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 7699

www.bpplas.com

BP PLASTICS HOLDING BHD (644902-V) ANNUAL REPORT 2013

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

BPPLAS

ANNUAL REPORT 2013

STRETCHING *beyond*

INFINITY™ Stretch Film

HILLPLUS Stretch Film

PRIORITY MACHINE WRAP

PRIORITY MACHINE WRAP

VISION

To be the plastics packaging specialist of choice in Asian Region.

MISSION

To produce reliable and high quality packaging products for industries.

BPPLAS is a Polyethylene Film and Bag manufacturer. We specialise in stretch, and shrink films that are used to protect and enhance palletised goods product safety handling in warehousing and transportation. BPPLAS also produce various premier quality flat polyethylene film for printing, lamination, surface protective film, air cargoes packaging film, builder film and various customised polyethylene bag targeted for different industrial packaging application to improve packaging integrity and/or shelf life.

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CORPORATE DATA

BOARD OF DIRECTORS

Lim Kim Hock *(Chairman)*
Senior Independent Non-Executive Director
Lim Chun Yow
Managing Director
Tan See Khim
Executive Director
Hey Shiow Hoe
Executive Director
Tan Ming-Li
Independent Non-Executive Director
Lam Jin Fatt
Independent Non-Executive Director

COMPANY SECRETARY

Chua Siew Chuan
(MAICSA 0777689)

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@bpplas.com

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@bpplas.com

WEBSITE

www.bpplas.com

AUDITORS

Crowe Horwath *(AF 1018)*
52, Jalan Kota Laksamana 2/15
Taman Kota Laksamana
Seksyen 2, 75200 Melaka
Tel: 06-282 5995
Fax: 06-283 6449

STOCK EXCHANGE LISTING

BPPLAS (5100)
Main Board of the Bursa Malaysia Securities Berhad
(Listed on 23 February 2005)

PRINCIPAL BANKERS

Malayan Banking Berhad
HSBC Bank Malaysia Berhad
OCBC Bank (Malaysia) Berhad

AUDIT COMMITTEE

– **Lam Jin Fatt** *(Chairman)*
  Independent Non-Executive Director
– **Lim Kim Hock** *(Member)*
  Senior Independent Non-Executive Director
– **Tan Ming-Li** *(Member)*
  Independent Non-Executive Director

NOMINATION COMMITTEE

– **Lim Kim Hock** *(Chairman)*
  Senior Independent Non-Executive Director
– **Tan Ming-Li** *(Member)*
  Independent Non-Executive Director
– **Lam Jin Fatt** *(Member)*
  Independent Non-Executive Director

REMUNERATION COMMITTEE

– **Tan Ming-Li** *(Chairperson)*
  Independent Non-Executive Director
– **Lim Kim Hock** *(Member)*
  Senior Independent Non-Executive Director
– **Lam Jin Fatt** *(Member)*
  Independent Non-Executive Director
– **Hey Shiow Hoe** *(Member)*
  Executive Director

EMPLOYEES' SHARE OPTION SCHEME ("ESOS") COMMITTEE

– **Lim Chun Yow** *(Chairman)*
  Managing Director
– **Tan See Khim** *(Member)*
  Executive Director
– **Hey Shiow Hoe** *(Member)*
  Executive Director
– **Gavin Tan Siau Hui** *(Member)*
  HR/Admin Manager

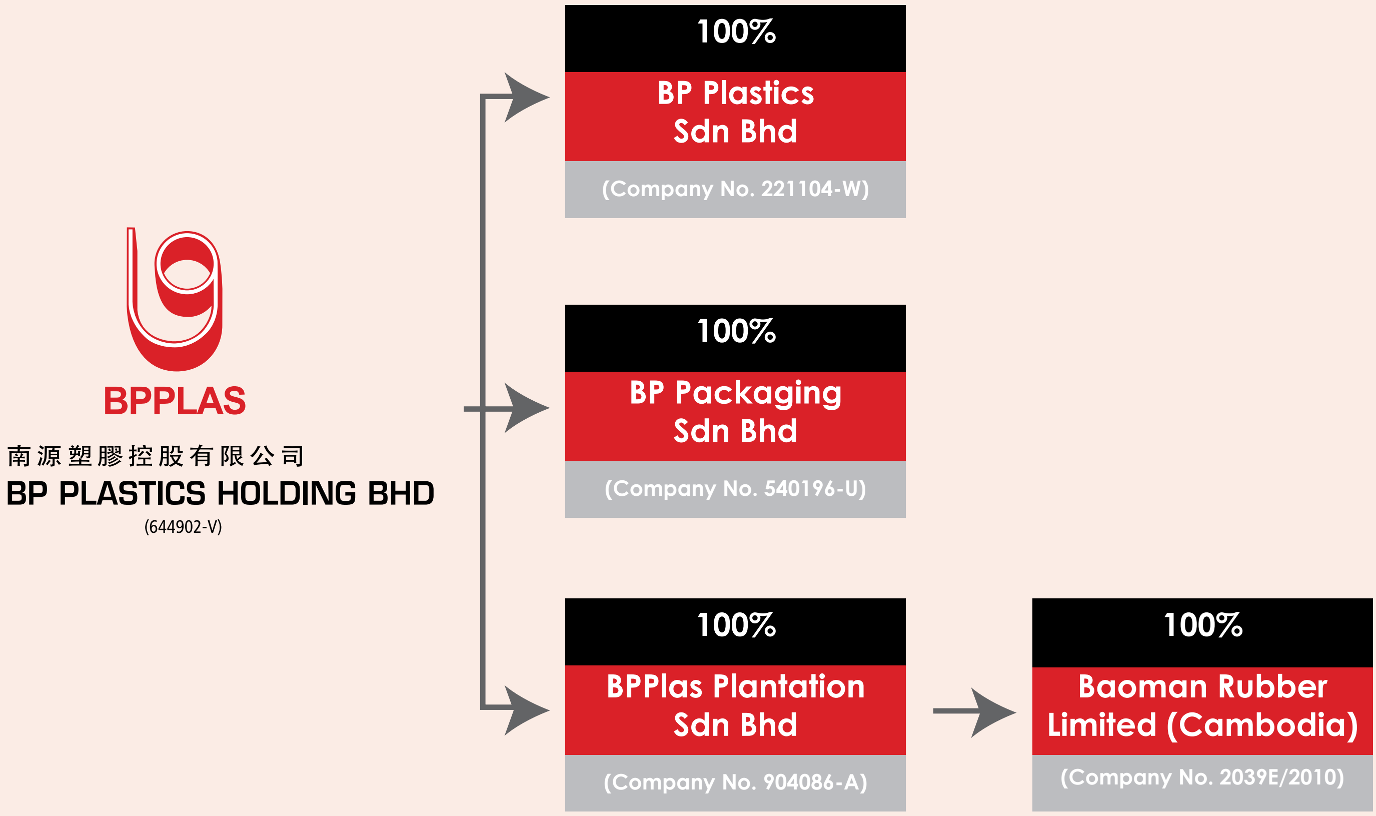
RISK MANAGEMENT COMMITTEE

– **Hey Shiow Hoe** *(Chairman)*
  Executive Director
– **Tan See Khim** *(Member)*
  Executive Director
– **Gavin Tan Siau Hui** *(Member)*
  HR/Admin Manager
– **Lee Kuan Hock** *(Member)*
  Finance Manager
– **Tay Peh Hwee** *(Member)*
  Plant Manager
– **Foo See Boon** *(Member)*
  Maintenance Manager
– **Koh Chu How** *(Member)*
  Marketing Manager

INVESTOR RELATIONS

– **Lim Chun Yow**
  (Managing Director)
  Tel: 07-455 7633
  Fax: 07-455 6799
  Email: ir@bpplas.com

CORPORATE STRUCTURE



CORPORATE PROFILE

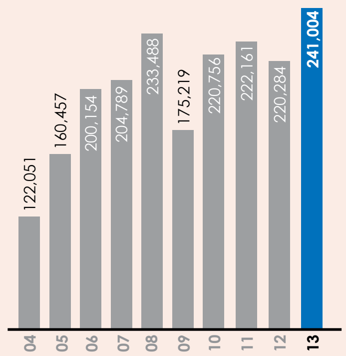
BP Plastics Holding Bhd, an investment holding and provision of management services company, was incorporated in Malaysia under the Companies Act, 1965 on 9 March 2004.

The principal activities of its subsidiaries are as follows:

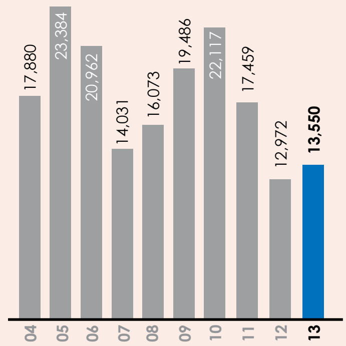
Company	Date and Country of Incorporation	Equity Interest (%)	Principal Activities
BP Plastics Sdn Bhd *(Company No: 221104-W)*	18 July 1991/ Malaysia	100	Manufacturing
BP Packaging Sdn Bhd *(Company No: 540196-U)*	23 February 2001/ Malaysia	100	Trading
BPPlas Plantation Sdn Bhd *(Company No: 904086-A)*	10 June 2010/ Malaysia	100	Dormant
Baoman Rubber Limited *(Company No: 2039E/2010)*	5 October 2010/ Cambodia	100	Dormant

PAST YEARS FINANCIAL HIGHLIGHTS

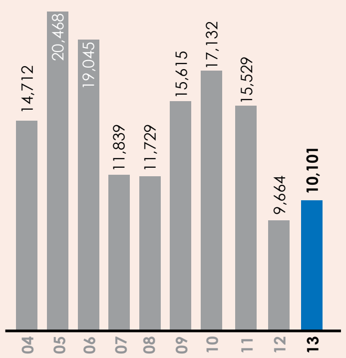
TURNOVER (RM'000)



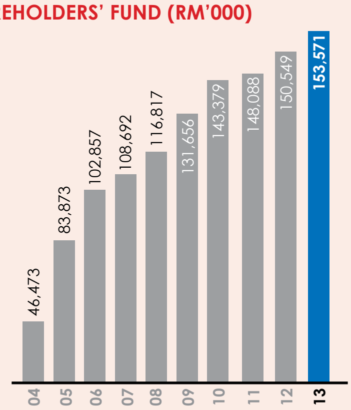
PROFIT BEFORE TAX (RM'000)



PROFIT AFTER TAX (RM'000)



SHAREHOLDERS' FUND (RM'000)



	2004 RM'000	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
TURNOVER	122,051	160,457	200,154	204,789	233,488	175,219	220,756	222,161	220,284	**241,004**
EBITDA	21,389	27,488	26,582	19,888	22,544	26,234	29,424	24,476	21,413	**21,859**
PROFIT BEFORE TAX	17,880	23,384	20,962	14,031	16,073	19,486	22,117	17,459	12,972	**13,550**
PROFIT AFTER TAX	14,712	20,468	19,045	11,839	11,729	15,615	17,132	15,529	9,664	**10,101**
SHAREHOLDERS' FUNDS	46,473	83,873	102,857	108,692	116,817	131,656	143,379	148,088	150,549	**153,571**
ROE	35.71%	31.41%	20.40%	11.19%	10.40%	12.57%	12.46%	10.66%	6.47%	**6.64%**
NON CURRENT ASSET	37,543	64,158	67,598	72,074	67,217	70,392	67,144	76,104	71,681	**67,978**
ROA	39.19%	31.90%	28.17%	16.43%	17.45%	22.18%	25.52%	20.41%	13.48%	**14.86%**
EPS *	12.26	17.06	15.86	9.86	6.51	8.67	9.51	8.62	5.37	**5.61**
Net Div (sen)	na	7	5	3	2	3	4	4	4	**5**
NTA per share (RM)	0.57	0.72	0.86	0.91	0.65	0.73	0.80	0.82	0.84	**0.85**

* *based on 120 Million shares for 2004 and 2005, 120.08 Million shares for 2006 to 2007, 180.12 Million shares for 2008 to 2009, 180.11 Million shares for 2010 and 180.09 Million shares for 2011, 2012 and 2013.*

Note:
The financial figures for 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 2000.

BOARD OF DIRECTORS

Front, Left to Right

Mr. Lim Chun Yow

Mr. Lim Kim Hock

Ms. Tan Ming-Li

Back, Left to Right

Mr. Hey Shiow Hoe

Mr. Tan See Khim

Mr. Lam Jin Fatt

LIM KIM HOCK

Age: 48

Nationality: Malaysian

Position in the Company: Chairman and Senior Independent Non-Executive Director

Qualification: Member of the Malaysian Institute of Accountants, Fellow Member of the Malaysian Institute of Taxation, and Fellow Member of the Institute of Chartered Accountants in England and Wales (ICAEW). He holds a Bachelor Degree in Accountancy in the United Kingdom in 1988 and Chartered Accountancy (Institute of Chartered Accountants in England and Wales) qualification in 1992.

Working Experience and Occupation: He started his articleship at Garners, Chartered Accountants, United Kingdom in 1988 until 1992. He joined Price Waterhouse in 1992 and was promoted to the position of Senior Consultant before he left the firm 3 years later to head the Finance Division of a subsidiary of Arab-Malaysian Development Berhad. Subsequently, he joined the Rashid Hussain Berhad Group and his employment stint with the group included a 2½ years overseas posting as the Director and Head of Finance and Administration for the group's subsidiary in Indonesia. He is currently in public practice as a Chartered Accountant and the Managing Director of Alliance Corporate Taxation Services Sdn. Bhd., a tax advisory and consulting company. He was appointed as the Independent Non-Executive Director of the Company on 22 February 2008. On 29 May 2013, he has been re-designated as the Senior Independent Non-Executive Director and appointed as the Chairman of the Company. He also sits on the Board of 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 Audit and the Remuneration Committees of the Company. He is also the Chairman of the Nomination Committee of the Company.

Number of Board Meetings Attended in the Financial Year: 6/6

LIM CHUN YOW

Age: 51

Nationality: Malaysian

Position in the Company: Managing Director

Qualification: Holds a degree in Bachelor of Science in Business Administration from The Ohio State University, United States of America in 1985.

Working Experience: He started his career as a Marketing Executive with a plastic bag manufacturing company in 1986. In 1990, he set up the business with the two co-founders of BP Plastics Sdn. Bhd. He was appointed as the Managing Director and Chairman of the Company on 3 September 2004 and 23 November 2005, respectively. He retired as Chairman of the Company on 29 May 2013 in line with the Malaysian Code on Corporate Governance 2012 (the "Code") recommendations to separate the roles of the Chairman and Managing Director. He also sits on the board of several private limited companies.

Other Directorship of Public Companies: None

Details of Any Board Committee to which He Belongs: He is the Chairman of ESOS Committee of the Company.

Number of Board Meetings Attended in the Financial Year: 6/6

TAN SEE KHIM

Age: 50

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 3 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 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 of 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 and the Risk Management Committees of the Company.

Number of Board Meetings Attended in the Financial Year: 6/6

HEY SHIOW HOE

Age: 51

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 States of America in 1986.

Working Experience: He was appointed as an Executive Director of the Company on 3 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 also sits on the board of 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 the ESOS Committees of the Company. He is also the Chairman of the Risk Management Committee of the Company.

Number of Board Meetings Attended in the Financial Year: 6/6

LAM JIN FATT

Age: 55

Nationality: Malaysian

Position in the Company: Independent Non-Executive Director

Qualification: Fellow Member of the Association of Chartered Certified Accountants, Chartered Member of the Institute of Internal Auditors Malaysia, and Chartered Accountant of the Malaysian Institute of Accountants. Holds a Diploma in Accountancy from the City of London Polytechnic in United Kingdom in 1980.

Working Experience and Occupation: Embarked on a career as an auditor with a firm of Chartered Accountants in London in the United Kingdom for over 3 years. Since returning to Malaysia, has gained over 29 years of internal audit working experience and broad exposure in various industries covering manufacturing, trading and retailing, life and general insurance, property development and management, investment banking, stock-broking, futures and options trading, asset and wealth management, and private equity. He was appointed as the Independent Non-Executive Director of the Company on 29 May 2013.

Other Directorship of Public Companies: None.

Details of Any Board Committee to which He Belongs: He is the Chairman of the Audit Committee of the Company. He is also a member of the Nomination and the Remuneration Committees of the Company.

Number of Board Meetings Attended in the Financial Year: 3/3

TAN MING-LI

Age: 45

Nationality: Malaysian

Position in the Company: Independent Non-Executive Director

Qualification: Graduate from University of Melbourne, Australia with a double degree in Law (Hons) and Science.

Working Experience and Occupation: She is currently a partner in the legal firm of Messrs. Cheang & Ariff and has been in active legal practice since 1994. She specialises in the area of corporate and securities law where she is principally involved in advising on capital market transactions, mergers and acquisitions, corporate restructuring as well as corporate finance related work. She was appointed as the Independent Non-Executive Director of the Company on 29 May 2013.

Other Directorship of Public Companies: She is an Independent Non-Executive Director of Tune Ins Holdings Berhad and Tune Insurance Malaysia Berhad.

Details of Any Board Committee to which She Belongs: She is the Chairman of the Remuneration Committee of the Company. She is also a member of the Audit and the Nomination Committees of the Company.

Number of Board Meetings Attended in the Financial Year: 3/3

Green

Mini Roll

Stretch film

Shrink film

Priority
Machine Roll

Lamination-based
coating film

INFINITY
Stretch film

BPPLAS

INFINITY™ HILLPLUS™ PRIORITY™ PRIORITY™

ADDITIONAL INFORMATION

FAMILY RELATIONSHIP WITH THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Mr. Tan See Khim and Mr. Lim Chun Yow are brothers-in-law of Mr. Hey Shiow Hoe, a Director of the Company. They are the Directors and substantial shareholders of the Company. Mr. Lim Chun Yow, Mr. Hey Shiow Hoe and Mr. Tan See Khim are also Directors and substantial shareholders of LG Capital Sdn. Bhd. (a substantial shareholder of the Company).

Save as disclosed above, none of the Director of the Company has any relationship with any Director or substantial shareholder of the Company.

SHARE BUY-BACK

The Company did not enter into any share buy-back transaction during the financial year ended 31 December 2013.

OPTIONS OR CONVERTIBLE SECURITIES

During the financial year ended 31 December 2013, options amounting to 1,495,000 were granted to eligible employees and Directors of the Company on 11 September 2013 under the Employees' Share Option Scheme ("ESOS").

No option granted under the ESOS was exercised during the financial year ended 31 December 2013.

DEPOSITORY RECEIPT ("DR") PROGRAMME

During the financial year ended 31 December 2013, BPPLAS did not sponsor any DR Programme.

IMPOSITION OF SANCTIONS AND/OR PENALTIES

There were no sanctions and/or penalties imposed on BPPLAS and its subsidiaries, Directors, or Management by any regulatory bodies during the financial year ended 31 December 2013.

NON-AUDIT FEES

The amount of non-audit fee paid to the External Auditors by the Group during the financial year ended 31 December 2013 amounted to RM33,200.

VARIATION IN RESULTS

There was no significant variance between the audited results and the unaudited results for the financial year ended 31 December 2013.

PROFIT FORECAST / PROFIT GUARANTEE

There was no profit forecast/profit guarantee issued by BPPLAS during the financial year ended 31 December 2013.

MATERIAL CONTRACTS INVOLVING DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and substantial shareholders' interests, during the financial year ended 31 December 2013.

RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE

There were no material recurrent related party transactions of a revenue or trading nature during the financial year ended 31 December 2013, other than those disclosed in Note 28 to the financial statements.

CONVICTION FOR OFFENCES

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

CONFLICT OF INTERESTS

None of the Directors have any conflict of interest with the Company.

UTILISATION OF PROCEEDS

The Company did not undertake any corporate proposals during the financial year ended 31 December 2013.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The Company had granted options under the ESOS governed by the ESOS By-Laws that was approved by the Company's shareholders at the Extraordinary General Meeting held on 10 January 2005. The shareholders had subsequently approved the extension of duration of ESOS for another 5 years to 13 February 2015. There is one (1) ESOS in existence during the financial year ended 31 December 2013 with information as follows:

	During the financial year ended 31 December 2013	Since commencement of the ESOS on 10 January 2005
Total number of options or shares granted	1,495,000	14,575,000
Total number of options exercised or shares vested	-	80,500
Total options or shares outstanding	9,634,000	9,634,000

Granted to Directors	During the financial year ended 31 December 2013	Since commencement of the ESOS on 10 January 2005
Aggregate number of options or shares granted	540,000	4,580,000
Aggregate number of options exercised or shares vested	-	-
Aggregate number of options or shares outstanding	4,380,000	4,380,000
Aggregate maximum allocation in percentage	**50%**	**50%**
Actual percentage granted	**36.12%**	**24.33 %**

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors of BP Plastics Holding Berhad ("BPPLAS"), it is my pleasure to present to you our Annual Report 2013 and Audited Financial Statements for the financial year ended 31 December 2013 ("FY2013").

BUSINESS OVERVIEW

As global economy stabilises and export business improved from second half of 2013 ("2H 2013"), BPPLAS achieved the highest annual revenue to date of RM241 million in FY2013 by capitalising on the increasing demand of thin gauge stretch film products and uniform coextrusion blown polyethylene packaging film for customers in Asia Pacific regions. Despite the volatile foreign exchange rates arising from massive reversal of capital flow from emerging markets and higher operating cost incurred as a result of the implementation of minimum wages, the Group achieved an improvement in Profit After Tax ("PAT") and Return on Equity ("ROE") of 6.6% in FY2013 as compared to 6.5% in FY2012.

FINANCIAL PERFORMANCE

In FY2013, BPPLAS achieved Revenue of RM241 million, which is 9.5% higher as compared to Revenue of RM220 million in FY2012. The Group achieved Profit Before Tax ("PBT") of RM13.55 million, an increase of 4.5% as compared to RM12.97 million in FY2012. Overall, the Group achieved an improved PAT of RM10.10 million in FY2013 as compared with RM9.66 million in FY2012.

Earning Per Share ("EPS") was higher at 5.61 sen in FY2013 as compared to 5.37 sen in FY2012.

MANAGEMENT REVIEW

Lower demand from advanced and regional economies has impacted on the Group's performance in first half of 2013. However, as global economy stabilises and external demand improved from 2H 2013 onwards, the higher export sales enabled BPPLAS to achieve an impressive highest revenue position in 2013. The Group's strategic investment in high tech equipment to leverage on technological capability to produce highly innovative quality products in a price competitive market globally, lifted our export sales to 77% in FY2013 as compared to 70% in FY2012. Majority of our products are exported to Asian regions. Japan remains as our top exporting country. Other important destinations are Asean countries, Australasia and Europe Zone countries. Our ratio of cast stretch film and blown packaging film product mixtures remain relatively stable at 69% and 31% respectively in FY2013.

INDUSTRY OUTLOOK AND PROSPECT

As per Bank Negara Report 2013, Malaysia achieved 4.7% GDP growth in 2013. Malaysia economy is expected to remain on a steady growth path of 4.5%-5.5% in 2014 due to resilient domestic demand driven by higher cash paid out and other forms of financial assistance provided by government to underprivileged group, and implementation of private and public investments from the on-going multi-year Economic Transformation Projects. With the improved external demand since 2H 2013 and positive growth prospect in the leading economies of USA, Europe Zone and Japan in 2014 onwards, this would further spur stronger demand for manufacturing goods. Since emerging Asia have been the global manufacturing hub for the global market, improving external demand would continue to edge up intra-regional sales which shall augur well for shipping and logistic packaging products, such as stretch film and shrink film in 2014.

To mitigate against the rising operating costs arising from higher labour, energy and electricity cost as well as transportation and packaging cost, the Group would continue to supply innovative thinner gauge film and better quality products. Operational improvement programme to boost higher efficiency and productivity to strengthen our competitiveness as a key packaging film supplier in Asia Pacific Region would continue to be pursued.

INDUSTRY OUTLOOK AND PROSPECT (CONT'D)

As per IMF's World Economic Outlook Report in April 2014, the global economy has broadly strengthened and expected to improve to 3.6% and 3.9% GDP growth respectively in 2014 and 2015. Going forward, the expected strong US recovery will provide the major impulse to the world economy and withstand the weakness in Japan and parts of Euro Zone countries and slower recovery in emerging Asia economies. In the short term, outflows of capital from emerging economies remain the major concern due to the commencement of Quantitative Easing monetary policy in USA. Stronger external demand and potential prolonged weakening of Ringgit Malaysia could help to mitigate the rising operating costs coupled with further improvement in exports revenue. Hence, the Group is confident that the demand for polyethylene packaging film will continue to grow at favourable rate in view of the improved demand sentiment globally.

Comparing the packaging consumption in Europe and USA, the demand for packaging in Asia, particularly in Malaysia and Asean countries are still relatively small. However, as the Asian economy continues to edge higher due to increasing demographic and social transformation through massive infrastructure upgrading and spending across Asia, higher income and operating social cost will result in the demand for better and sophisticated plastic packaging. Plastic is a very versatile product which helps to provide safety through unitising the palletised goods for logistic and warehousing, improved visibility and branding of goods, and more importantly, it helps to reduce cost by reducing food spoilage and wastage during transportation. Plastic also extends the shelves' life of food and beverage by keeping them fresh and safe to consume.

As more emerging markets, including Malaysia transform their economies into higher income nation, we are confident that demand for polyethylene film would continue to grow assisted by improved machine and resin technology. Since polyethylene film is fully recyclable and additional petrochemical resin plants are being built in Middle East and USA, the future demand for polyethylene film would continue to grow at a steady rate to meet the higher global population and longer human life expectancy.

DIVIDEND

1) 1st interim dividend of 4% (2 sen tax exempt dividend) in respect of financial year ended 31 December 2013 was declared and fully paid on 19 September 2013; and

2) 2nd interim dividend of 6% (3 sen single tier dividend) in respect of financial year ended 31 December 2013 was declared and fully paid on 19 March 2014, respectively.

The total sum of dividends declared and paid out for the financial year ended 31 December 2013 amounted to RM9,004,888, representing 89% of PAT in FY2013, which was way above the Board's target of distributing at least 40% to our shareholders and is in line with our objective of improving shareholders' value.

CORPORATE DEVELOPMENT

On 25 February 2013, Baoman Rubber Limited (Cambodia) ("Baoman"), an indirect wholly owned subsidiary of BPPLAS, decided to terminate the application of economic concession rights for agricultural investment land in the Kingdom of Cambodia. On 10 July 2013, Baoman had commenced voluntary dissolution in accordance with the laws of Cambodia and the winding-up petition had already been submitted to the authority and is currently pending approval. The dissolution of Baoman will not have any significant financial and operational impact on the BPPLAS Group. The Group shall update the shareholders in due course via the requisite Bursa announcements once the approval is obtained.

CORPORATE RESPONSIBILITY

The Group firmly believes in undertaking responsible corporate practices and upholding the agenda of sustainability. In line with this, we remain committed to undertaking exemplary corporate conduct that creates sustainable value for all our stakeholders and establishes enduring ties with them.

For the year 2013, the Group has undertaken the following corporate social initiatives:

1) Industrial training program – students from local universities participated in this program during the year, where they were able to apply their theoretical knowledge to actual working environment;

2) Blood Donation – the Group conducted its annual Blood Donation campaign on 18 August 2013 at Batu Pahat Mall;

3) Donation of RM100,000 towards a local school library fund; and

4) Donations to local charity events for the underprivileged, and needy students and families.

CORPORATE GOVERNANCE

In line with the Malaysian Code on Corporate Governance (MCCG), the Group has undertaken to separate the roles of Chairman and Managing Director to comply with the MCCG recommendations on good Corporate Governance. In addition, the Board has appointed Mr. Lam Jin Fatt and Ms. Tan Ming-Li to join the Group as Independent Non-Executive Directors, to replace Mr. Koh Chin Koon and Mr. Boo Chin Liong (they retired pursuant to the MCCG 2012 Recommendation 3.2 which states that tenure of independent director should not exceed a cumulative term of 9 years). With Ms. Tan Ming-Li on Board, the Group has effectively adopted the MCCG recommendation on having more women representation within BPPLAS Board.

The Group strongly believes that good corporate governance, risk management and internal control would enhance shareholders' values. The Group shall continue to pursue and promote the culture of good corporate governance throughout the organisation to achieve the Group's goals and objectives, and further enhance shareholders' values.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to welcome and thank Mr. Lam Jin Fatt and Ms. Tan Ming-Li for joining our Board. Their vast and wide corporate experiences would be instrumental in guiding and assisting the Group to sustain improved growth and financial performance.

I would like to express my heartfelt appreciation to my fellow Directors and all employees for their continuing support and contribution. I would also like to express my gratitude to our shareholders for their confidence in our ability to further improve shareholders' value. Lastly, I would like to thank the various Government Departments, statutory bodies, business partners, advisors, suppliers, customers, financiers and the business community for the co¬operation and unwavering support they have given to the Group throughout the years.

Thank you.

Lim Kim Hock
Chairman

Dated 18 April 2014

CORPORATE GOVERNANCE STATEMENT

The Board of Directors (the “Board”) of BP Plastics Holding Bhd (“BPPLAS”) is committed to ensure that best practices of the Malaysian Code on Corporate Governance 2012 (the “Code”) are practised 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 a long-term commitment to its shareholders and other stakeholders.

The Board has undertaken necessary adjustments on the Group’s policies to ensure that the Group complies with the principles and recommendations of the Code.

With much pleasure, the Board would like to present the following statement which describes the Group’s application on the principles, and the extent of its compliance with the Code.

A. BOARD OF DIRECTORS

1. Board Composition and Board Balance

The Board consists of six (6) Directors, three (3) of whom are Independent Non-Executive Directors and three (3) are Executive Directors. Such composition is able to provide independent and objective judgement to facilitate a balanced leadership in the Group as well as providing effective check and balance to safeguard the interest of the minority shareholders and other stakeholders as well as ensuring high standards of conduct and integrity are maintained. Whilst Mr. Lim Chun Yow, Mr. Tan See Khim and Mr. Hey Shiow Hoe represent the interests of the major shareholders of the Company, the interests of remaining shareholders are fairly reflected in the Board’s representation.

Mr. Lim Chun Yow, who is the Managing Director, and the two (2) Executive Directors, namely Mr. Tan See Khim and Mr. Hey Shiow Hoe, are founders of the Company and each of them have more than twenty (20) years of expertise and experience in the plastic packaging business, specialising in bags, film and sheet section. The three (3) founders’ extensive experience and in-depth knowledge of the plastic packaging industry have enhanced the competitiveness of the Company. The other three (3) Independent Non-Executive Directors are professionals in their own right with wide-ranging experiences, skills and expertise in audit, accounting, taxation, corporate finance and law. The three (3) Independent Non-Executive Directors are not engaged in the daily operations and management of the Company. This ensures that the Independent Non-Executive Directors remain free of conflict of interest situations and enable them to carry out their roles and responsibilities effectively. The Independent Non-Executive Directors, through their vast and wide corporate experiences, and qualifications provide effective contributions and support to the Board. The members of the Board are persons of high calibre and integrity with the necessary qualifications, experience and qualities that enable them to discharge their duties effectively. The profile of each member of the Board is set out on pages 5 to 7 of this Annual Report.

2. Board Responsibilities

Based on the Board Charter of the Company, the Board is responsible to observe the following guiding principles in establishing clear roles and responsibilities in order to achieve the BPPLAS Group Vision:

- Establish a formal schedule of matters reserved for the Board and those delegated to Management.
- Establish clear roles and responsibilities in discharging its fiduciary and leadership functions.
- Formalise ethical standards through a code of conduct and ensure its compliance.
- Ensure that the Company’s strategies promote sustainability.
- Have procedures to allow its members access to information and advice.
- Ensure that it is supported by a suitably qualified and competent company secretary.
- Formalise, periodically review and make public its Board Charter.

A. BOARD OF DIRECTORS (CONT'D)

2. Board Responsibilities (cont'd)

A list of matters reserved for the Board regarding its role and the board procedures and processes, is clearly stated in the Board Charter and a copy of the Board Charter, which is subject to review from time to time has been uploaded to the Company's website at www.bpplas.com.

The Group has in place a Group Code of Conduct that is applicable to all its Directors and employees to ensure a high standard of ethical and professional conduct is upheld by all the Directors and employees in the performance of their duties and responsibilities. A summarised version of the Group Code of Conduct is also available on the Company's website as well.

Mr. Lim Chun Yow, the Managing Director of the Company, leads the Management and is assisted by two (2) Executive Directors. He has successfully led the Group over the past twenty-four (24) years to transform the Group into one of the leading plastics packaging specialists in Malaysia. The roles of the Chairman and Managing Director are separated with clearly defined responsibilities to ensure the balance of power and authority. The Chairman is primarily responsible for the orderly conduct and working of the Board whilst the Managing Director, together with the Executive Directors, oversees the operations of the Group and implementation of the Board's decisions, business strategies, and policies. The three (3) Independent Non-Executive Directors by virtue of their roles and responsibilities, in effect represent the minority shareholders' interests. The Independent Non-Executive Directors engage proactively with the Management, external and internal auditors to address matters concerning the management and oversight of the Group's business and operations.

Due to the lean organisational structure of the Group, the current size and composition of the Board is sufficient and well balanced, and caters effectively to the scope of the Group's operations. Mr. Lim Kim Hock has been appointed as the Chairman of the Board and Senior Independent Non-Executive Director to facilitate communications with the stakeholders which could not be dealt with by the Managing Director or the Executive Directors.

The Board has also delegated certain responsibilities to the Committees of the Board which operate within clearly defined terms of reference. The Committees of the Board comprise the Audit Committee (see Report on Audit Committee set out on pages 26 to 29 of this Annual Report), the Remuneration Committee and the Nomination Committee. Amongst the other committees set up in the Company to manage specific areas of the Group's operations are the Risk Management Committee, the Employees' Share Option Scheme ("ESOS") Committee, and the Executive and Management Committees.

3. Attendance of Board Meetings

Board meetings are scheduled at quarterly intervals with additional meetings held when necessary.

Board meetings are conducted with a structured formal agenda. Board meeting's agenda includes reviews on various aspects of the Group's operations, financial performance, business plan, strategic decisions, major investments, findings from both the external and internal auditors, and any other proposals or other significant matters that require direction of the Board. The Board members deliberate, and in the process, assess the viability of business propositions and corporate proposals, and the principal risks that may have significant impact on the Group's business or its financial position, and the mitigating factors. Special Board meetings are convened when warranted by situations that require the expeditious direction of the Board.

The Board meetings are chaired by the Chairman who has the responsibility of ensuring that each of the items of the agenda is adequately reviewed and thoroughly deliberated within a reasonable timeframe.

A. BOARD OF DIRECTORS (CONT'D)

3. Attendance of Board Meetings (cont'd)

During the financial year under review, six (6) Board Meetings were held. Details of the Directors' attendance at these Board Meetings were as follows:

Board of Directors	Total No. of Meetings held in 2013	No. of Meetings Attended
Lim Chun Yow	6	6
Tan See Khim	6	6
Hey Shiow Hoe	6	6
Lim Kim Hock	6	6
Tan Ming-Li *(Appointed on 29 May 2013)*	3	3
Lam Jin Fatt *(Appointed on 29 May 2013)*	3	3
Boo Chin Liong *(Retired on 29 May 2013)*	2	1
Koh Chin Koon *(Retired on 29 May 2013)*	2	2

The Directors remain fully committed and dedicated as reflected by their full attendance at Board meetings held during the financial year ended 31 December 2013.

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 discharge their duties effectively. A set of Board papers for each item of agenda, including financial reports and notices are promptly sent to Directors prior to any Board meeting. This is to accord sufficient time for the Directors to peruse the Board papers and to seek any clarification or further details that they may need from the Management or to consult independent advisers, if they deem necessary. The Board also notes the decisions and salient issues deliberated by the Board Committees through the Minutes of these Committees' meetings.

The Directors have a duty to declare immediately to the Board should they have any interest in transactions to be entered into, directly or indirectly, with the Company or the Group. The interested Directors would abstain from deliberations and decisions of the Board on the said transaction. In the event a corporate proposal is required to be approved by shareholders, the interested Directors would also abstain from voting in respect of their shareholdings relating to the corporate proposal, and would further undertake to ensure that persons connected to them similarly abstain from voting on the resolution(s).

Minutes of each Board meeting are circulated to all Directors at least seven (7) days before the Board meeting for their perusal prior to confirmation of the minutes during the Board meeting.

Senior management may be invited to attend any Board meetings to provide views and explanations on certain matters being tabled to the Board and to furnish clarification on issues that may be raised by the Directors. The Directors have direct access to senior management, and has complete and unimpeded access of information relating to the Group in discharging their duties. The Directors also have the liberty to seek independent professional advice if necessary at the Company's expense. Every Board member has ready and unrestricted access to the advice and the services of the Company Secretary in ensuring the effective functioning of the Board. The Directors are also regularly updated by the Company Secretary on relevant new statutory and regulatory requirements issued by the relevant authorities.

5. Qualified and Competent Company Secretary

The Board is supported by qualified and competent Company Secretary on matters relating to the Company's constitution, Board's policies and procedures, and any requirement of compliance with the relevant regulatory requirements, codes, guidance or legislations.

The Company Secretary attends and ensures that all Board meetings are properly convened, and that an accurate and proper record of the proceedings and resolutions passed are taken and maintained in the statutory register at the registered office of the Company.

A. BOARD OF DIRECTORS (CONT'D)

6. Board Charter

The Board Charter of the Company is in place and posted on the Company's website. The Board acknowledges the importance to spell out the key values, principles and ethos of the Company in view that all the policies and strategy development are derived from these considerations.

The Board will perform periodic review on the Board Charter to ensure accuracy on information and compliance with the Code.

7. Appointment to the Board

The Nomination Committee was formed on 4 May 2005. The Nomination Committee will review and assess the proposed appointment of Directors, and thereupon recommends to the Board for approval. The 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. The Nomination Committee will review annually the required mix of skills, experience and other qualities including core competencies that the Directors should bring to the Board, identify areas for improvement, and review the succession plan for senior management in the Group.

Other responsibilities of this Committee are clearly defined in the terms of reference of the Nomination Committee.

One of the recommendations of the Code is that the chair of the Nomination Committee should be a Senior Independent Director identified by the Board. As such, Mr. Lim Kim Hock has been re-designated by the Board as Senior Independent Director on 29 May 2013 based on his qualification and experience.

The Nomination Committee of the Company comprises entirely of Independent Non-Executive Directors as follows:

Members	Designation	Responsibility
Lim Kim Hock	Senior Independent Non-Executive Director	Chairman
Tan Ming-Li *(Appointed on 29 May 2013)*	Independent Non-Executive Director	Member
Lam Jin Fatt *(Appointed on 29 May 2013)*	Independent Non-Executive Director	Member
Boo Chin Liong *(Retired on 29 May 2013)*	Senior Independent Non-Executive Director	Chairman
Koh Chin Koon *(Retired on 29 May 2013)*	Independent Non-Executive Director	Member

The Nomination Committee is satisfied with the current Board composition. The Committee views that the existing composition of the Board is sufficient and well balanced, caters effectively to the scope of the Group's operations and there is appropriate mix of knowledge, skills, attributes and core competencies in the Board. As presently constituted, the Board has the stability, continuity and commitment as well as capacity to discharge its responsibilities effectively. The Nomination Committee is satisfied that all the members of the Board are suitably qualified to hold their positions as Directors of the Company in view of their respective academic and professional qualifications, experience and qualities. The Nomination Committee also through its recent annual review assessed the composition and effectiveness of all the Committees of the Board. The Nomination Committee is satisfied with the composition of each of the Board Committees and their performance.

A. BOARD OF DIRECTORS (CONT'D)

7. **Appointment to the Board (cont'd)**

During the financial year, the Board has appointed Ms. Tan Ming-Li and Mr. Lam Jin Fatt as Independent Non-Executive Directors, to replace Mr. Boo Chin Liong and Mr. Koh Chin Koon (they retired pursuant to the Code's recommendation which states that the tenure of independent director should not exceed a cumulative term of nine (9) years).

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 Bursa Malaysia Securities Berhad ("Bursa Securities") and other regulatory requirements.

The Group practices equal opportunity policy and all appointments and employments are based strictly on merits and are not driven by any racial or gender bias. With Ms. Tan Ming-Li on board, the Company has adopted the Code's recommendation on having more women representation within BPPLAS Board.

8. **Directors' Development and Training**

There is a familiarisation 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 completed the Mandatory Accreditation Programme pursuant to the requirements of Bursa Securities. The Board acknowledges that the Directors of the Company with varied experiences and qualifications provide effective contribution and support to the functions of the Board. The Board has empowered the Directors of the Company to determine their own training requirements as they consider necessary or deem fit 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. Nevertheless, the Board will also review the training needs of its Directors on an ongoing basis to assist them to discharge their responsibilities instead of the Nomination Committee.

The following are the conferences, training programmes and seminars attended by the Directors of the Company in 2013:

- Tax Strategies for Sdn Bhd
- ICLIF/Bursa Nomination Committee Programme
- Sustainability Conference 2013
- Anti-Avoidance Tax Seminar
- National Tax Conference 2013
- National Budget 2013 Seminar
- Mandatory Accreditation Programme for Directors of Public Listed Companies
- Risk Management & Internal Control - Workshops for Audit Committee Members

A. BOARD OF DIRECTORS (CONT'D)

9. Re-election of Directors

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors for the time being and those appointed during the financial year shall retire from the office and shall be eligible for re-election. The Articles of Association of the Company also provide that all Directors are required to retire from office once in every three (3) years but shall be eligible for re-election.

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

10. Annual Assessment of Independence

The Code recommends that the Board should undertake assessment of its Independent Directors annually. To be in line with such recommendation, the Board has put in place proper policies and procedures to ensure effectiveness of the Independent Non-Executive Directors on the Board.

The Independent Non-Executive Directors are not employees and they do not participate in the day-to-day management as well as the daily business of the Group. They bring an external perspective, constructively challenge and help develop proposals on strategy, scrutinise the performance of Management in meeting approved goals and objectives, and monitor the risk profile of the Group's business and the reporting of monthly business performance.

The Board had evaluated and is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their ability to act in the best interest of the Company.

11. Tenure of Independent Directors

One of the new recommendations of the Code imposes that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years to prevent impairment of independence. None of the Independent Directors of the Company have exceeded the cumulative term of nine (9) years as at the date of this Annual Report.

12. Separation of Positions of Chairman and Managing Director

The roles of the Chairman and Managing Director are separated with clearly defined responsibilities to ensure the balance of power and authority. The Chairman is primarily responsible for the orderly conduct and working of the Board whilst the Managing Director, together with the Executive Directors, oversees the operations of the Group and implementation of the Board's decisions, business strategies, and policies.

The Company took cognisance and in line with the Code's recommendations to separate the roles of the Chairman and Managing Director, Mr. Lim Chun Yow had stepped down as Chairman at the previous AGM to allow for Mr. Lim Kim Hock, a Senior Independent Non-Executive Director of the Company, to be appointed as Chairman to lead the Board.

B. BOARD COMMITTEES

To assist the Board in discharging its duties, the Board has delegated certain responsibilities to the Board Committees, which operate within clearly defined terms of reference. The Committees are:-

a) The Audit Committee

The Audit Committee consists of three (3) Directors, all of whom are Independent Non-Executive Directors.

The Audit Committee assists and supports the Board's responsibility to oversee the Group's operations by reviewing the Group's financial reporting processes and its system of internal controls. The Audit Committee will discuss with Management and the external auditors the accounting principles and standards that were applied and their opinion on items that may affect the financial statements. The Audit Committee meets the external auditors at least twice a year to discuss their audit plan, audit findings and the Company's financial statements. The Audit Committee is also supported by the internal auditors in the discharge of its duties and responsibilities.

The summary of the terms of reference of the Audit Committee is set out under the Audit Committee Report. The Audit Committee met five (5) times during the financial year and its Report is presented on pages 26 to 29 of this Annual Report.

b) The Nomination Committee

The Nomination Committee met once during the financial year. The Nomination Committee met to approve the principles and processes of assessing the effectiveness of the Board and Board Committees, and performance evaluation of senior management.

The main activities of the Nomination Committee during the financial year are as follows:-

- Recommended the re-election of Mr. Lim Kim Hock who retired pursuant to Article 92 of the Company's Articles of Association at the Ninth AGM held on 29 May 2013;
- Reviewed the composition of the Board of Directors;
- Evaluated the performance of the Board of Directors and Board Committees; and
- Reviewed the nomination of New Independent Non-Executive Directors.

c) The Remuneration Committee

The Board established the Remuneration Committee on 4 May 2005. The Remuneration Committee is made up of three (3) Independent Non-Executive Directors and an Executive Director. The members of the Remuneration Committee are as follows:

Members	Designation	Responsibility
Tan Ming-Li *(Appointed on 29 May 2013)*	Independent Non-Executive Director	Chairperson
Lim Kim Hock	Senior Independent Non-Executive Director	Member
Lam Jin Fatt *(Appointed on 29 May 2013)*	Independent Non-Executive Director	Member
Hey Shiow Hoe	Executive Director	Member
Boo Chin Liong *(Retired on 29 May 2013)*	Senior Independent Non-Executive Director	Member
Koh Chin Koon *(Retired on 29 May 2013)*	Independent Non-Executive Director	Member

B. BOARD COMMITTEES (CONT'D)

c) The Remuneration Committee (cont'd)

The Remuneration Committee has set up a remuneration policy framework and makes 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 by the Board to its members.

The component parts of Directors' remuneration are structured so as to 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, level of responsibilities and the remuneration package for similar positions in the market and time commitment required from these Directors. The Executive Directors will abstain from participating in the discussion with respect to their own remuneration.

The Remuneration Committee will meet at least once a year to carry out the annual review of the overall remuneration policy for Executive Directors whereupon recommendations are submitted to the Board for approval. The Remuneration Committee and the Board ensure that the Company's remuneration policy remains supportive of the Company's corporate objectives and is aligned with the interest of shareholders. The Remuneration Committee and the Board strive to reward the Executive Directors based on accountability, fairness, and competitiveness, as prescribed in the Code and to ensure the remuneration packages of Executive Directors are sufficiently attractive to draw in and to retain persons of high calibre. Thus, there is a formal and transparent procedure for rewarding and fixing the remuneration packages of Executive Directors.

The determination of the remuneration of Non-Executive Directors is a matter for the Board as a whole. The individual concerned will abstain from discussion and decision on his own remuneration. The remuneration of Non-Executive Directors comprises fees, meeting allowances and participation in the ESOS while the remuneration package of Executive Directors comprises basic salary, fees, bonus, and participation in the ESOS. The By-Laws and policy of the ESOS have set out a minimum timeframe for any option to be vested in the Executive Directors and Non-Executive Directors of the Company.

Total Remuneration	**Executive Directors (RM'000)**	**Non-Executive Directors (RM'000)**	**Total (RM'000)**
Fees	188	121 *	309 *
Salary, Bonus and Other Emoluments	1,804	-	1,804
Allowances	-	8	8
Employees Provident Fund	343	-	343
Total Remuneration	2,335	129	2,464

Number of Directors whose remuneration falls within the following bands:

	Number of Directors		
	Executive Directors	**Non-Executive Directors**	**Total**
RM50,000 and below	-	5 *	5 *
RM650,001 to RM700,000	1	-	1
RM750,001 to RM800,000	1	-	1
RM850,001 to RM900,000	1	-	1
	3	5	8

* *Inclusive of remuneration payable to Mr. Boo Chin Liong and Mr. Koh Chin Koon, who retired on 29 May 2013, and Ms. Tan Ming-Li and Mr. Lam Jin Fatt, who were appointed on 29 May 2013, on a pro-rated basis.*

Note: Successive bands of RM50,000/- are not shown entirely as these are not represented.

B. BOARD COMMITTEES (CONT'D)

d) The ESOS Committee

The ESOS Committee was formed on 22 September 2004 to administer the Group's ESOS. The ESOS Committee will ensure that the ESOS is administered in accordance with the By-Laws approved by the shareholders of the Company.

The members of the ESOS Committee as at the date of this Statement are as follows:

No.	Members	Designation	Responsibility
1.	Lim Chun Yow	Managing Director	Chairman
2.	Hey Shiow Hoe	Executive Director	Member
3.	Tan See Khim	Executive Director	Member
4.	Gavin Tan Siau Hui	HR/Admin Manager	Member

The ESOS Committee met once during the financial year for the granting of the 3rd tranche ESOS to eligible employees of the Group.

e) The Risk Management Committee

The Risk Management Committee was formed on 26 October 2006 to ensure the Group achieves its corporate objectives by applying effective enterprise risk management control. The Risk Management Committee reviews and identifies key risks as well as oversees the overall management of all risks, and to ensure infrastructure, resources, process and systems are in place for risk management.

The members of the Risk Management Committee as at the date of this Statement are as follows:

No.	Members	Designation	Responsibility
1.	Hey Shiow Hoe	Executive Director	Chairman
2.	Tan See Khim	Executive Director	Member
3.	Gavin Tan Siau Hui	HR/Admin Manager	Member
4.	Lee Kuan Hock	Finance Manager	Member
5.	Tay Peh Hwee	Plant Manager	Member
6.	Foo See Boon	Maintenance Manager	Member
7.	Koh Chu How	Marketing Manager	Member

C. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure Policies

The Company recognises the value of transparent, consistent and coherent communications with investment community consistent with commercial confidentiality and regulatory considerations. The Company aims to build long-term relationships with shareholders and potential investors through appropriate channels for the management and disclosure of information. These investors are provided with sufficient business, operations and financial information on the Group to enable them to make informed investment decision.

The Company is guided by the Corporate Disclosure Guide issued by Bursa Securities with the consultation of the Company Secretary, advisers and/or other service providers.

Leverage on Information Technology for Effective Dissemination of Information

The Company's website incorporates an Investor Relations section which provides all relevant information on the Company and the Group, and is accessible by the public. This Investor Relations section enhances the Investor Relations function by including all announcements made by the Company. This is important in ensuring equal and fair access of information by the investing public.

D. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

A key element of good corporate governance is being transparent and accountable to all stakeholders. Underlying the transparency and accountability objectives are the provision of clear, relevant, timely, comprehensive and readily assessable information to all stakeholders.

1. Dialogue between the Company and Investors

The Group values its dialogues with investors. The Annual Report of the Company is a key channel of communication with shareholders and investors. The shareholders and investors of the Company are kept informed of the Group's performance, and major developments of the Group through its Annual Report and announcements made. Apart from this, financial results and other corporate information as contained in the Annual Reports and Circulars to shareholders are available to enable shareholders and investors to have better understanding of the Group's business activities and performance.

The Company disseminates its Annual Report to its shareholders either in hard copy or in CD-ROM media.

2. Encourage Shareholders' Participation at General Meetings

The Company provides information on the details of general meetings and shareholders' entitlement to attend general meetings, and their right to appoint proxy(ies) to encourage shareholders' participation at general meetings.

The Company would conduct poll voting upon request by shareholders at the general meetings. Tthe Chairman would brief the shareholders on their right to call for a poll during general meetings.

3. AGM

The main forum of dialogue with shareholders of the Company is the Company's AGM. The AGM represents the primary platform for direct two-way interactions between shareholders, Directors and senior management of the Company. During the AGM, shareholders who attend the AGM are encouraged to raise questions pertaining to the items of the agenda of the AGM. All Directors and senior management, where appropriate, will provide feedbacks, answers and clarifications to the questions raised from the shareholders during the AGM.

At the AGM of the Company, Management of the Company presents an executive summary highlighting key financial, corporate information and achievement of the Group. Other than the Annual Report, the Company's website, www.bpplas.com also houses all other corporate and financial information that is made available to public, such as quarterly announcement of the financial results of the Group, announcements and disclosures made pursuant to the disclosure requirements of Bursa Securities' Listing Requirements.

4. Extraordinary General Meeting

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

5. Investor Relations

The investor relations activities of the Company form an important channel of communication with shareholders, investors and the investment community broadly. As part of fulfilling its corporate governance obligations, the Company maintains extensive communication with its stakeholders with the provision of clear, comprehensive and timely information through the readily accessible channels such as Annual Report, quarterly reports and press releases, as well as through the Company's website. This is particularly important to shareholders and investors for informed investment decision making particularly, in periods of extreme volatility in the market place.

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

5. Investor Relations (cont'd)

The senior management personnel in-charge of investor relations activity is Mr. Lim Chun Yow, the Managing Director of the Company. This greatly reflects the level of commitment and due importance placed by the Group to maintain investor relations as well as provides views and information on the Group that is appropriate and substantive to investors.

E. ACCOUNTABILITY AND AUDIT

1. Financial Reporting

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

Timely 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 Audit Committee also reviews the appropriateness of the Company's and the Group's accounting policies and the changes to these policies.

The Responsibility Statement by the Directors on the annual audited financial statements of the Company and the Group pursuant to paragraph 15.26(a) of the Listing Requirements is set out on page 33 of this Annual Report.

In order to uphold integrity in financial reporting, the Board is responsible to ensure the financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved financial reporting standards in Malaysia.

2. Risk Management And Internal Control

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. 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 Company's and the Group's system of internal controls, by its nature are designed to provide reasonable but not absolute assurance against risk of material errors, misstatement, fraud, or losses occurring. The Risk Management Committee through their meetings ensures that the accountability for managing the significant risks identified is clearly assigned and that the identified risks affecting the Company and the Group are being satisfactorily addressed on an ongoing basis.

The effectiveness of the system of internal controls of the Company and the Group is reviewed by the Audit Committee. The review covers the operational, financial and compliance controls. The Audit Committee assists the Board in its review of the effectiveness of internal control and risk management process of the Company and the Group. The Audit Committee held a total of five (5) meetings during the financial year. The Minutes of the Audit Committee meetings were circulated to the Directors for notation and for action by the Board, where appropriate.

The Board has through the Audit Committee reviewed the adequacy and integrity of the Group's system of internal controls, and the Board's Statement on Risk Management and Internal Control is set out on pages 30 to 32 of this Annual Report.

E. ACCOUNTABILITY AND AUDIT (CONT'D)

3. Relationships with the Auditors

The Group's independent external auditors is essential for all shareholders in ensuring the reliability of the Group's financial statements. The Board maintains a formal and transparent professional relationship with the external auditors via the Audit Committee. From time to time, the external auditors will bring to the Audit Committee's attention on any significant deficiency in the Group's internal control system. In accordance with the terms of reference of the Audit Committee, the Audit Committee meets with the external auditors to discuss their audit plan, audit findings and the financial statements of the Company. The Audit Committee met the external auditors twice during the financial year without the presence of the Executive Directors and the Management. The Audit Committee also meets with the external auditors whenever it deems necessary. In addition, the external auditors are invited to attend the AGM of the Company and are available to answer to shareholders' queries on the conduct of the audit, and the preparation and content of the audit report.

The Audit Committee has been explicitly accorded the power to communicate directly with both the external and internal auditors. A full Audit Committee Report and its summarised Terms of Reference detailing its role in relation to the auditors, are set out in pages 26 to 29 of this Annual Report.

Terms of engagement for the services provided by the external auditors are reviewed by the Audit Committee and approved by the Board. In reviewing the terms of engagement for the services to be provided by the external auditors, the Audit Committee ensures that the independence and objectivity of the external auditors are not compromised.

F. Compliance Statement

The Board has taken reasonable steps to ensure that the Group has implemented as far as possible the corporate governance best practices and the recommendations of the Code. The Board considers that the recommendations of the Code have been substantially implemented.

AUDIT COMMITTEE REPORT

1. COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee consists of the following members:

CHAIRMAN

Lam Jin Fatt *(Appointed on 29 May 2013)*	Independent Non-Executive Director
Koh Chin Koon *(Retired on 29 May 2013)*	Independent Non-Executive Director

MEMBERS

Lim Kim Hock	Senior Independent Non-Executive Director
Tan Ming-Li *(Appointed on 29 May 2013)*	Independent Non-Executive Director
Boo Chin Liong *(Retired on 29 May 2013)*	Independent Non-Executive Director

2. SUMMARY OF THE TERMS OF REFERENCE

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

Authority

The Audit Committee is empowered and authorised by the Board of Directors, at the Company's expense to:

(a) have explicit authority to investigate any matter within its terms of reference, the resources to do so, and full access to information. All employees shall be directed to co-operate as requested by members of the Audit Committee;
(b) have full and unlimited/unrestricted access to all information and documents/resources which are required to perform its duties as well as to the internal and external auditors and senior management of the Company and the Group;
(c) obtain, at the expense of the Company, other independent professional advice or other advice and to secure the attendance of outsiders with relevant experience and expertise to provide advice if it considers necessary; and
(d) have direct communication channels with the external auditor and person(s) carrying out the internal audit function or activity (if any).

Notwithstanding anything stated above, the Audit 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.

Duties

The duties and responsibilities of the Audit Committee are as follows:

(a) To consider the appointment of the external auditor, the audit fee and any question of resignation or dismissal.
(b) To put in place the policy and procedures to assess the suitability and independence of external auditor.
(c) To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved.
(d) To review with the external auditor, his evaluation of the system of internal controls and his audit report.
(e) To review the quarterly and year-end financial statements of the Company and the Group, focusing particularly on:
  - any change in accounting policies and practices;
  - significant adjustments arising from the audit;
  - the going concern assumption; and
  - compliance with applicable accounting standards and other relevant legal requirements.

2. SUMMARY OF THE TERMS OF REFERENCE (CONT'D)

Duties (cont'd)

(f) To discuss problems and reservations arising from the interim and final audits, and any matter the external auditor may wish to discuss (in the absence of management, where necessary).

(g) To review the external auditor's management letter and management's response.

(h) To do the following, in relation to the internal audit function:-
- review the adequacy of the scope, function, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken by the management on the recommendations of the internal audit function;
- review any appraisal or assessment of the performance of the internal audit function;
- approve any appointment or termination of the internal auditor; and
- take cognisance of resignation of the internal auditor and provide the resigning internal auditor an opportunity to submit his reason(s) for resigning.

(i) To consider any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.

(j) To report its findings on the financial and management performance, and other material matters to the Board.

(k) To ensure the financial statements are prepared in accordance to the applicable financial reporting standards.

(l) To consider the major findings of internal audit and other financial investigations, and management's response.

(m) To verify the allocation of employees' share option scheme ("ESOS") in compliance with the criteria as stipulated in the by-laws of ESOS of the Company, if any.

(n) To determine the remit of the internal audit function.

(o) To consider other topics as defined by the Board.

(p) To consider and examine such other matters as the Audit Committee considers appropriate.

Responsibility

Where the Audit Committee is of the view that a matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), or in the event of any serious offence involving fraud and dishonesty committed by the Company or the Group, the Audit Committee has the responsibility to promptly report such matters to the Bursa Securities or any other relevant authorities.

Membership

1. The Board of Directors shall appoint the Audit Committee members from amongst themselves, comprising no fewer than three (3) non-executive directors. The majority of the Audit Committee members shall be independent directors.

2. The Chairman of the Audit Committee shall be an independent director appointed by the Board of Directors.

3. No alternate directors of the Board shall be appointed as a member of the Audit Committee.

4. All members of the Audit Committee shall be financially literate and at least one (1) member shall be a member of an accounting association or body.

5. The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board of Directors at least once every three (3) years.

6. If a member of the Audit Committee resigns or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board of Directors shall within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

2. SUMMARY OF THE TERMS OF REFERENCE (CONT'D)

Meetings

1. The Audit Committee meets at least five (5) times a year. A quorum shall consist of a majority of members present who must be independent directors. Additional meetings may be called at any time at the discretion of the Audit Committee Chairman.

2. The Finance Director/Head, the Head of Internal Audit, representatives of the external auditor, other Board members and employees may attend meetings upon the invitation of the Audit Committee to assist in its deliberations.

3. The Audit Committee shall be entitled to convene meetings with the external auditor, the internal auditor or both, without executive Board members or employees present whenever deemed necessary and at least twice a year with the external auditor.

4. Upon the request of the external auditor, the Audit Committee Chairman shall convene a meeting to consider any matter which the external auditor believes should be brought to the attention of the Board of Directors or shareholders.

5. The Company Secretary shall be the Secretary of the Audit Committee.

6. The Minutes of each Audit Committee meeting shall be tabled to the Board of Directors by the Audit Committee Chairman.

3. SUMMARY OF AUDIT COMMITTEE ACTIVITIES DURING THE YEAR

The Audit Committee held a total of five (5) meetings during the financial year ended 31 December 2013. The Managing Director and other Executive Directors, Finance Manager, departmental heads and representatives of the external and internal auditors attended the Audit Committee meetings. The Minutes of the Audit Committee meetings were circulated to all members of the Board of Directors and significant issues were discussed at the Board meetings.

The details of the attendance of each Audit Committee member are as follows:

Audit Committee Member	Total No. of Meetings Held During the Year	Meetings Attended
Mr. Lam Jin Fatt *(Appointed on 29 May 2013)*	3	3
Mr. Lim Kim Hock	5	5
Ms. Tan Ming-Li *(Appointed on 29 May 2013)*	3	3
Mr. Koh Chin Koon *(Retired on 29 May 2013)*	2	2
Mr. Boo Chin Liong *(Retired on 29 May 2013)*	2	1

3. SUMMARY OF AUDIT COMMITTEE ACTIVITIES DURING THE YEAR (CONT'D)

During the financial year, the main activities undertaken by the Audit Committee are summarised as follows:

a. reviewed the quarterly unaudited financial statements of the Group and the Company prior to making the recommendations to the Board of Directors for approval;
b. reviewed the inter-company transactions and related party transactions or conflict of interest situations that arose within the Group or the Company;
c. reviewed the semi-annual returns pursuant to Paragraph 8.10 of Chapter 8 of the Listing Requirements of the Bursa Securities;
d. reviewed the annual audited financial statements of the Group and the Company and made recommendations to the Board of Directors for approval;
e. reviewed the external auditors' scope of work and their audit planning memorandum;
f. evaluated the performance of the external auditors and made recommendations to the Board of Directors on their appointment and audit fees;
g. reviewed with the external auditors, the results of the annual audit, their Management Letter together with Management's responses to the findings of the external auditors;
h. met twice with the external auditors without the presence of executive Board members, Management and employees to discuss issues of concern to the external auditors arising from the annual statutory audit;
i. reviewed the staffing requirements of the internal auditors, skills and the core competencies of the internal auditors, and made recommendations to the Board of Directors on the appointment of internal auditors of the Company;
j. reviewed the internal auditors' scope of work and their audit plan;
k. reviewed the internal auditors' audit methodology in assessing and rating risks of auditable areas;
l. reviewed the audit findings from the internal auditors;
m. reviewed the risk management report from Risk Management Committee, including the recommendations made and Management's responses to these recommendations;
n. reviewed the ESOS Committee's verification on the allocation of ESOS offered to eligible employees on 11 September 2013 for compliance with the criteria as stipulated in the by-laws of ESOS of the Company;
o. tabled the Minutes of each Audit Committee meeting to the Board of Directors for notation and for further direction by the Board of Directors, where necessary; and
p. reviewed the revised Terms of Reference of the Audit Committee.

4. INTERNAL AUDIT FUNCTION

The Audit Committee acknowledges that an independent and adequately resourced internal audit function is essential in obtaining the assurance it requires regarding the effectiveness and adequacy of the Company's and the Group's internal control systems. The Audit Committee is supported by the internal auditors of the Company in the discharge of its duties and responsibilities.

The Company engaged an external consultant to carry out the internal audit function of the Group for the financial year ended 31 December 2013. The primary function of the internal audit is to independently carry out a review of the existing systems, controls and procedures, and thereafter provide such recommendations that would further enhance the existing internal control.

The Audit Committee approves the annual risk-based audit plan of the Company and the Group. Upon completion of the audits, the internal auditors closely monitored the implementation progress of their audit recommendations in order to obtain assurance that all major risk and control concerns have been duly addressed by the Management. All audit reports on the results of work undertaken together with the recommended action plans and their implementation status were presented to the Management and the Audit Committee.

The external auditors work closely with the internal auditors to resolve any control issues as raised by them to ensure that significant issues are duly acted upon by the Management.

The total costs incurred for the internal audit function for 2013 amounted to RM32,000/-.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance stipulates that the Board of Directors of listed companies is to maintain a sound risk management framework and internal control system to safeguard shareholders' investments and the Group's assets. Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), directors of a listed company are to include in its annual report a Statement on Risk Management and Internal Control. This Statement on Risk Management and Internal Control has been prepared in compliance with the Main Market Listing Requirements of Bursa Securities and in accordance with the guidance in the Statement on Risk Management and Internal Control: Guidelines for Directors of Public Listed Issuers ("Internal Control Guidelines").

BOARD RESPONSIBILITY

The Board of Directors ("Board") is responsible for the adequacy and effectiveness of the BP Plastics Group (the "Group") system of risk management and internal controls. The system is designed to manage the Group's key areas of risk within an acceptable risk profile, rather than eliminate the risk of failure to achieve the policies and business objectives. Accordingly, the system of risk management and internal controls of the Group can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this process includes enhancing the system of risk management and internal controls as and when there are changes to the business environment or regulatory guidelines.

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 ("MD") and his Management team. The MD and his Management team receive timely information pertaining to the performance and profitability of the Group through timely reports which include quantitative and qualitative trends, and analyses through its fully computerised information system.

The MD plays a pivotal role in communicating the Board's expectations of the system of risk management and internal controls 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, which comprises Heads of Department, meets timely to discuss on Manufacturing, Sales & Marketing, Finance 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 MD closely monitors the progress of these issues through regular interaction with the various Heads of Department and the reviews of the Minutes of Management Committee meetings.

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

Internal Audit Function

The Group has outsourced its internal audit function to an independent professional service provider to assist the Audit Committee as well as the Board in discharging their responsibilities by providing independent, objective assurance and advisory services that seek to add value and improve the Group's operations by considering:

- the existence of processes to monitor the effectiveness and efficiency of operations and the achievement of business objectives;
- the adequacy and effectiveness of internal control systems for safeguarding of assets and providing consistent, accurate financial and operational data;
- risk awareness and the value and nature of an effective internal control system;
- compliance with applicable laws, regulations, corporate policies and procedures; and
- the effectiveness of risk management, control and governance processes within the Group's operations.

The internal audit function has adopted a risk-based approach and prepared its audit strategy and plan based on the risk profiles of the major business functions of the Group, and in accordance with the internal audit plan approved by the Audit Committee. The internal audit independently reviews the system of internal controls implemented by Management within the Group and reports to the Audit Committee the outcome of the internal audit thereof.

The Audit Committee holds regular meetings to deliberate on the findings and recommendations for improvement highlighted by both the internal and external auditors on the state of the Group's internal control system. The Minutes of the Audit Committee meetings are subsequently tabled to the Board for notation and further action, where necessary.

In addition, as part of the requirements of the ISO 9001:2008 certification accredited to the Group, a scheduled internal quality audit is conducted each year by personnel independent of the processes being audited. Results of the audit are reported to the MD.

The Group is also accredited with certifications for ISO14001:2004 and OHSAS 18001:2007. With these certifications, the Group will ensure that all environmental aspect and impact as well as safety and health issues are appropriately addressed. Each year, there will be a surveillance audit being carried out and the results of the audit are reported to the MD.

Risk Management Framework

The Board recognises 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 allows the Group to identify, evaluate, and manage risks within defined risk parameters that affect the achievement of the Group's business objectives.

The Group has implemented a formal approach to the risk management framework whereby a systematic and logical methodology risk management model has been adopted to ensure key risks are identified, evaluated, properly prioritised, owners identified with proper response time set and allowed for continuous improvement. To carry out an effective risk management framework, the Board has established a Risk Management Committee, which is chaired by an Executive Director. The Risk Management Committee will meet with the Audit Committee on a yearly basis to report on the processes, findings and actions taken by Management. The Risk Management Committee will identify new risks by taking into consideration the Group's business objectives, 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 system of internal controls. The Risk Management Committee then reports to the Board on any significant changes in the business and the external environment.

The Board considers that the risk management framework is effective, but the framework will be subjected to continuous improvement, taking into consideration better practices and the changing business environment.

Other Internal Control Processes

Apart from risk management and internal audit, the Group's system of internal controls also comprises the following key elements:

- Well defined lines of responsibility, delegation of authority, segregation of duties and flow of information in the organisation structure. Besides the predominantly Non-Executive Board Committees, all of which have written terms of references, such as the Audit, the Remuneration and the Nomination Committees; the ESOS Committee, and the Executive and Management Committees will support the Board. These Committees convene regular meetings to assess performance and controls in all facets of operations;
- The Group's Code of Conduct sets out the standards of good and ethical practices, and aims to maintain confidence in the integrity of the Group's business practices.
- The ISO 9001:2008 Quality Management System is in place to monitor and ensure the quality of the Group's products and services meet customers' expectations;
- Training and development programmes are conducted to enhance staff competencies;
- The public release of quarterly reports is made on time after the review by the Audit Committee and the approval of the Board;
- The ISO 14001:2004 Environmental Management System for monitoring of environmental aspect and impact;
- The OHSAS 18001:2007 Occupational Health and Safety Management System for monitoring of safety and health;
- Monthly monitoring of results against budget with major variances being followed up and action taken by Management, where necessary; and
- Monitoring mechanism in the form of scheduled Management Committee and Executive Committee meetings on reviewing the Group's operations, financial performance and human resource matters.

THE BOARD'S COMMITMENT

To ensure that the Group achieves its corporate objectives successfully, the Board is determined to establish an effective risk management framework and a proactive internal control environment, and is committed in keeping abreast with the ever-changing business environment in order to support the Group's businesses and size of operations. Cognisant 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.

The Board has received assurance from the MD and the Finance Manager that the Group's risk management and internal control are operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

For the financial year under review, the Board confirms that it has reviewed the effectiveness of the system of risk management and internal control, and there is no occurrence of fundamental deficiency or material losses incurred during the financial year under review as a result of weaknesses in the risk management framework or internal control.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Bursa Securities' Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process that the Board has adopted in the review of the adequacy and integrity of internal control of the Group.

STATEMENT OF DIRECTOR'S RESPONSIBILITY

The Companies Act, 1965 requires the Directors to prepare the 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
- ensure 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 the financial position of the Group with reasonable accuracy at any time, thus enabling the financial statements to be complied with the Companies Act, 1965. They are also responsible for taking the necessary steps to ensure appropriate systems are in place for the assets of the Group to be properly safeguarded for the prevention of fraud and other irregularities. The systems, by their nature, can only provide reasonable and not absolute assurance against material misstatements, whether due to fraud or error.

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.

STRETCHING

beyond

FINANCIAL STATEMENTS

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 2013.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are described in Note 13 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit net of tax, attributable to owners of the parent	10,100,838	11,807,651

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

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.

DIVIDENDS

The amounts of dividends paid by the Company since 31 December 2012 were as follows:

	RM
In respect of financial year ended 31 December 2012 Second interim tax exempt dividend of 4% (2 sen per share), on 180,085,750 ordinary shares paid on 3 April 2013	3,601,715
In respect of financial year ended 31 December 2013 First interim tax exempt dividend of 4% (2 sen per share), on 180,085,750 ordinary shares paid on 19 September 2013	3,601,715
	7,203,430
In respect of financial year ended 31 December 2013 Second interim single tier dividend of 6% (3 sen per share), on 180,105,750 ordinary shares paid on 19 March 2014	5,403,173

The directors do not recommend any final dividend to be paid in respect of the current financial year.

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
Lim Kim Hock
Lam Jin Fatt *(Appointed on 29 May 2013)*
Tan Ming-Li *(Appointed on 29 May 2013)*
Boo Chin Liong *(Retired on 29 May 2013)*
Koh Chin Koon *(Retired on 29 May 2013)*

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 the previous financial year, 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 or the fixed salary of a full time employee of the Company as shown in Note 8 to the financial statements) 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 interest of directors in office at the end of the financial year in shares and options over shares in the Company during the financial year were as follows:

	Number of ordinary shares of RM0.50 each			
	1.1.2013	**Acquired**	**Sold**	**31.12.2013**
Direct interest				
Lim Chun Yow	17,000,003	-	-	17,000,003
Tan See Khim	16,999,999	-	-	16,999,999
Hey Shiow Hoe	16,999,998	-	1,000,000	15,999,998
Indirect interest #				
Lim Chun Yow	81,165,000	-	-	81,165,000
Tan See Khim	81,165,000	-	-	81,165,000
Hey Shiow Hoe	81,165,000	-	-	81,165,000

	Number of options over ordinary shares of RM0.50 each			
	1.1.2013	**Granted**	**Exercised**	**31.12.2013**
Lim Chun Yow	1,280,000	180,000	-	1,460,000
Tan See Khim	1,280,000	180,000	-	1,460,000
Hey Shiow Hoe	1,280,000	180,000	-	1,460,000

\# *165,000 shares were deemed interested by virtue of Section 134(12) of the Companies Act, 1965.*

DIRECTORS' INTERESTS (cont'd)

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.

The other directors in office at the end of the financial year had no interest in shares in the Company during the financial year.

TREASURY SHARES

As at 31 December 2013, the Company held as treasury shares a total of 35,000 of its 180,120,750 issued ordinary shares. Such treasury shares are held at a carrying amount of RM 20,740 and further relevant details are disclosed in Note 25 to the financial statements.

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 ESOS was implemented on 15 February 2005 and was in force for a period of 5 years from the date of implementation.

On 8 February 2010, the Board of Directors of the Company has approved the duration of the ESOS be extended for a further period of 5 years. Hence, the ESOS is to be in force until 13 February 2015.

The salient features and other terms of the ESOS are disclosed in Note 26(b) to the financial statements.

During the financial year, the Company has granted 1,495,000 share options under the ESOS. These options expire on 13 February 2015 and are exercisable from the date of the grant.

		Number of options over ordinary shares of RM0.50 each			
Date of offer	**Exercise price**	**1.1.2013**	**Granted**	**Lapsed**	**31.12.2013**
15.02.2010	RM 0.80	5,885,000	-	(345,000)	5,540,000
06.04.2010	RM 0.62	2,719,000	-	(120,000)	2,599,000
11.09.2013	RM 0.53	-	1,495,000	-	1,495,000
		8,604,000	1,495,000	(465,000)	9,634,000

The options which lapsed during the financial year were due to resignations of employees.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of option holders, who have been granted options to subscribe for less than 144,000 ordinary shares. The names of option holder, other than directors, who have been granted options to subscribe for 144,000 or more ordinary shares during the year are as follows:

	Number of options over ordinary shares of RM0.50 each			
	1.1.2013	**Granted**	**Exercised**	**31.12.2013**
Guek Yeow Hong	125,000	30,000	-	155,000
Kaw (Foo) See Boon	244,000	45,000	-	289,000
Koh Chu How	205,000	60,000	-	265,000
Lee Kuan Hock	196,000	45,000	-	241,000
Ng Phay Chern	114,000	30,000	-	144,000
Ng Wee Cheat	122,000	30,000	-	152,000
Tan Siau Hui	131,000	45,000	-	176,000

The details of options granted to directors are disclosed in the section on Directors' Interests in this report.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 18 April 2014.

Lim Chun Yow

Tan See Khim

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 43 to 84 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2013 and of their financial performance and cash flows for the year then ended.

The information set out in Note 36 to the financial statements have been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 18 April 2014.

Lim Chun Yow

Tan See Khim

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 43 to 84 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
on 18 April 2014
at Batu Pahat in the State of Johor

Lim Chun Yow

Before me,

Rahini a/p Nagappan (J130)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
To the Members of BP Plastics Holding Bhd.

We have audited the financial statements of BP Plastics Holding Bhd., which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 43 to 84. The financial statements of the Group and of the Company for the financial year ended 31 December 2012 were audited by another firm of chartered accountants whose report dated 26 April 2013 expressed an unqualified opinion.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2013 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

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

(c) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 36 on page 85 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Tan Lin Chun
Approval No: 2839/10/15 (J)
Chartered Accountant

18 April 2014

Melaka

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Revenue	4	241,003,540	220,283,820	12,000,000	800,000
Cost of sales		(213,291,876)	(195,076,040)	-	-
Gross profit		27,711,664	25,207,780	12,000,000	800,000
Other items of income					
Other income	5	1,751,864	2,644,164	985,181	1,210,541
Other items of expense					
Administrative and general expenses		(8,202,533)	(7,612,975)	(1,177,189)	(614,537)
Selling expenses		(7,703,219)	(7,230,346)	-	-
Finance costs		(8,060)	(36,676)	-	-
Profit before tax	6	13,549,716	12,971,947	11,807,992	1,396,004
Income tax expense	9	(3,448,878)	(3,307,773)	(341)	(153,023)
Profit net of tax		10,100,838	9,664,174	11,807,651	1,242,981
Other comprehensive income:					
Foreign currency translation, representing other comprehensive income for the year, net of tax		(3,895)	221	-	-
Total comprehensive income for the year		10,096,943	9,664,395	11,807,651	1,242,981
Earnings per share attributable to owners of the parent (sen per share):					
Basic	10	5.61	5.37		

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION
As At 31 December 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Assets					
Non-current assets					
Property, plant and equipment	12	67,978,034	71,681,067	-	-
Investment in subsidiaries	13	-	-	57,040,595	57,279,171
		67,978,034	71,681,067	57,040,595	57,279,171
Current assets					
Inventories	14	46,204,941	47,840,910	-	-
Trade and other receivables	15	33,132,241	32,914,379	-	-
Other current assets	16	2,000	438,612	2,000	5,600
Amount owing by a subsidiary	17	-	-	4,046,055	-
Investment securities	18	100,800	100,800	-	-
Cash and cash equivalents	19	49,990,183	39,819,317	38,715,070	37,726,960
Tax recoverable		193,520	249,882	187,020	240,118
		129,623,685	121,363,900	42,950,145	37,972,678
Total assets		197,601,719	193,044,967	99,990,740	95,251,849
Equity and liabilities					
Current liabilities					
Loans and borrowings	20	3,723,600	-	-	-
Trade and other payables	21	28,710,074	30,807,497	307,402	301,302
Tax payable		1,475,000	803,758	-	-
		33,908,674	31,611,255	307,402	301,302
Net current assets		95,715,011	89,752,645	42,642,743	37,671,376
Non-current liabilities					
Deferred tax liabilities	22	10,122,000	10,884,750	-	-
Total liabilities		44,030,674	42,496,005	307,402	301,302
Net assets		153,571,045	150,548,962	99,683,338	94,950,547
Equity attributable to equity holders of the Company					
Share capital	23	90,060,375	90,060,375	90,060,375	90,060,375
Share premium	24	3,492,762	3,492,762	3,492,762	3,492,762
Treasury shares	25	(20,740)	(20,740)	(20,740)	(20,740)
Other reserves	26	123,453	(1,222)	128,570	-
Retained earnings	27	59,915,195	57,017,787	6,022,371	1,418,150
Total equity		153,571,045	150,548,962	99,683,338	94,950,547
Total equity and liabilities		197,601,719	193,044,967	99,990,740	95,251,849

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
For the Financial Year Ended 31 December 2013

	Note	Share capital RM	Share premium RM	Treasury shares RM	Foreign currency translation reserve RM	Employee share option reserve RM	Distributable Retained earnings RM	Total RM
		← Non-distributable				→		
2013								
Group								
Opening balance at at 1 January 2013		90,060,375	3,492,762	(20,740)	(1,222)	-	57,017,787	150,548,962
Total comprehensive income		-	-	-	(3,895)	-	10,100,838	10,096,943
Transactions with owners								
Employees' share options granted	26	-	-	-	-	128,570	-	128,570
Dividends	11	-	-	-	-	-	(7,203,430)	(7,203,430)
Total transactions with owners		-	-	-	-	128,570	(7,203,430)	(7,074,860)
Closing balance at 31 December 2013		90,060,375	3,492,762	(20,740)	(5,117)	128,570	59,915,195	153,571,045
2012								
Group								
Opening balance at 1 January 2012		90,060,375	3,492,762	(20,740)	(1,443)	-	54,557,043	148,087,997
Total comprehensive income		-	-	-	221	-	9,664,174	9,664,395
Transactions with owners								
Dividends	11	-	-	-	-	-	(7,203,430)	(7,203,430)
Total transactions with owners		-	-	-	-	-	(7,203,430)	(7,203,430)
Closing balance at 31 December 2012		90,060,375	3,492,762	(20,740)	(1,222)	-	57,017,787	150,548,962

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

For the Financial Year Ended 31 December 2013

	Note	← Non-distributable			→	Distributable	
		Share capital RM	Share premium RM	Treasury shares RM	Employee share option reserve RM	Retained earnings RM	Total RM
2013							
Company							
Opening balance at 1 January 2013		90,060,375	3,492,762	(20,740)	-	1,418,150	94,950,547
Total comprehensive income		-	-	-	-	11,807,651	11,807,651
Transactions with owners							
Employees' share options granted	26	-	-	-	128,570	-	128,570
Dividends	11	-	-	-	-	(7,203,430)	(7,203,430)
Total transactions with owners		-	-	-	128,570	(7,203,430)	(7,074,860)
Closing balance at 31 December 2013		90,060,375	3,492,762	(20,740)	128,570	6,022,371	99,683,338
2012							
Company							
Opening balance at 1 January 2012		90,060,375	3,492,762	(20,740)	-	7,378,599	100,910,996
Total comprehensive income		-	-	-	-	1,242,981	1,242,981
Transactions with owners							
Dividends	11	-	-	-	-	(7,203,430)	(7,203,430)
Total transactions with owners		-	-	-	-	(7,203,430)	(7,203,430)
Closing balance at 31 December 2012		90,060,375	3,492,762	(20,740)	-	1,418,150	94,950,547

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
For the Financial Year Ended 31 December 2013

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Operating activities				
Profit before tax	13,549,716	12,971,947	11,807,992	1,396,004
Adjustments for:				
Bad debts written off	-	25,494	-	-
Impairment loss on trade and other receivables	-	48,786	-	-
Impairment loss on investment in subsidiary	-	-	367,146	-
Depreciation of property, plant and equipment	8,301,182	8,404,614	-	-
Loss/(Gain) on disposal of property, plant and equipment	294	(136,230)	-	-
Dividend income	-	-	(12,000,000)	(800,000)
Share option expense	128,570	-	-	-
Interest expense	8,060	36,676	-	-
Interest income	(1,193,244)	(1,332,478)	(985,181)	(1,210,541)
Unrealised loss on foreign exchange	242,070	-	-	-
Operating cash flows before changes in working capital	21,036,648	20,018,809	(810,043)	(614,537)
Decrease/(Increase) in inventories	1,635,969	(25,905,880)	-	-
(Increase)/Decrease in trade and other receivables	(1,441,632)	(1,753,495)	3,600	-
Decrease/(Increase) in other current assets	436,612	(22,347)	-	-
(Decrease)/Increase in trade and other payables	(2,097,443)	9,088,087	6,100	(6,092)
Cash flows from/(used in) operations	19,570,154	1,425,174	(800,343)	(620,629)
Interest paid	(8,060)	(36,676)	-	-
Income taxes paid	(3,568,004)	(3,171,074)	(9,361)	-
Income taxes refunded	83,980	823,067	62,118	-
Net cash flows from/(used in) operating activities	16,078,070	(959,509)	(747,586)	(620,629)
Investing activities				
Dividends received	-	-	12,000,000	600,000
Interest received	1,193,244	1,332,478	985,181	1,210,541
Proceeds from disposal of property, plant and equipment	23,850	138,800	-	-
Purchase of property, plant and equipment	(3,640,573)	(3,984,272)	-	-
Net cash flows (used in)/from investing activities	(2,423,479)	(2,512,994)	12,985,181	1,810,541

STATEMENTS OF CASH FLOWS (CONT'D)
For the Financial Year Ended 31 December 2013

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Financing activities				
Advance to a subsidiary	-	-	(4,046,055)	(110,109)
Dividends paid	(7,203,430)	(7,203,430)	(7,203,430)	(7,203,430)
Drawdown of onshore foreign currency loan	3,723,600	-	-	-
Repayment of onshore foreign currency loan	-	(9,555,900)	-	-
Net cash flows used in financing activities	(3,479,830)	(16,759,330)	(11,249,485)	(7,313,539)
Net increase/(decrease) in cash and cash equivalents	10,174,761	(20,231,833)	988,110	(6,123,627)
Effects of exchange differences	(3,895)	-	-	-
Cash and cash equivalents at 1 January	39,819,317	60,051,150	37,726,960	43,850,587
Cash and cash equivalents at 31 December (Note 19)	49,990,183	39,819,317	38,715,070	37,726,960

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

1. CORPORATE INFORMATION

BP Plastics Holding Bhd. ("the Company") is a public limited liability company incorporated and domiciled in Malaysia and is listed on the Main Market 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 principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are described in Note 13. There have been no significant changes in the nature of these activities during the financial year.

2. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention except as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 1965 in Malaysia.

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

MFRSs and Issues Committee (IC) Interpretations (including the consequential amendments)

MFRS 10 Consolidated Financial Statements

MFRS 11 Joint Arrangements

MFRS 12 Disclosure of Interests in Other Entities

MFRS 13 Fair Value Measurement

MFRS 119 (2011) Employee Benefits

MFRS 127 (2011) Separate Financial Statements

MFRS 128 (2011) Investments in Associates and Joint Ventures

Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 10, MFRS 11 and MFRS 12: Transition Guidance

Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income

IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

Annual Improvements to MFRSs 2009 – 2011 Cycle

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements except as follows:-

<u>MFRS 10 & Amendments to MFRS 10: Transition Guidance</u>

MFRS 10 replaces the consolidation guidance in MFRS 127 and IC Interpretation 112. Under MFRS 10, there is only one basis for consolidation, which is control. Extensive guidance has been provided in the standard to assist in the determination of control.

2. BASIS OF PREPARATION (cont'd)

2.1 (cont'd)

MFRS 13

MFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. The scope of MFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other MFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. MFRS 13 has been applied prospectively as of the beginning of the current financial year.

MFRS 119 (2011)

MFRS 119 (2011) changes the accounting for defined benefit plans and termination benefits. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of MFRS 119 and accelerate the recognition of past service costs. The amendments also require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

MFRS 127 (2011)

Generally there will be no impact as the new standard is identical to the current standard.

Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to MFRS 7 (Disclosures – Offsetting Financial Assets and Financial Liabilities) require disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income

The amendments to MFRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. In addition, items presented in other comprehensive income section are to be grouped based on whether they are potentially re-classifiable to profit or loss subsequently i.e. those that might be reclassified and those that will not be reclassified. Income tax on items of other comprehensive income is required to be allocated on the same basis. There will be no financial impact on the financial statements of the Group upon its initial application other than the presentation format of the statements of profit or loss and other comprehensive income.

Annual Improvements to MFRSs 2009 – 2011 Cycle

The Annual Improvements to MFRSs 2009 – 2011 Cycle contain amendments to MFRS 1, MFRS 101, MFRS 116, MFRS 132 and MFRS 134. These amendments have no material impact on the financial statements of the Group upon their initial application except for the reclassification of spare parts as inventories and measured as such retrospectively.

2. BASIS OF PREPARATION (cont'd)

2.2 The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective date
MFRS 9 (2009) Financial Instruments	To be announced by MASB
MFRS 9 (2010) Financial Instruments	To be announced by MASB
MFRS 9 Financial Instruments (Hedge Accounting and Amendments to MFRS 7, MFRS 9 and MFRS 139)	To be announced by MASB
Amendments to MFRS 9 and MFRS 7: Mandatory Effective Date of MFRS 9 and Transition Disclosures	To be announced by MASB
Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011): Investment Entities	1 January 2014
Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions	1 July 2014
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Annual Improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 July 2014

The above accounting standards and interpretations (including the consequential amendments, if any) are not relevant to the Company's operations except as follows:

MFRS 9 (2009), MFRS 9 (2010) & Amendments to MFRS 9 and MFRS 7: Mandatory Effective Date of MFRS 9 and Transition Disclosures

MFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Subsequently, this MFRS 9 was amended in year 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition (known as MFRS 9 (2010)). Generally, MFRS 9 replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 divides all financial assets into 2 categories – those measured at amortised cost and those measured at fair value, based on the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. For financial liabilities, the standard retains most of the MFRS 139 requirement. An entity choosing to measure a financial liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within profit or loss.

2. BASIS OF PREPARATION (cont'd)

2.2 (cont'd)

Amendments to MFRS 119: Employee Contributions

The amendments to MFRS 119 simplify the accounting treatment of contributions from employees and third parties to defined benefit plans. Contributions that are independent of the number of years of service shall be recognised as a reduction in the service cost in the period in which the related service is rendered. For contributions that are dependent on the number of years of service, the Group is required to attribute those contributions to periods of service using either based on the plan's contribution formula or on a straight-line basis, as appropriate.

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

The amendments to MFRS 132 provide the application guidance for criteria to offset financial assets and financial liabilities.

Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial Assets

The amendments to MFRS 136 remove the requirement to disclose the recoverable amount when a cash-generating unit (CGU) contains goodwill or intangible assets with indefinite useful lives but there has been no impairment. Therefore, there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

IC Interpretation 21

IC Interpretation 21 clarifies the accounting for an obligation to pay a levy that is not income tax. The obligation event that gives rise to a liability is the event identified by the legislation that triggers the obligation to pay the levy. The fact that an entity is economically compelled to continue operating in a future period, or prepares its financial statements under the going concern assumption, does not create an obligation. The application of the interpretation to liabilities arising from emissions trading schemes is optional.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:

(a) Depreciation of Property and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Critical Accounting Estimates and Judgements (cont'd)

(b) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(c) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(d) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(e) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(f) Impairment of Available-for-sale Financial Assets

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant' or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in fair value of the investment can be objectively related to an event occuring after the recognition of the impairment loss in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Critical Accounting Estimates and Judgements (cont'd)

(g) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(h) Share-based Payments

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity investments at the date at which they are granted. The estimating of the fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option volatility and dividend yield and making assumptions about them.

3.2 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December 2013.

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.2 Basis of Consolidation (cont'd)

(b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

(c) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3.3 Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Functional and Foreign Currencies

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(c) Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under the translation reserve. On the disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

3.5 Financial Instruments

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

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 an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to 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.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Financial Instruments (cont'd)

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

(i) Financial Assets at Fair Value through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

(ii) Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.

(iii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(iv) Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Financial Instruments (cont'd)

(b) Financial Liabilities

All financial liabilities are initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

(c) Equity Instruments

Instruments classified as equity are measured at cost and are not remeasured subsequently.

(i) Ordinary Shares

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. Where such shares are subsequently sold or reissued, any consideration received, net of any direct costs, is included in equity.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.6 Investment in Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

3.7 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Freehold land is not depreciated. Depreciation on other assets are charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:

Factory buildings:	50 years
Leasehold land:	Over the lease period of 50 years
Plant and machinery:	5 to 15 years
Tools and equipment:	10 years
Office equipment, furniture and fittings:	2 to 10 years
Motor vehicles:	5 years

No depreciation is provided for the Group's assets under construction as they are not ready for their intended use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.8 Impairment

(a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

(b) Impairment of non-financial assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated cost of completion and the estimated costs necessary to make the sale.

3.10 Income Tax

Income tax 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 reporting period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs 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 assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are 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 the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

3.11 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.12 Provisions

Provisions are recognised when the Group has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

3.13 Employee Benefits

(a) Defined Contribution Plans

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Short-term Benefits

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(c) Share-based Payment Transactions

At grant date, the fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that are expected to vest.

3.14 Related Parties

A party is related to an entity (referred to as the "reporting entity") if:

(a) A person or a close member of that person's family is related to a reporting entity if that person:

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.14 Related Parties (cont'd)

(b) (cont'd)

(vi) The entity is controlled or jointly controlled by a person identified in (a) above.
(vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3.15 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

3.16 Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

3.17 Revenue and Other Income

(a) Sales of Goods

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.17 Revenue and Other Income (cont'd)

(b) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(c) Dividend income

Dividend income from investment is recognised when the right to receive dividend payment is established.

(d) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4. REVENUE

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

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Gross dividends from subsidiaries	-	-	12,000,000	800,000
Sale of goods	241,003,540	220,283,820	-	-
	241,003,540	220,283,820	12,000,000	800,000

5. OTHER INCOME

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Interest income	1,193,244	1,332,478	985,181	1,210,541
Gain on foreign currency exchange	76,863	915,839	-	-
Gain on disposal of property, plant and equipment	-	136,230	-	-
Miscellaneous	481,757	259,617	-	-
	1,751,864	2,644,164	985,181	1,210,541

6. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Auditors' remuneration				
– current year	52,000	52,500	23,000	23,000
– under provision in prior year	1,500	-	-	-
Bad debts written off	-	25,494	-	-
Depreciation of property, plant and equipment (Note 12)	8,301,182	8,404,614	-	-
Employee benefits expense (Note 7)	12,397,629	11,820,028	187,500	187,500
Impairment loss on investment in subsidiary	-	-	367,146	-
Impairment loss on trade and other receivables	-	48,786	-	-
Interest expense	8,060	36,676	-	-
Loss on disposal of property, plant and equipment	294	-	-	-
Non-executive directors' fees (Note 8)	129,500	97,500	129,500	97,500
Operating leases:				
– minimum lease payments for buildings	52,890	111,390	-	-
Unrealised loss on foreign exchange	242,070	-	-	-

7. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Wages and salaries	10,277,640	10,157,713	187,500	187,500
Social security contribution	81,084	80,521	-	-
Contributions to defined contribution plan	1,008,619	989,351	-	-
Other staff related expenses	901,716	592,443	-	-
Share option expense	128,570	-	-	-
	12,397,629	11,820,028	187,500	187,500

Included in the staff costs of the Group are executives directors' remuneration amounting to RM2,381,654 (2012: RM2,335,176) as further disclosed in Note 8.

8. DIRECTORS' REMUNERATION

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Directors of the Company				
Executive directors' remuneration:				
Salaries and other emoluments	1,804,688	1,804,688	-	-
Fees	187,500	187,500	187,500	187,500
Defined contribution plan	343,026	342,988	-	-
Share option expense	46,440	-	-	-
Estimated money value of benefits-in-kind	73,650	73,104	-	-
	2,455,304	2,408,280	187,500	187,500
Non-executive directors' remuneration:				
Fees	121,500	90,000	121,500	90,000
Allowances	8,000	7,500	8,000	7,500
	129,500	97,500	129,500	97,500
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration (Note 7)	2,381,654	2,335,176	187,500	187,500
Total non-executive directors' remuneration (Note 6)	129,500	97,500	129,500	97,500
Total directors' remuneration	2,511,154	2,432,676	317,000	285,000

9. INCOME TAX EXPENSE

<u>Major Components of Income Tax Expense</u>

The major components of income tax expense for the years ended 31 December 2013 and 2012 are:

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Current income tax:				
Tax expense for the year	4,283,000	3,784,000	-	153,000
(Over)/under provision in prior years	(71,372)	23	341	23
	4,211,628	3,784,023	341	153,023
Deferred tax (Note 22):				
Relating to origination of temporary differences	(762,750)	(664,871)	-	-
Under provision in prior years	-	188,621	-	-
	(762,750)	(476,250)	-	-
Income tax expense recognised in profit or loss	3,448,878	3,307,773	341	153,023

9. INCOME TAX EXPENSE (cont'd)

Reconciliation Between Tax Expense and Accounting Profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2013 and 2012 are as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Profit before tax	13,549,716	12,971,947	11,807,992	1,396,004
Taxation at Malaysian statutory tax rate of 25% (2012: 25%)	3,387,428	3,242,987	2,951,998	349,001
Effect of income not subject to tax	(436,920)	(355,283)	(3,246,295)	(302,635)
Effect of expenses not deductible for tax purposes	569,742	231,425	294,297	106,634
(Over)/under provision of income tax expense in prior years	(71,372)	23	341	23
Under provision of deferred tax in prior years	-	188,621	-	-
Income tax expense recognised in profit or loss	3,448,878	3,307,773	341	153,023

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2012: 25%) of the estimated assessable profit for the year.

10. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2013 RM	2012 RM
Profit net of tax attributable to owners of the parent used in the computation of basic earnings per share	10,100,838	9,664,174
	Number of Shares	Number of Shares
Weighted average number of ordinary shares for basic earnings per share computation	180,085,750	180,085,750
Basic earnings per share (sen)	5.61	5.37

The share options granted under the Company's Employee Share Option Scheme could potentially dilute basic earnings per share in the future but have not been included in the calculation of diluted earnings per share because they are antidilutive during the current financial year.

11. DIVIDENDS

	Group and Company 2013 RM	2012 RM
Recognised during the financial year:		
Dividends on ordinary shares:		
– Second interim tax exempt dividend for 2011: 2 sen per share	-	3,601,715
– First interim tax exempt dividend for 2012: 2 sen per share	-	3,601,715
– Second interim tax exempt dividend for 2012: 2 sen per share	3,601,715	-
– First interim tax exempt dividend for 2013: 2 sen per share	3,601,715	-
	7,203,430	7,203,430

A second interim single tier dividend in respect of the financial year ended 31 December 2013 of 6% (3 sen per share), on 180,105,750 ordinary shares amounting to RM5,403,173 was declared for members that hold shares as at 12 March 2014 and was paid on 19 March 2014. The financial statements for the current financial year do not reflect this dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2014.

12. 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 2012	25,355,348	95,766,275	6,858,742	842,189	128,822,554
Additions	2,758,170	345,032	881,070	-	3,984,272
Reclassification	842,189	-	-	(842,189)	-
Disposals	-	(4,100)	(484,518)	-	(488,618)
At 31 December 2012 and 1 January 2013	28,955,707	96,107,207	7,255,294	-	132,318,208
Additions	943,181	1,809,126	260,191	628,075	3,640,573
Transfer from deposits	-	-	-	981,720	981,720
Disposals	-	(45,230)	(140,247)	-	(185,477)
At 31 December 2013	29,898,888	97,871,103	7,375,238	1,609,795	136,755,024
Accumulated depreciation:					
At 1 January 2012	3,628,012	44,295,785	4,794,778	-	52,718,575
Depreciation charge for the year	528,468	7,099,190	776,956	-	8,404,614
Disposals	-	(1,530)	(484,518)	-	(486,048)
At 31 December 2012 and 1 January 2013	4,156,480	51,393,445	5,087,216	-	60,637,141
Depreciation charge for the year	566,845	6,957,734	776,603	-	8,301,182
Disposals	-	(35,097)	(126,236)	-	(161,333)
At 31 December 2013	4,723,325	58,316,082	5,737,583	-	68,776,990
Net carrying amount					
At 31 December 2012	24,799,227	44,713,762	2,168,078	-	71,681,067
At 31 December 2013	25,175,563	39,555,021	1,637,655	1,609,795	67,978,034

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

* Land and buildings

	Freehold land RM	Leasehold land RM	Factory buildings RM	Total RM
Cost:				
At 1 January 2012	1,089,647	8,017,903	16,247,798	25,355,348
Additions	-	-	2,758,170	2,758,170
Reclassification	-	-	842,189	842,189
At 31 December 2012 and 1 January 2013	1,089,647	8,017,903	19,848,157	28,955,707
Additions	-	-	943,181	943,181
At 31 December 2013	1,089,647	8,017,903	20,791,338	29,898,888
Accumulated depreciation:				
At 1 January 2012	-	1,188,284	2,439,728	3,628,012
Depreciation charge for the year	-	165,191	363,277	528,468
At 31 December 2012 and 1 January 2013	-	1,353,475	2,803,005	4,156,480
Depreciation charge for the year	-	165,191	401,654	566,845
At 31 December 2013	-	1,518,666	3,204,659	4,723,325
Net carrying amount				
At 31 December 2012	1,089,647	6,664,428	17,045,152	24,799,227
At 31 December 2013	1,089,647	6,499,237	17,586,679	25,175,563

All the assets of the Group have been bound under a negative pledge to banks for banking facilities granted to the Group.

13. INVESTMENT IN SUBSIDIARIES

	Company 2013 RM	Company 2012 RM
Unquoted shares, at cost		
At 1 January	57,279,171	57,279,171
Addition during the financial year	128,570	-
At 31 December	57,407,741	57,279,171
Accumulated impairment losses:		
At 1 January	-	-
Addition during the financial year	(367,146)	-
At 31 December	(367,146)	-
	57,040,595	57,279,171

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Proportion of ownership interest (%) 2013	Proportion of ownership interest (%) 2012	Principal activities
Held by the Company:				
BP Plastics Sdn. Bhd.	Malaysia	100	100	Manufacturing of plastic products
BP Packaging Sdn. Bhd.	Malaysia	100	100	Trading of plastic products
BPPlas Plantation Sdn. Bhd.	Malaysia	100	100	Dormant
Held through BPPlas Plantation Sdn. Bhd.:				
Baoman Rubber Limited	Cambodia	100	100	Dormant

14. INVENTORIES

	Group 2013 RM	Group 2012 RM
At cost:		
Raw materials	34,645,339	36,359,594
Work-in-progress	3,632,510	3,404,401
Spare parts	918,249	875,069
Finished goods	7,008,843	7,201,846
	46,204,941	47,840,910

15. TRADE AND OTHER RECEIVABLES

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Current				
Trade receivables				
Third parties	32,432,674	31,955,169	-	-
Less: Allowance for impairment	(48,786)	(48,786)	-	-
	32,383,888	31,906,383	-	-
Other receivables				
Sundry receivables	748,353	1,007,996	-	-
	33,132,241	32,914,379	-	-
Total trade and other receivables	33,132,241	32,914,379	-	-
Add: Cash and cash equivalents (Note 19)	49,990,183	39,819,317	38,715,070	37,726,960
	83,122,424	72,733,696	38,715,070	37,726,960

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2012: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing Analysis of Trade Receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group 2013 RM	Group 2012 RM
Neither past due nor impaired	23,043,536	20,694,395
1 to 30 days past due not impaired	6,525,316	7,623,840
31 to 60 days past due not impaired	2,433,590	2,746,394
61 to 90 days past due not impaired	54,703	326,117
91 to 120 days past due not impaired	307,968	125,984
More than 120 days past due not impaired	18,775	389,653
	9,340,352	11,211,988
Impaired	48,786	48,786
	32,432,674	31,955,169

Receivables that are Neither Past Due nor Impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are Past Due but not Impaired

The Group has trade receivables amounting to RM9,340,352 (2012: RM11,211,988) that are past due at the reporting date but not impaired.

15. TRADE AND OTHER RECEIVABLES (cont'd)

Receivables that are Impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group 2013 RM	Group 2012 RM
Trade receivable - nominal amounts	48,786	48,786
Less: Allowance for impairment	(48,786)	(48,786)
	-	-

Movement in allowance accounts:

	Group 2013 RM	Group 2012 RM
At 1 January	48,786	-
Charge for the year (Note 6)	-	48,786
At 31 December	48,786	48,786

16. OTHER CURRENT ASSETS

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Prepaid operating expenses	2,000	5,600	2,000	5,600
Advances to suppliers for raw materials	-	433,012	-	-
	2,000	438,612	2,000	5,600

17. AMOUNT OWING BY A SUBSIDIARY

	Group 2013 RM	Group 2012 RM
Non-trade balances	4,046,055	-

The non-trade balances represent unsecured interest-free advances and payments made on behalf. The amount owing is repayable on demand and to be settled in cash.

18. INVESTMENT SECURITIES

	Group 2013 RM Carrying amout	Group 2013 RM Market value of quoted investments	Group 2012 RM Carrying amount	Group 2012 RM Market value of quoted investments
Available-for-sale financial assets – Equity instrument (quoted in Malaysia)	100,800	138,400	100,800	128,000

19. CASH AND CASH EQUIVALENTS

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Cash on hand and at banks	6,101,220	1,410,272	15,245	41,500
Repository deposits with licensed banks	-	723,585	-	-
Money market funds	43,888,963	37,685,460	38,699,825	37,685,460
Cash and cash equivalents	49,990,183	39,819,317	38,715,070	37,726,960

The weighted average effective interest rates at the statement of financial position date were as follows:

	Group 2013 %	Group 2012 %	Company 2013 %	Company 2012 %
Repository deposits with licensed banks	2.05	1.30	-	-
Money market funds	2.66	3.03	2.61	3.03

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

	Group 2013 Days	Group 2012 Days
Repository deposits with licensed banks	1	1

There is no maturity period for money market funds as these money are callable on demand.

20. LOANS AND BORROWINGS

	Maturity	Group 2013 RM	Group 2012 RM
Current			
Onshore foreign currency loan	2014	3,723,600	-

The onshore foreign currency loan is secured by corporate guarantee provided by the Company, and the loan interest is charged at 1.34% per annum.

21. TRADE AND OTHER PAYABLES

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Current				
Trade payables				
Third parties	24,154,327	26,500,387	-	-
Other payables				
Sundry payables	1,565,074	1,548,352	-	-
Accrued operating expenses	2,990,673	2,758,758	307,402	301,302
	4,555,747	4,307,110	307,402	301,302
	28,710,074	30,807,497	307,402	301,302

(a) Trade Payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 60 days (2012: 30 to 60 days) terms.

(b) Sundry Payables, Accrued Operating Expenses

These amounts are non-interest bearing and normally settled within twelve months (2012: twelve months).

22. DEFERRED TAX LIABILITIES

	Group 2013 RM	Group 2012 RM
At 1 January	10,884,750	11,361,000
Recognised in profit or loss (Note 9)	(762,750)	(476,250)
At 31 December	10,122,000	10,884,750

22. DEFERRED TAX LIABILITIES (cont'd)

Deferred income tax as at 31 December relates to the following:

	Property, plant and equipment RM	Others RM	Total RM
At 1 January 2012	11,506,321	(145,321)	11,361,000
Recognised in profit or loss	(621,571)	145,321	(476,250)
At 31 December 2012	10,884,750	-	10,884,750
Recognised in profit or loss	(762,750)	-	(762,750)
At 31 December 2013	10,122,000	-	10,122,000

23. SHARE CAPITAL

	Group and Company			
	Number of shares of RM0.50 each		Amount	
	2013	2012	2013 RM	2012 RM
Authorised				
At 1 January/31 December	400,000,000	400,000,000	200,000,000	200,000,000
Issued and fully paid				
At 1 January/31 December	180,120,750	180,120,750	90,060,375	90,060,375

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

24. SHARE PREMIUM

This non-distributable capital reserve arose from the issue of shares at a premium in previous years.

25. TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

26. OTHER RESERVES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Foreign currency translation reserve (Note 26(a))	(5,117)	(1,222)	-	-
Employee share option reserve (Note 26(b))	128,570	-	128,570	-
	123,453	(1,222)	128,570	-

(a) Foreign Currency Translation Reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(b) Employee Share Option Reserve

The employee share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

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 ESOS was implemented on 15 February 2005 and was in force for a period of 5 years from the date of implementation.

On 8 February 2010, the Board of Directors of the Company extended the duration of the ESOS for a further period of 5 years. Hence, the ESOS is to be in force until 13 February 2015.

The salient features of the ESOS are as follows:

(i) The eligibility for participation in the ESOS shall be at the discretion of the ESOS Committee appointed by the Board of Directors.

(ii) 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.

(iii) The option price for each share shall be:

Before 30 December 2009

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.

26. OTHER RESERVE (cont'd)

(b) Employee Share Option Reserve (cont'd)

(iii) (cont'd)

After 31 December 2009

(1) RM0.80 per share for all outstanding options as at 31 December 2009.

(2) second allocation of 3,080,000 ESOS options were granted to eligible employees and directors at an exercise price of RM0.62 per share.

(3) third allocation of 1,495,000 ESOS options were granted to eligible employees and directors at an exercise price of RM0.53 per share.

(iv) No option shall be granted for less than 100 shares to any eligible employee.

(v) 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.

(vi) 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.

(vii) The options shall not carry any right to vote at a general meeting of the Company.

(viii) 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.

The following table illustrates the number of and weighted average exercise price ("WAEP") of, and movements in, share options during the year:

	Number of shares options		Weighted average exercise price	
	2013	2012	2013 RM	2012 RM
Outstanding at 1 January	8,604,000	8,779,000	0.74	0.74
Granted during the year	1,495,000	-	0.53	-
Forfeited during the year	(465,000)	(175,000)	0.75	0.71
Outstanding at 31 December	9,634,000	8,604,000	0.65	0.74
Exercisable at 31 December	9,634,000	8,604,000	0.65	0.74

The options outstanding at the end of the year have a weighted average remaining contractual life of 1.12 years (2012: 2.12 years).

26. OTHER RESERVE (cont'd)

(b) Employee Share Option Reserve (cont'd)

The fair values of the share options granted were estimated using a black-scholes model, taking into account the terms and conditions upon which the options were granted. The fair values of the share options measured at grant date and the assumptions used are as follows:

	Group/Company	
	2013	**2012**
Fair value of share options at the grant date (RM)	0.86	-
Weighted average share price (RM)	0.62	-
Exercise price (RM)	0.53	-
Expected volatility (%)	2.53	-
Expected life (years)	1.42	-
Risk free rate (%)	4.23	-

27. RETAINED EARNINGS

Under the single tier tax system, tax on the Company's profits is final tax and accordingly, any dividends to the shareholders are not subject to tax.

28. RELATED PARTY DISCLOSURES

(a) Transactions with Related Parties

The Company had the following transactions with related parties during the financial year:

	Company	
	2013 RM	**2012 RM**
Gross dividend income from subsidiaries	12,000,000	800,000

The directors are of the opinion that the transactions above have been entered into in the normal course of business and have been established on negotiated and mutually agreed terms.

(b) Compensation of Key Management Personnel

The remuneration of key management personnel comprising solely executive directors are as disclosed in Note 8.

Executive directors of the Group and the Company have been granted the following number of options under the Employee Share Option Scheme ("ESOS").

	Group and Company	
	2013	**2012**
At 1 January/31 December	4,380,000	3,840,000

The share options were granted on the same terms and conditions as those offered to other employees of the Group (Note 26(b)).

29. COMMITMENTS

	Group 2013 RM	2012 RM
Approved and contracted for:		
Property, plant and equipment	859,005	2,595,688

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

A. Financial Instruments that are not Carried at Fair Value and Whose Carrying Amounts are Reasonable Approximation of Fair Value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (current)	15
Trade and other payables (current)	21
Loans and borrowings (current)	20

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

B. Fair Value Hierarchy

The Company uses the following hierarchy for determining the fair value of all financial instruments carried at fair value:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs that are based on observable market data, either directly or indirectly

Level 3: Inputs that are not based on observable market data

As at reporting date, the Company held the following financial instruments that are measured at fair value:

	Level 1 2013 RM	2012 RM
Assets measured at fair value		
Investment securities (quoted shares in Malaysia)	100,800	100,800

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Credit risk arising from export sales trade receivables and first-time customers are mitigated through settlements via letters of credit issued by reputable banks in countries where the customers are based. The Group also imposes deposit payments from export sales trade receivables in the event that letters of credit are not issued.

Exposure to Credit Risk

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position, with positive fair values.

Credit Risk Concentration Profile

At the reporting date, the Group does not have any significant exposure to any individual customer or counterparty.

Financial Assets that are Neither Past Due Nor Impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 15. Deposits with banks and other financial institutions and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial Assets that are Either Past Due Or Impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 15.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) Liquidity Risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company manage its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group and the Company maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group and the Company strive to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group and the Company raise committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

All financial liabilities are due either on demand or within one year.

(c) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily United States Dollars ("USD"), Singapore Dollars ("SGD"), Indonesia Rupiah ("IDR"), Japanese Yen ("Yen") and Euro. Such transactions are kept to an acceptable level.

Approximately 77% (2012: 70%) of the Group's sales are denominated in foreign currencies whilst almost 90% (2012: 94%) of purchases are denominated in the foreign currencies. The Group's trade receivable and trade payable balances at the reporting date have similar exposures. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk.

Foreign currency exposure

	Group	
	2013 RM	**2012 RM**
Trade receivables		
United States Dollars	11,959,513	10,482,308
Singapore Dollars	5,072,854	6,305,177
Indonesia Rupiah	3,981,346	1,118,894
Euro	373,307	-
	21,387,020	17,906,379

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(c) Foreign Currency Risk (cont'd)

Foreign currency exposure

	Group 2013 RM	Group 2012 RM
Cash and bank balances		
United States Dollars	1,486,207	772,165
Singapore Dollars	2,209,201	340,068
Indonesia Rupiah	403	201
Euro	30,075	52,680
Japanese Yen	665,840	253,061
	4,391,726	1,418,175
Trade payables		
United States Dollars	(22,713,313)	(25,057,953)
Loans and borrowings		
United States Dollars	(3,723,600)	-
Other payables		
United States Dollars	(487,500)	(584,616)
Singapore Dollars	(97,805)	(1,437)
Euro	(120,345)	(123,501)
Japanese Yen	(113,458)	-
	(819,108)	(709,554)

Sensitivity Analysis for Foreign Currency Risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD, SGD, IDR, Yen and Euro exchange rate at the reporting date against the functional currency of the Group, with all other variables held constant.

		Group 2013 RM Profit net of tax	Group 2012 RM Profit net of tax
USD/RM	– strengthened 3% (2012: 3%)	(303,271)	(315,123)
	– weakened 3% (2012: 3%)	303,271	315,123
SGD/RM	– strengthened 3% (2012: 3%)	161,646	149,486
	– weakened 3% (2012: 3%)	(161,646)	(149,486)
Yen/RM	– strengthened 3% (2012: 3%)	12,429	5,676
	– weakened 3% (2012: 3%)	(12,429)	(5,676)
IDR/RM	– strengthened 7% (2012: 3%)	89,589	25,180
	– weakened 7% (2012: 3%)	(89,589)	(25,180)
Euro/RM	– strengthened 3% (2012: 3%)	6,368	320
	– weakened 3% (2012: 3%)	(6,368)	(320)

32. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2013 and 31 December 2012.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group includes within net debt, loans and borrowings, less cash and bank balances.

As at 31 December 2013, the Group has sufficient current assets to settle the current liabilities in full and has no non-current liabilities.

33. SEGMENT INFORMATION

Geographical location

	Group	
	2013 RM	2012 RM
Operating revenue		
– Local	55,921,573	67,311,535
– Export	185,081,967	152,972,285
Total operating revenue	241,003,540	220,283,820

In determining the geographical segments of the Group, sales are based on the country in which the customer is located.

No other segmental information such as segment assets, liabilities and results are presented as the Group is principally engaged in a single plastic manufacturing and trading business and operates from Malaysia only.

34. CONTINGENT LIABILITIES

	Company	
	2013 RM	2012 RM
Unsecured		
Corporate guarantee given to licensed banks for credit facilities granted to subsidiaries	3,723,600	-

35. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the directors on 18 April 2014.

36. SUPPLEMENTARY INFORMATION – BREAKDOWN OF REALISED AND UNREALISED RETAINED EARNINGS

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2013 and 2012 into realised and unrealised earnings are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	RM 2013	RM 2012	RM 2013	RM 2012
Total retained earnings of the BP Plastics Holding Bhd. and its subsidiaries				
– Realised	106,168,558	103,505,765	6,683,449	740,796
– Unrealised	(10,638,142)	(10,207,397)	(661,078)	677,354
	95,530,416	93,298,368	6,022,371	1,418,150
Less: Consolidation adjustments	(35,615,221)	(36,280,581)	-	-
Total Group's retained earnings as per consolidated accounts	59,915,195	57,017,787	6,022,371	1,418,150

ANALYSIS OF SHAREHOLDINGS
As At 24 March 2014

SHARE CAPITAL

Authorised share capital	: RM200,000,000.00 divided into 400,000,000 Ordinary Shares of RM0.50 each
Issued and paid up share capital	: 180,140,750 Ordinary Shares of RM0.50 each (including 35,000 treasury shares)
Class of share	: Ordinary Shares of RM0.50 each
Voting rights	: One vote per Ordinary Share
Number of shareholders	: 1,732

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Shares Held	%
1 – 99	35	2.02	1,654	0.00
100 – 1,000	69	3.98	32,483	0.02
1,001 – 10,000	1,027	59.30	4,438,798	2.46
10,001 – 100,000	532	30.72	16,154,265	8.97
100,001 – 9,005,286*	65	3.75	28,478,550	15.81
9,005,287 and above **	4	0.23	131,000,000	72.74
Total	**1,732**	**100.00**	**180,105,750**	**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

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

	Direct Interest		Indirect Interest	
Name of Substantial Shareholder	No. of Shares Held	% [1]	No. of Shares Held	% [1]
LG Capital Sdn. Bhd.	81,000,000	44.98	-	-
Lim Chun Yow	17,000,003	9.44	81,000,000 *	44.98
Tan See Khim	16,999,999	9.44	81,000,000 *	44.98
Hey Shiow Hoe	15,999,998	8.88	81,000,000 *	44.98

Note:
(*) *Deemed interested by virtue of his shareholding of more than 15% in LG Capital Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965*
([1]) *excluding a total of 35,000 ordinary shares of RM0.50 each bought back by the Company and retained as treasury shares as at 24 March 2014*

DIRECTORS' SHAREHOLDINGS

The respective shareholdings of the Directors of BP Plastics Holding Bhd based on the Register of Directors' Shareholdings are as follows:

Name of Directors	No. of Options Granted over Shares of RM0.50 each	No. of Options Exercised	Direct Interest No. of Shares Held	Direct Interest % [1]	Indirect Interest No. of Shares Held	Indirect Interest % [1]
Lim Chun Yow	1,460,000	-	17,000,003	9.44	81,165,000 *	45.07
Tan See Khim	1,460,000	-	16,999,999	9.44	81,165,000 *	45.07
Hey Shiow Hoe	1,460,000	-	15,999,998	8.88	81,165,000 *	45.07
Lim Kim Hock	-	-	-	-	-	-
Tan Ming-Li	-	-	-	-	-	-
Lam Jin Fatt	-	-	-	-	-	-

Note:

(*) Deemed interested by virtue of:

i) His shareholding of more than 15% in LG Capital Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965; and

ii) His spouse's shareholding pursuant to Section 134(12)(c) of the Companies Act, 1965.

([1]) excluding a total of 35,000 ordinary shares of RM0.50 each bought back by the Company and retained as treasury shares as at 24 March 2014.

THIRTY (30) LARGEST SHAREHOLDERS

No.	Shareholders	No. Of Shares	% [1]
1	LG Capital Sdn Bhd	81,000,000	44.97
2	Lim Chun Yow	17,000,003	9.44
3	Tan See Khim	16,999,999	9.44
4	Hey Shiow Hoe	15,999,998	8.88
5	CIMB Group Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Jamaludin Bin Che Murad*	6,165,900	3.42
6	Tay Khiang Puang	3,789,400	2.10
7	Gan Hong Liang	1,196,250	0.66
8	Lim Chin Siong	1,055,000	0.59
9	Chang Yee Fong	1,000,000	0.56
10	Lim Kew Seng	993,650	0.55

THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

No.	Shareholders	No. Of Shares	% [1]
11	Richard Keith Jones	735,300	0.41
12	Chong Kok Fah	730,000	0.41
13	Tan Soon Lan	545,150	0.30
14	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Hong Kim Fook*	451,200	0.25
15	Abd. Hamid Bin Ibrahim	450,000	0.25
16	Ng Ming Tiong	432,500	0.24
17	Quah Lake Jen	404,950	0.22
18	Permodalan Peladang Berhad	375,000	0.21
19	Tan Gian Hock	354,500	0.20
20	Maybank Nominees (Tempatan) Sdn Bhd Ng Ha Chin	350,800	0.19
21	Siow Kin Leong	334,500	0.19
22	Er Hock Lai	328,600	0.18
23	Quah Peng Chim @ Quah Paik Sze	320,000	0.18
24	Leo Seu Haa	310,000	0.17
25	Lee Choo Gan	300,000	0.17
26	Tang Theng Kow	297,000	0.16
27	See Leong Chye @ Sze Leong Chye	292,500	0.16
28	See Ewe Beng	255,000	0.14
29	HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ooi Choi Kiat*	250,700	0.14
30	Lim Boon Kheng	239,000	0.13

Note :

([1]) excluding a total of 35,000 ordinary shares of RM0.50 each bought back by the Company and retained as treasury shares as at 24 March 2014.

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)	The date of last revaluation/ (Acquisition)
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)	10	19.11.2003	1,811	31-Dec-09
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 and Double-Storey Office Building (Office)	Single-Storey Detached Factory – 19 years	08.06.1994	1,826	31-Dec-09
5A, Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor.				Double-Storey Office Building – 17 years	28.08.1996		
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 (Factory)	16	29.04.1997	1,622	31-Dec-09

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)	The date of last revaluation/ (Acquisition)
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 (Factory)	10	28.05.2003	2,176	31-Dec-09
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 (Factory)	12	07.11.2001	3,030	31-Dec-09
No Hakmilik : GM 1359 Lot No.: 2408 Daerah : Batu Pahat Mukim : Linau Negeri : Johor	Freehold	3.2687 Acres	A parcel of Agricultural Land (Vacant)	NA	NA	410	31-Dec-09
No P.T.D. : 29032 No H.S.(D) : 28431 Daerah : Batu Pahat Mukim : Simpang Kanan Negeri : Johor 1, Jln Wawasan 3, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor.	Leasehold 60 years/ 21.09.2052	10 Acres/ 169,250 sq ft	A parcel of industrial land improved upon with a Single-Storey Detached Factory (Factory) and Single-Storey Detached Factory (Warehouse)	8	07.04.2006	13,621	31-Dec-09
No Hakmilik : GRN 23703 Lot No.: 2897 Daerah : Batu Pahat Mukim : Simpang Kanan Negeri : Johor	Freehold	2 Acres/ 87,120 sq ft	A parcel of Agricultural Land (Vacant)	NA	NA	680	15-Sep-10

NOTICE OF ANNUAL GENERAL MEETING
For The Year Ended 31 December 2013

NOTICE IS HEREBY GIVEN that the TENTH ANNUAL GENERAL MEETING of the Company will be held at Emerald Room, Level 2, Katerina Hotel, 8 Jalan Zabedah, 83000 Batu Pahat, Johor Darul Takzim on Friday, 23 May 2014 at 2:00 p.m. or at any adjournment thereof for the following purposes:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2013 together with the Reports of the Directors and the Auditors thereon.

2. To approve the payment of Directors' Fees for the financial year ended 31 December 2013. **Resolution 1**

3. To re-elect Mr. Lim Chun Yow who is retiring pursuant to Article 92 of the Company's Articles of Association, and being eligible, has offered himself for re-election. **Resolution 2**

4. To re-elect Mr. Hey Shiow Hoe who is retiring pursuant to Article 92 of the Company's Articles of Association, and being eligible, has offered himself for re-election. **Resolution 3**

5. To re-elect Ms. Tan Ming-Li who is retiring pursuant to Article 98 of the Company's Articles of Association, and being eligible, has offered herself for re-election. **Resolution 4**

6. To re-elect Mr. Lam Jin Fatt who is retiring pursuant to Article 98 of the Company's Articles of Association, and being eligible, has offered himself for re-election. **Resolution 5**

7. To re-appoint Messrs. Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**

8. **As Special Business**

   To consider and, if thought fit, with or without any modification, to pass the following Ordinary Resolution:

   ORDINARY RESOLUTION
   – AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965 **Resolution 7**

   "THAT subject to Section 132D of the Companies Act, 1965 and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons 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 does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad; AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

9. To transact any other ordinary business for which due notice has been given.

BY ORDER OF THE BOARD

CHUA SIEW CHUAN *(MAICSA 0777689)*
Company Secretary

Batu Pahat, Johor Darul Takzim
Dated: 30 April 2014

Explanatory Notes to Special Business:

Authority to issue shares pursuant to Section 132D of the Companies Act, 1965

The Company wishes to renew the mandate on the authority to issue shares pursuant to Section 132D of the Companies Act 1965 at the Tenth Annual General Meeting ("AGM") of the Company (hereinafter referred to as the "General Mandate").

The purpose of the General Mandate is to enable the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of shares issued does not exceed 10% of the issued share capital of the Company during the preceding twelve (12) months for the time being.

The General Mandate will provide flexibility to the Company for allotment of shares for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisitions.

The Company had been granted a mandate by its shareholders at the Ninth AGM of the Company held on 29 May 2013 (hereinafter referred to as the "Previous Mandate"). As at the date of this Notice, no new shares were issued pursuant to the Previous Mandate.

This General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next AGM of the Company.

Notes:
In respect of deposited securities, only members whose names appear in the Record of Depositors on 16 May 2014 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.

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. 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 Sections 149(1)(a), (b), (c), and (d) of the Companies Act, 1965 shall not apply to the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

Where a member appoints two or more proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

Where a member is an authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991, it may appoint more than one (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.

Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.

The instrument appointing a proxy shall be deposited at the Company's Registered Office at 5A, Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor Darul Takzim not less than 48 hours before the time appointed of holding the above Meeting or at any adjournment thereof.

PROXY FORM

Number of Shares Held	

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

*I/We, (full name in capital letters) ____________________

of (full address) ____________________ being a *member/members of

BP PLASTICS HOLDING BHD ("the Company"), hereby appoint (full name in capital letters) ____________________

____

of(full address) ____________________

or failing *him/her, (full name in capital letters) ____________________

of (full address) ____________________

or failing *him/her, the *CHAIRMAN OF THE MEETING as *my/our proxy to vote for *me/us and on *my/our behalf at the Tenth Annual General Meeting of the Company to be held at Emerald Room, Level 2, Katerina Hotel, 8 Jalan Zabedah, 83000 Batu Pahat, Johor Darul Takzim on Friday, 23 May 2014 at 2:00 p.m. or at any adjournment thereof.

The Proportion of *my/our holding to be represented by *my/our proxies are as follows:

First Proxy (1) ____________ %
Second Proxy (2) ____________ %

Please indicate with an "X" in the spaces provided below as to how you wish your votes to be casted. If no specific direction as to voting is given, the proxy will vote or abstain from voting at *his/her discretion.

NO.	RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of Directors' Fees for the financial year ended 31 December 2013.		
2.	To re-elect Mr. Lim Chun Yow who is retiring pursuant to Article 92 of the Company's Articles of Association, and being eligible, has offered himself for re-election.		
3.	To re-elect Mr. Hey Shiow Hoe who is retiring pursuant to Article 92 of the Company's Articles of Association, and being eligible, has offered himself for re-election.		
4.	To re-elect Ms. Tan Ming-Li who is retiring pursuant to Article 98 of the Company's Articles of Association, and being eligible, has offered herself for re-election.		
5.	To re-elect Mr. Lam Jin Fatt who is retiring pursuant to Article 98 of the Company's Articles of Association, and being eligible, has offered himself for re-election.		
6.	To re-appoint Messrs. Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration.		
7.	**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(s) this __________ day of __________ 2014

____
Signature of Member /Common Seal

Notes:

In respect of deposited securities, only members whose names appear in the Record of Depositors on 16 May 2014 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.

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. 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 Sections 149(1)(a), (b), (c), and (d) of the Companies Act, 1965 shall not apply to the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

Where a member appoints two or more proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

Where a member is an authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991, it may appoint more than one (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.

Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.

The instrument appointing a proxy shall be deposited at the Company's Registered Office at 5A, Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor Darul Takzim not less than 48 hours before the time appointed of holding the above Meeting or at any adjournment thereof.

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To:

BP PLASTICS HOLDING BHD (644902-V)
5A Jalan Wawasan 2
Kawasan Perindustrian Sri Gading
83300 Batu Pahat
Johor Darul Takzim

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