of term loans:		
Within one year	1,523,597	1,826,843
More than 1 year and less than 2 years	1,581,642	1,871,350
More than 2 years and less than 5 years	3,518,461	4,601,869
5 years or more	-	1,352,776
	6,623,700	9,652,838

The weighted average effective interest rates at the balance sheet date for term loans are 5.13% (2004: 3.05%) per annum.

The above term loans are secured by way of debentures incorporating fixed and floating charge over all assets of the Group as referred to in Note 11.

18. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 60 days.

19. OTHER PAYABLES

Included in other payables of the Group is an amount of RM5,158,925 (2004: RM Nil) due to suppliers of property, plant and equipment.

20. SHARE CAPITAL

	Group and Company			
	Number of Ordinary Shares of RM0.50 Each		Amount	
	2005	2004	2005	2004
			RM	RM
Authorised:				
At 1 January/date of incorporation	200,000,000	1,000,000	100,000,000	500,000
Created during the period	-	199,000,000	-	99,500,000
At 31 December	200,000,000	200,000,000	100,000,000	100,000,000

notes to financial statements (cont'd)
31 December, 2005

20. SHARE CAPITAL (CONT'D)

	Group and Company			
	Number of Ordinary Shares of RM0.50 Each		Amount	
	2005	2004	2005 RM	2004 RM
Issued and fully paid:				
At 1 January/date of incorporation	112,000,000	1,000,000	56,000,000	500,000
Issued during the year/period:				
Acquisition of subsidiaries	-	76,556,000	-	38,278,000
Rights issue	-	34,444,000	-	17,222,000
Public issue	8,000,000	-	4,000,000	-
At 31 December	120,000,000	112,000,000	60,000,000	56,000,000

The new ordinary shares rank pari passu in all respects with the existing ordinary shares.

Employee Share Option Scheme

The Company's Employee Share Option Scheme ("ESOS") is governed by the by-laws which was approved by the shareholders at the Extraordinary General Meeting held on 10 January, 2005.

The main features of the ESOS are as follows:

- The ESOS shall be in force for a period of five years and the Company may, if the Board deems fit upon the recommendation of the ESOS Committee, renew the ESOS for a further 5 years.
- The eligibility for participation in the ESOS shall be at the discretion of the ESOS Committee appointed by the Board of Directors.
- The total number of shares to be issued under the ESOS shall not exceed 15% of the issued share capital of the Company at any point of time during the tenure of the ESOS and out of which not more than 50% of the shares to be offered are allotted to eligible employees who are Executive Directors and members of the Senior Management of the Group. In addition, not more than 10% of the shares to be offered are allotted to eligible employees who, either singly or collectively through his associates, holds 20% or more of the issued and paid-up share capital of the Company.
- The option price for each share shall be the 5-days weighted average market price of the underlying shares at the time the ESOS Options are granted, with a discount of not more than ten percent (10%) if deemed appropriate, or the par value of the ordinary shares of the Company of RM0.50, whichever is the higher.
- No option shall be granted for less than 100 shares to any eligible employee.
- An option granted under the ESOS shall be capable of being accepted by the grantee by notice in writing to the Company before the expiry of 30 days period from the date of offer.
- All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respect with the existing ordinary shares of the Company other than as may be specified in a resolution approving the distribution of dividends prior to their exercise dates.

notes to financial statements (cont'd)
31 December, 2005

20. SHARE CAPITAL (CONT'D)

- (h) The options shall not carry any right to vote at a general meeting of the Company.
- (i) The persons to whom the options have been granted have no rights to participate by virtue of the options in any share issue of any other company.

At balance sheet date and at the date of this report, no share option was exercised under the ESOS.

21. RETAINED PROFITS

As at 31 December, 2005, subject to agreement with the Inland Revenue Board, the Company has tax exempt profits available for distribution amounting to approximately RM100,000 (2004 : RM Nil) and sufficient tax credit under Section 108 of the Income Tax Act 1967 to frank the payment of dividends out of its entire retained profits.

22. DEFERRED TAXATION

	2005 RM	Group 2004 RM
At 1 January/Acquisition of subsidiaries	5,111,639	4,791,315
Recognised in the income statement	2,562,350	320,324
At 31 December	7,673,989	5,111,639

The deferred taxation provided in the financial statements represents the temporary differences arising between the amounts attributed to property, plant and equipment for tax purposes and their carrying amount in the financial statements.

23. COMMITMENT

	2005 RM	Group 2004 RM
Capital expenditure:		
Approved and contracted for property, plant and equipment	1,892,835	3,872,880

24. SIGNIFICANT EVENT

On 23 February, 2005, the entire issued and paid up share capital of the Company of RM60,000,000 comprising 120,000,000 ordinary shares of RM0.50 each was listed on the Main Board of Bursa Malaysia Securities Berhad.

25. SEGMENT INFORMATION

The segmental information is not prepared as the Group is principally involved in manufacturing and trading of plastic products which is predominantly carried out in Malaysia.

notes to financial statements (cont'd)
31 December, 2005

26. COMPARATIVE FIGURES

The comparative figures are for the period from 9 March, 2004 (date of incorporation) to 31 December, 2004.

27. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange and credit risks.

(b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debt, as the Group had no substantial long-term interest-bearing assets as at 31 December, 2005. The investment in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits which yield better returns than cash at bank.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

(c) Foreign Exchange Risk

The Group operates internationally and is exposed to various currencies, mainly United States Dollar, Singapore Dollar and Japanese Yen. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

Foreign exchange exposures in transactional currencies are kept to an acceptable level.

The net unhedged financial assets/(financial liabilities) of the Group that are not denominated in their functional currencies are as follows:

	2005 RM	2004 RM
United States Dollar	(22,743,755)	(17,141,270)
Singapore Dollar	2,802,060	2,238,071
Japanese Yen	994,298	1,268,004
	(18,947,397)	(13,635,195)

notes to financial statements (cont'd)
31 December, 2005

27. FINANCIAL INSTRUMENTS (CONT'D)

(c) Foreign Exchange Risk (Cont'd)

As at balance sheet date, the Group has entered into forward foreign exchange contracts with the following notional amounts and maturities:

	Maturity	Notional Amount	
		2005	2004
		RM	RM
Forwards used to hedge anticipated sales			
- United States Dollar	Within 1 month	-	6,059,144
- Singapore Dollar	Within 1 month	450,880	2,662,466
- Japanese Yen	Within 3 months	4,260,228	1,728,256
		4,711,108	10,449,866

The net unrecognised gain as at 31 December, 2005 on forward contracts used to hedge anticipated sales which are expected to occur during year 2005 amounted to RM34,829 are deferred until the related sales occur, at which time they will be included in the measurement of the sales.

(d) Credit Risk

Credit risks, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures. The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

(e) Fair Values

The carrying amounts of financial assets and liabilities as reported in the balance sheet and respective notes to the financial statements approximate fair values.

analysis of shareholdings

as at 16 March, 2006

Authorized Capital : RM100,000,000 divided into 200,000,000 shares of RM0.50 each
 Issued and fully paid-up : 120,000,000 ordinary shares of RM0.50 each
 Class of shares : RM0.50 ordinary Share
 Voting Rights : 1 vote per ordinary shares
 Number of Shareholders as at 16 March, 2006 : 1,509

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 99	1	0.07	50	0.00
100 - 1,000	795	52.68	768,000	0.64
1,001 - 10,000	526	34.86	1,995,250	1.66
10,001 - 100,000	146	9.68	4,709,700	3.92
100,001 - 5,999,999 *	36	2.39	23,517,000	19.60
6,000,000 and above (**)	5	0.33	89,010,000	74.18
Total	1,509	100.00	120,000,000	100.00

Note: (*) means less than 5% of issued and paid-up share capital
 (**) means 5% and above of issued and paid-up share capital

SUBSTANTIAL SHAREHOLDERS AS AT 16 MARCH, 2006

The Substantial shareholders of BP Plastics Holding Bhd (holding 5% or more of the capital) based on the Register of Substantial shareholdings of the Company and their respective shareholdings are as follows:-

Name of Directors	Direct Interest		Indirect Interest	
	No of shares held	%	No of Shares held	%
LG Capital Sdn Bhd	54,000,0000	45.00	0	0
Dr. Zainul Rashid Bin Mohamad Razi	11,010,000 ^	9.18	0	0
Hey Shiow Hoe	6,999,999	5.83	54,000,000 *	45.00
Lim Chun Yow	7,000,002	5.83	54,000,000 *	45.00
Tan See Khim	6,999,999	5.83	54,000,000 *	45.00

Note:

(*) Deemed interested by virtue of his shareholding more than 15% in LG Capital Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

(^) Shares are held through A.A. Assets Nominees (Tempatan) Sdn Bhd Zainul Rashid Bin Mohamad Razi and after taking into account the disposal of 3,000,000 ordinary shares on 14 March, 2006 which was not registered in the Record of Depositors as at 16 March, 2006.

analysis of shareholdings (cont'd)
as at 16 March, 2006

DIRECTORS' INTERESTS IN RELATED CORPORATIONS

By virtue of their interests in the shares of the Company, Mr. Hey Shiow Hoe, Mr. Lim Chun Yow and Mr. Tan See Khim are deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

DIRECTORS' SHAREHOLDINGS AS AT 16 MARCH, 2006

The Directors of BP Plastics Holding Bhd based in Register of Directors' shareholding and their respective shareholdings are as follows:-

Name of Directors	No of Option Granted over shares of RM0.50 each±	No of Options exercised	Direct Interest No of Shares held	%	Indirect Interest No of Shares held	%
Hey Shiow Hoe	980,000	0	6,999,999	5.83	54,000,000*	45.00
Lim Chun Yow	980,000	0	7,000,002	5.83	54,000,000*	45.00
Tan See Khim	980,000	0	6,999,999	5.83	54,000,000*	45.00
Boo Chin Liong	100,000	0	18,000	0.02	-	-
Koh Chin Koon	100,000	0	18,000	0.02	-	-

Note:

(*) Deemed interested by virtue of his shareholding more than 15% in LG Capital Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

THIRTY LARGEST SHAREHOLDERS AS AT 16 MARCH, 2006

No	Shareholders	No. of Shares	%
1.	LG CAPITAL SDN BHD	54,000,000	45.00
2.	A.A. ASSETS NOMINEES (TEMPATAN) SDN BHD <i>ZAINUL RASHID BIN MOHAMAD RAZI</i>	14,010,000	11.68
3.	LIM CHUN YOW	7,000,002	5.83
4.	TAN SEE KHIM	6,999,999	5.83
5.	HEY SHIOW HOE	6,999,999	5.83
6.	BUMIPUTRA-COMMERCE NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR JAMALUDIN BIN CHE MURAD</i>	5,000,000	4.17
7.	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD <i>PLEDGED SECURITIES ACCOUNT FOR HADIAN BIN HASHIM</i>	5,000,000	4.17
8.	CHENG WEE KIONG	1,784,100	1.49
9.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR SUSY DING</i>	1,038,900	0.87
10.	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB FOR MUHA BIN PANDAK AHMAD</i>	1,000,000	0.83
11.	MOHD SHAIFUL RYZAL BIN MARZUKI	1,000,000	0.83

analysis of shareholdings (cont'd)
as at 16 March, 2006

THIRTY LARGEST SHAREHOLDERS AS AT 16 MARCH, 2006 (CONT'D)

No	Shareholders	No. of Shares	%
12.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR RUZINA BINTI IDRIS</i>	787,000	0.66
13.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR SUSY DING</i>	765,000	0.64
14.	CITIGROUP NOMINEES (ASING) SDN BHD <i>UBS AG SINGAPORE FOR ACE-GAIN INVESTMETNS LIMITED</i>	700,000	0.58
15.	HSBC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR MAZNAH BINTI ABDUL JALIL</i>	575,000	0.48
16.	MAYBAN NOMINEES (TEMPATAN) SDN BHD <i>AMANAHRAYA-JMF ASSET MANAGEMENT SDN BHD FOR KAMARUZAMAN BIN AB GHANI</i>	500,000	0.42
17.	MAYBAN NOMINEES (TEMPATAN) SDN BHD <i>AMANAHRAYA-JMF ASSET MANAGEMENT SDN BHD FOR SH MOHD NASIMUDDIN KAMAL BIN SH MD AMIN</i>	500,000	0.42
18.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR MOHD SHAFUL RYZAL BIN MARZUKI</i>	490,000	0.41
19.	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD <i>PUBLIC ISLAMIC OPPORTUNITIES FUND</i>	427,200	0.36
20.	MD RASID BIN MOHAMAD	377,100	0.31
21.	AFFIN NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR RUZINA BINTI IDRIS</i>	342,300	0.29
22.	ELITE VENTURES SDN BHD	300,000	0.25
23.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TING SIEW PIN</i>	292,400	0.24
24.	PERMODALAN PELADANG BERHAD	250,000	0.21
25.	REVRAYA SDN BHD	225,000	0.19
26.	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD <i>PLEDGED SECURITIES ACCOUNT FOR MOHD SHAFUL RYZAL BIN MARZUKI</i>	200,000	0.17
27.	TING SIEW PIN	197,600	0.16
28.	MAYBAN NOMINEES (TEMPATAN) SDN BHD <i>ONG SWEE KIAN</i>	179,600	0.15
29.	BENTENG STRUKTUR SDN BHD	175,000	0.15
30.	TAY WEE LEE	140,000	0.12

list of group properties

Title/Location	Tenure/Date of Expiry of Lease	Land/ Built up area	Description/ Existing Use	Estimated Age of Buildings (years)	Date of Issuance of Certificate of Fitness	Net Book Value (RM'000)
No P.T.D.: 30911 No H.S.(D): 32035 Daerah: Batu Pahat Mukim: Simpang Kanan Negeri: Johor 10, Jalan Wawasan 2 Kawasan Perindustrian Sri Gading 83300 Batu Pahat Johor	Leasehold 60 years/ 20.09.2054	1.0 Acres/ 21,600 sq ft	A parcel of industrial land improved upon with a Single-Storey Detached Factory (Warehouse)	2	19.11.2003	1,645
No P.T.D.: 31030 No H.S.(D): 32034 Daerah: Batu Pahat Mukim: Simpang Kanan Negeri: Johor 5A, Jalan Wawasan 2 Kawasan Perindustrian Sri Gading 83300 Batu Pahat Johor	Leasehold 60 years/ 20.09.2054	1.0 Acres/ 26,120 sq ft	A parcel of industrial land improved upon with a Single-Storey Detached Factory, (Extruding A) Double-Storey Office Building	Single-Storey Detached Factory - 11 years Double-Storey Office Building - 9 years	08.06.1994 28.08.1996	1,867
No P.T.D.: 31039 No H.S.(D): 32031 Daerah: Batu Pahat Mukim: Simpang Kanan Negeri: Johor 5, Jalan Wawasan 2 Kawasan Perindustrian Sri Gading 83300 Batu Pahat Johor	Leasehold 60 years/ 20.09.2054	1.0 Acres/ 15,000 sq ft	A parcel of industrial land improved upon with a Single-Storey Detached Factory an-annex with Double-Storey Office and Single-Storey Detached Factory (Maintenance/store)	8	29.04.1997	1,694

list of group properties (cont'd)

Title/Location	Tenure/Date of Expiry of Lease	Land/ Built up area	Description/ Existing Use	Estimated Age of Buildings (years)	Date of Issuance of Certificate of Fitness	Net Book Value (RM'000)
No P.T.D.: 31031 No H.S.(D): 32033 Daerah: Batu Pahat Mukim: Simpang Kanan Negeri: Johor 5B, Jalan Wawasan 2 Kawasan Perindustrian Sri Gading 83300 Batu Pahat Johor	Leasehold 60 years/ 20.09.2054	1.0 Acres/ 23,100 sq ft	A parcel of industrial land improved upon with a Single-Storey Detached Factory, (Extruding B)	2	28.05.2003	2,032
No P.T.D.: 35099 No H.S.(D): 38296 Daerah: Batu Pahat Mukim: Simpang Kanan Negeri: Johor 8, Jalan Wawasan 4 Kawasan Perindustrian Sri Gading 83300 Batu Pahat Johor	Leasehold 60 years/ 05.10.2057	1.5 Acres/ 39,600 sq ft	A parcel of industrial land improved upon with a Single-Storey Detached Factory (Cast line)	4	07.11.2001	2,871
No Hakmilik: GM 1359 Lot No.: 2408 Daerah: Batu Pahat Mukim: Linau Negeri: Johor	Freehold	3.2687 Acres	A parcel of Agricultural Land	NA	NA	340
No P.T.D.: 29032 No H.S.(D): 28431 Daerah: Batu Pahat Mukim: Simpang Kanan Negeri: Johor PLO244, Jln Wawasan 3 Kaw. Perindustrian Sri Gading, Batu Pahat Johor	Leasehold 60 years/ 21.09.2052	10 Acres/ 115,200 sq ft	A parcel of industrial land improved upon with a Single-Storey Detached Factory	Less than 1	NA	8,203



BP PLASTICS HOLDING BHD
(Company No: 644902-V)

proxy form

Number of Shares Held	
-----------------------	--

I/We _____
(Full Name in Capital Letters)

of _____
(Full Address)

being a *Member/Members of **BP PLASTICS HOLDING BHD**, do hereby appoint _____

_____ (Full Name in Capital Letters)

of _____
(Full Address)

or failing him, _____
(Full Name in Capital Letters)

of _____
(Full Address)

as *my/our proxy to vote for *my/our behalf at the Second Annual General Meeting to be held at Diamond Room, Level 2, Katerina Hotel, 8 Jalan Zabedah, 83000 Batu Pahat, Johor on Thursday, 4 May, 2006 at 10.30 a.m. and at any adjournment thereof.

Please indicate with an "X" in the space provided below how you wish your votes to be casted. If no specific direction as to voting is given, the Proxy will vote or abstain for voting as his discretion.

No. Resolutions	For	Against
1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December, 2005 together with the Directors' and Auditors' Report thereon.		
2. To approve the payment of a Final Tax Exempt Dividend of 4% in respect of the financial year ended 31 December, 2005.		
3. To approve the payment of Directors' fee for the financial year ended 31 December, 2005.		
4. To re-elect the following retiring Directors who retire by rotation and being eligible, offer themselves for re-election in accordance with the Article 92 of the Company's Articles of Association:- i) Mr. Hey Shiow Hoe		
5. ii) Mr. Tan See Khim		
6. To re-appoint Messrs. Ernst & Young as Auditors of the Company for the financial year ending 31 December, 2006 and to authorize the Directors to fix the Auditors' remuneration.		
7. As Special Business Ordinary Resolution - Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		

* Strike out whichever not applicable.

As witness my/our hand this _____ day of _____, 2006

Signature of Member/Common Seal

NOTES:

1. A member of the Company, who is entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. Where a member appoints two or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a), (b), (c) and (d) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member is an authorized nominee as defined under the Securities Industry (Central Depository) Act, 1991, it may appoint more than (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, whether under its seal or under the hand of an officer or attorney duly authorized.
4. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or notarially certified true copy of that power or authority shall be deposited at the Registered Office of the Company at 5A Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor not less than 48 hours before the time for holding the meeting or at any adjournment thereof, and in default the instrument of proxy shall not be treated as valid.

fold here

Affix
stamp
here

The Secretary
BP PLASTICS HOLDING BHD (Company No. 644902-V)
5A Jalan Wawasan 2
Kawasan Perindustrian Sri Gading
83300 Batu Pahat
Johor Darul Takzim

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