



**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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 compliance with FRS 134: 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 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 the 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 Disclosure 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  
Improvement to FRSs 2010

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 are of the opinion that the adoption of 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 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. Debts and equity securities**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the financial period ended 30 June 2011.

**A9. Dividend paid**

The first interim single-tier tax exempt dividend of 4% (2 sen) per ordinary share of RM0.50 each in respect of the 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 engaged 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<br>30 June 2011<br>RM'000 | Current Year-To-Date<br>30 June 2011<br>RM'000 |
|----------|---|--|
| Revenue  |   |  |
| - Local  | 35,097  | 69,308   |
| - Export | 51,953  | 96,288   |
|          | <u>87,050</u>                                   | <u>165,596</u>                                 |

### A11. Material events subsequent to the Balance Sheet date

There were no material events that have arisen subsequent to the interim period ended 30 June 2011, which have not been reflected in this interim report.

### A12. Changes in the composition of the Group

The Company's wholly-owned subsidiary, Great Wall Plastic Industries Berhad, had on 8 April 2011 acquired the entire issued and paid-up share capital of GW Flexible Packaging Sdn Bhd, comprising two ordinary shares of RM1.00 each fully paid for a total cash consideration of RM2.00.

### 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 30 June<br>2011<br>RM'000 |
|---|---------------------------------|
| Approved and contracted for:<br>Property, plant and equipment | <u>2,376</u>                    |

### A15. Related party transactions

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



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**PART B – EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1 Review of performance**

The Group recorded a revenue of RM87.050 million and a profit before tax of RM5.407 million for the current quarter under review. The revenue for the first six months was RM165.596 million while profit before tax was RM10.707 million and profit after tax was RM8.749 million.

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 completed on 11 August 2010. Consequently, the consolidated accounts of the GW Holdings Group for the previous corresponding period of January-June 2010 is therefore not available.

However, the consolidated unaudited accounts of the two principal operating companies, namely Great Wall Plastic Industries Berhad and GW Packaging Sdn Bhd (“GWPI Group”), is available. During the first 6 months ended 30 June 2010, the GWPI Group recorded a revenue of RM157.937 million while profit before tax was RM10.521 million and profit after tax was RM9.140 million.

The unaudited consolidated revenue and profit before tax of the GW Holdings Group recorded during the current 6 months under review compared with the unaudited consolidated results of the GWPI Group during the previous corresponding period in 2010 is therefore higher by 4.8% and 1.8% respectively. However, the net profit after tax of RM8.749 million is lower by 4.3% as a result of higher provision of deferred tax and under provision of prior year income tax.

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

The revenue for the current quarter under review was higher by 10.8% or RM8.504 million compared to that recorded during the preceding quarter. The higher revenue was mainly due to higher sales arising from the commissioning of a new cast film extruder. However, despite the increase in revenue, profit before tax for the current quarter of RM5.41 million, was only marginally higher than the RM5.30 million achieved in the preceding quarter, as a result of higher resin price.

**B3. Current year’s prospects**

Recent ongoing financial events in both Europe and the United States are expected to affect the global economy for the remaining part of this financial year. Global trade is expected to be challenging and competitive. The Group, having implemented measures to increase operational efficiencies and value-added activities is expected to remain competitive. These measures include the commissioning of a new cast film extruder with direct in-line rewinding in April 2011 and a new 9-colour gravure printer in June 2011. Therefore, the Board of Directors is optimistic that the Group’s performance will be satisfactory for the financial year 2011.

**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**

|                   | <b>Current<br/>Quarter Ended<br/>30.06.2011<br/>RM'000</b> | <b>Current<br/>Year-To-Date<br/>30.06.2011<br/>RM'000</b> |
|-------------------|--|---|
| Income tax        |  |   |
| Current year      | 195  | 507   |
| Prior year        | 259  | 259   |
| Deferred taxation | 700  | 1,192   |
|                   | 1,154  | 1,958   |

The Group enjoyed a lower effective tax rate of 18.3% 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 RM80,992 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><b>Quoted investment securities</b></u> | <b>As at<br/>30.06.2011<br/>RM'000</b> |
|--|--|
| At cost                                    | 101                                    |
| Carrying amount                            | 142                                    |
| Market value                               | 142                                    |

**B8. Status of corporate proposals**

There were no corporate proposals that have been announced but not completed as at 18 August 2011, being the latest practicable date, save for the following:-

**(1) Proposed share buy-back**

The Company had at the annual general meeting held on 29 June 2011, obtained the approval of its shareholders for the proposed share buy-back.

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**(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 18 August 2011 (being the latest practicable date) was as follows:

| <b>Purpose</b>                | <b>Proposed<br/>Utilisation<br/>RM'000</b> | <b>Actual<br/>Utilisation<br/>RM'000</b> | <b>Balance<br/>RM'000</b> | <b>Re-allocation*<br/>RM'000</b> | <b>Timeframe for<br/>Utilisation</b> |
|-------------------------------|--|--|---------------------------|----------------------------------|--------------------------------------|
| Building of new factory block | 9,000                                      | (8,262)                                  | 738                       | -                                | Within 12 months                     |
| Working capital*              | 960  | (1,120)                                  | -                         | 160                              | Within 12 months                     |
| To defray listing expenses*   | 2,200                                      | (2,040)                                  | -                         | (160)                            | Within 1 month                       |
| <b>Total</b>                  | <b>12,160</b>                              | <b>(11,422)</b>                          | <b>738</b>                | <b>-</b>                         |                                      |

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 debt securities**

The Group's borrowings as at 30 June 2011 were as follows:

|                        | <b>As at 30 June 2011<br/>RM'000</b> |
|------------------------|--------------------------------------|
| Short term borrowings: |                                      |
| <u>Unsecured</u>       |                                      |
| - revolving credit     | 17,000                               |
| - trade loan           | 4,273                                |
| - bankers' acceptance  | 1,041                                |
| - term loans           | 11,329                               |
|                        | <u>33,643</u>                        |
| Long term borrowings:  |                                      |
| <u>Unsecured</u>       |                                      |
| - term loans           | 13,369                               |
| Total borrowings       | <u>47,012</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.

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**B12 Dividends**

The Board of Directors has declared an interim single tier tax exempt dividend of 2 sen per ordinary share in respect of the financial year ending 31 December 2011 to be payable on 6 October 2011. The entitlement date for the dividend is 15 September 2011.

**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.

|  |          | <b>Current Quarter<br/>Ended</b> | <b>Current<br/>Year-To- Date</b> |
|--|----------|----------------------------------|----------------------------------|
| Profit attributable to ordinary equity holders of the Company  | (RM'000) | 4,253                            | 8,749                            |
| Number of issued share capital, ordinary shares of RM0.50 each | ('000)   | 236,000                          | 236,000                          |
| Basic earnings per share of RM0.50 each                        | (sen)    | 1.80                             | 3.71                             |

**B14 Realised and unrealised retained earnings**

|   | <b>As at Current<br/>Quarter Ended<br/>30.06.2011<br/>RM'000</b> | <b>As at Preceding<br/>Quarter Ended<br/>31.03.2011<br/>RM'000</b> |
|---|--|--|
| Total retained earnings of the Company and its subsidiaries |  |  |
| - realised  | 86,770   | 81,795   |
| - unrealised  | 5,405  | 6,153  |
|   | 92,175   | 87,948   |
| Less : consolidated adjustment                              | (5,124)  | (5,150)  |
|   | 87,051   | 82,798   |

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  
23 August 2011