



GW PLASTICS HOLDINGS BERHAD (881786-X)
Incorporated In Malaysia

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011

PART A - EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS ("FRS") 134 : INTERIM FINANCIAL REPORTING

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with FRS134 : Interim Financial Reporting and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2010. This interim financial report contains condensed combined financial statements and selected explanatory notes which provide explanations of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company and its subsidiaries ("Group").

The Group has adopted the merger method of accounting for the preparation of this interim combined financial statements which is consistent with the most recent audited combined financial statements for the year ended 31 December 2010.

A2. Summary of significant accounting policies

The significant accounting policies adopted are consistent with the audited financial statements for the financial year ended 31 December 2010.

On 1 January 2011, the Group had adopted the following new Financial Reporting Standards("FRSs"), Amendments to FRSs and Interpretations which are mandatory for financial periods beginning on or after 1 January 2011.

Effective for financial periods beginning on or after 1 January 2011

Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters
Amendments to FRS 1: Additional Exemption for the First-Time Adopters
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions
Amendments to FRS 7: Improving Disclosures about Financial Instruments
IC Interpretation 4: Determining whether an Arrangement contain a Lease
IC Interpretation 18: Transfers of Assets from Customers
TR i-4: Shariah Compliant Sale Contracts



GW PLASTICS HOLDINGS BERHAD (881786-X)
Incorporated In Malaysia

At the date of authorisation of this interim report, the Group has not early adopted the following new FRSs, Amendments to FRSs and Interpretations which were issued but not yet effective.

Effective for financial periods beginning on or after 1 July 2011

Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement
IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments

Effective for financial periods beginning on or after 1 January 2012

FRS 124 : Related Party Disclosures
IC Interpretation 15: Agreements for the Construction of Real Estate
Amendments to IC Interpretation 15: Agreement for the Construction of Real Estate

The directors opined that the adoption of the these FRSs, Amendments to FRSs and Interpretations above will not have material impact on the financial statements in the period of initial application.

A3. Auditors' Report on preceding annual financial statements

The auditors' report on the audited financial statements of the Group for the financial year ended 31 December 2010 were not subject to any qualification.

A4. Seasonal or cyclical factors

Generally the Group's business operations were not subject to any significant seasonal or cyclical factors.

A5. Unusual items

There were no unusual items affecting the nature and amount of assets, liabilities, equity, net income and cash flows for the period under review.

A6. Changes in estimates

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years that have a material effect in the current interim period.

A7. Valuation of property, plant and equipment

There was no amendment to the valuation of property, plant and equipment of the Group during the current quarter under review.

A8. Debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial period ended 31 March 2011.

A9. Dividend paid

The first interim single-tier tax exempt dividend of 4% (2sen) per ordinary share of RM0.50 each in respect of financial year ended 31 December 2010 had been paid on 28 March 2011.



GW PLASTICS HOLDINGS BERHAD (881786-X)
Incorporated In Malaysia

A10. Segment reporting

The Group is principally involved in the manufacture and marketing of flexible plastic packaging products. Revenue of the Group is principally derived from the export and local markets.

	Current Quarter Ended 31 March 2011 RM'000	Current Year-To-Date 31 March 2011 RM'000
Revenue		
- Local	34,211	34,211
- Export	<u>44,335</u>	<u>44,335</u>
	<u>78,546</u>	<u>78,546</u>

A11. Material events subsequent to the Balance Sheet date

There were no material events that have arisen subsequent to the interim period ended 31 March 2011, which have not been reflected in this interim financial report.

A12. Changes in the compositions of the Group

There were no changes in the composition of the Group during the current quarter under review.

A13. Changes in contingent liabilities or contingent assets

The Group does not have any material contingent liabilities or contingent assets as at the date of this report.

A14. Capital commitments

	As at 31 March 2011 RM'000
Approved and contracted for: Property, plant and equipment	<u>3,204</u>

A15. Related party transactions

As at the date of this report, the Group does not have any related party transactions.



GW PLASTICS HOLDINGS BERHAD (881786-X)
Incorporated In Malaysia

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011

PART B - EXPLANATORY NOTES PURSUANT TO PARA 9.22 AND APPENDIX 9B OF THE LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of performance

The Group recorded a revenue of RM78.546 million and a profit before tax of RM5.300 million during the current quarter under review.

The Company, namely GW Plastics Holdings Berhad ("GW Holdings"), was incorporated as an investment holding company in December 2009. In conjunction with the flotation of the Company on Bursa Securities, the acquisition by GW Holdings of its operating subsidiaries was only completed on 11 August 2010. Consequently, the consolidated accounts of the GW Holdings Group for the previous corresponding period of January-March 2010 is therefore not available.

However, the consolidated audited accounts of the 2 principal operating companies, namely Great Wall Plastic Industries Berhad and GW Packaging Sdn Bhd ("GWPI Group"), is available. During the first quarter of 2010, the GWPI Group recorded a revenue of RM77.355 million while profit before tax was RM5.152 million and profit after tax was RM4.335 million.

The unaudited consolidated revenue, profit before tax and profit after tax of the GW Holdings Group recorded during the current quarter under review compared with the audited consolidated results of the GWPI Group during the previous corresponding period in 2010 is therefore higher by 1.5%, 2.9% and 3.7% respectively.

The operating improvements recorded during the current quarter under review is mainly due to better margins arising from a higher value-added sales mix.

B2. Material change of current quarter profit before tax against preceding quarter

The revenue for the current quarter under review was higher by 6.94% or RM5.097 million compared to that recorded during the preceding fourth quarter in 2010. The higher revenue was mainly due to the cost-push effect of higher cost of plastic resins, the main component of raw materials, which had resulted in a higher selling price. Profit before tax for the current quarter was however lower by 33.55% or RM2.676 million compared to the preceding quarter due mainly to lower margins arising from the higher cost of plastic resins.

B3. Current year's prospects

The Group has successfully commissioned a new cast film extruder in April 2011 whilst a new gravure printer is expected to be commissioned by June 2011. These new investments, together with earlier investments effected during the later part of 2010, are expected to result in an increase in output, improvements in operational efficiency and better value-added margins. However, the Group is also conscious of the challenges faced by the domestic as well as the global economy arising from the various geopolitical and financial issues in several countries that can impact world trade. Given that more than 50% of the Group's revenue is derived from the export market, the Group shall strive for higher operational efficiency to remain competitive. Barring any unforeseen circumstances, the Board of Directors is optimistic that the Group's performance will be favourable for the financial year 2011.



GW PLASTICS HOLDINGS BERHAD (881786-X)
Incorporated In Malaysia

B4. Profit forecast or profit guarantee

The Group has not issued any profit forecast or profit guarantee for the financial period under review.

B5. Income Tax Expense

	Current Quarter Ended 31.03.2011 RM'000	Current Year To Date 31.03.2011 RM'000
Income tax		
Current year	312	312
Prior year	-	-
Deferred tax	492	492
	<u>804</u>	<u>804</u>

The Group enjoyed a lower effective tax rate of 15.2% compared to the statutory tax rate of 25%, mainly due to the utilisation of reinvestment allowance at the subsidiary level.

B6. Sale of unquoted investments and / or properties

There were no sales of unquoted investments for the current quarter and financial year to date. However, a profit on disposal of property, plant and equipment amounting to RM2,992 was included in other income.

B7. Purchase or disposal of quoted securities

There were no purchases or disposals of quoted securities for the current quarter and financial year to date. The carrying value of the outstanding quoted investment securities are as follows:

<u>Quoted investment securities</u>	As at 31.03.2011 RM'000
At cost	<u>101</u>
Carrying amount	<u>145</u>
Market value	<u>145</u>

B8. Status of corporate proposals

There were no corporate proposals that have been announced but not completed as at 17 May 2011, being the latest practicable date except for the following:-

(1) Proposed share buy-back

On 28 April 2011, it was announced that the Company proposes to seek the approval of its shareholders for the authority for the purchase of its own shares at the forthcoming annual general meeting to be convened.

A circular to shareholders containing details of the proposed share buy-back will be despatched together with the Company's 2010 Annual Report in due course.



GW PLASTICS HOLDINGS BERHAD (881786-X)
Incorporated In Malaysia

(2) Utilisation of proceeds

The gross proceeds of RM12,160,000 raised from the public issue of 16,000,000 new shares will be utilised in the following manner, the status of utilisation of the proceeds as at 17 May 2011 (being the latest practicable date) was as follows:

<u>Purpose</u>	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000	Re-allocation * RM'000	Timeframe for Utilisation
Building of new factory block	9,000	(8,254)	746	-	Within 12 months
Working capital *	960	(1,120)	-	160	Within 12 months
To defray listing expenses *	2,200	(2,040)	-	(160)	Within 1 month
Total	12,160	(11,414)	746	-	

Note *

The actual utilisation of the listing expenses was lower than the proposed utilisation by RM0.160 million. As disclosed and provided for in our Company's Prospectus dated 23 September 2010, the unutilised balance will be used for working capital purposes.

B9. Borrowings and debts securities

The Group's borrowings as at 31 March 2011 are as follows:-

	As at 31 March 2011 RM'000
Short term borrowings:	
<u>Unsecured</u>	
- revolving credit	17,000
- trade loan	7,420
- bankers' acceptance	2,137
- term loans	11,891
	<u>38,448</u>
Long term borrowings:	
<u>Unsecured</u>	
- term loans	16,011
	<u>16,011</u>
Total borrowings	<u>54,459</u>

B10. Off balance sheet financial instruments

There were no off balance sheet financial instruments as at the date of this report.

B11. Material litigation

There was no material litigation as at the date of this report.

B12. Dividends

At the date of authorisation of this report, the Board of Directors does not recommend any payment of interim dividend for the current quarter under review.



GW PLASTICS HOLDINGS BERHAD (881786-X)
Incorporated In Malaysia

B13. Earnings per share

Basic earnings per share

Basic earnings per share is calculated based on the profit after tax attributable to the equity holders of the Company divided by the number of issued share capital of 236,000,000 ordinary shares of RM0.50 each.

		Current Quarter Ended	Current Year-to-date
Profit attributable to ordinary equity holders of the Company	(RM'000)	<u>4,496</u>	<u>4,496</u>
Number of issued share capital, ordinary shares of RM0.50 each	('000)	<u>236,000</u>	<u>236,000</u>
Basic earnings per share of RM0.50 each	(sen)	<u>1.91</u>	<u>1.91</u>

B14. Realised and unrealised retained earnings

	As at Current Quarter Ended 31.03.2011 RM'000	As at Preceding Quarter Ended 31.12.2010 RM'000
Total retained earnings of Company and its subsidiaries		
- realised	81,795	80,508
- unrealised	<u>6,153</u>	<u>2,730</u>
	87,948	83,238
Less: consolidated adjustment	<u>(5,150)</u>	<u>(9)</u>
	<u>82,798</u>	<u>83,229</u>

Comparative figures are not required in the first year of complying with this disclosure.

By Order of the Board
GW PLASTICS HOLDINGS BERHAD

Lee Ying Fong
Company Secretary

Dated: 23 May 2011