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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 Issue Committee (IC) Interpretations which are mandatory for financial periods beginning on or after 1 Janurary 2011.

Effective for financial periods beginning on or after 1 January 2011
FRS 1 : First-time Adoption of Financial Reporting Standards
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: Share-based Payment
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions
Amendments to FRS 3: Business Combinations
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7: Improving Disclosures about Financial Instruments
FRS 127: Consolidated and Separate Financial Statements
Amendments to FRS 132: Financial instruments:Presentation
Amendments to FRS 138: Intangible Assets
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
IC Interpretation 4: Determining whether an Arrangement contain a Lease
IC Interpretation 12: Service Concession Arrangements
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17: Distributions of Non-cash Assets to Owners
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 Liablilities 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 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 30 September 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 financial year ended 31 December 2010 had been paid on 28 March 2011. The Company paid an interim single-tier tax exempt dividend of 4% (2 sen) per ordinary share of RM0.50 each in respect of financial year ending 31 December 2011 on 6 October 2011.

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.

	3 months ended		9 months ended	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	RM'000	RM'000	RM'000	RM'000
Operating revenue:				
- Local	37,595	35,226	106,903	104,049
- Export	46,507	41,628	142,795	130,742
Total operating revenue	84,102	76,854	249,698	234,791

A11. **Profit / (loss) before tax**

The following amounts have been included in arriving at profit / (loss) before tax :

	3 months ended 30.09.2011 RM'000	9 months ended 30.09.2011 RM'000
a) Interest income	23	74
b) Dividend income	4	4
c) Interest expense	488	1,362
d) Depreciation of property, plant and equipment	3,502	9,856
e) Provision for and written off receivables	-	-
f) Provision for and written off inventories	-	-
g) Gain on disposal of property, plant and equipment	17	98
h) Gain/(loss) on disposal of quoted or unquoted investments	-	-
i) Impairment of assets	-	-
j) Net foreign exchange gain/ (loss)		
- unrealised	-	(383)
- realised	61	785
k) Gain / (loss) on derivatives	-	-
l) Exceptional items	-	-

A12. **Material events subsequent to the Balance Sheet date**

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

A13. **Changes in the compositions of the Group**

There were no changes in the composition of the Group during the financial period under review except the following :

Great Wall Plastic Industries Berhad, a wholly-owned subsidiary of our Company had on 8 April 2011 acquired 2 ordinary shares of RM1.00 each representing 100% of the issued and paid-up share capital of GW Flexible Packaging Sdn Bhd for a cash consideration of RM2.00.

A14. **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.

A15. **Capital commitments**

	As at 30 September 2011 RM'000
Approved and contracted for:	
Property, plant and equipment	2,533

A16. **Related party transactions**

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

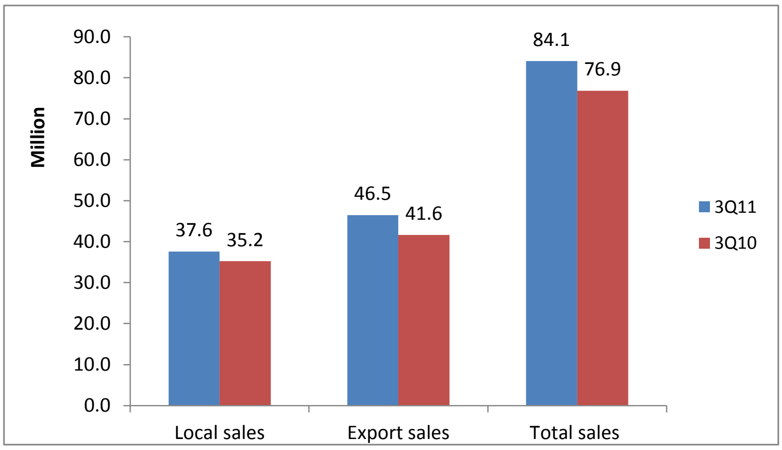
PART B - EXPLANATORY NOTES PURSUANT TO PARA 9.22 AND APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

B1. **Review of performance**

a) **3Q11 Vs 3Q10**

The Group's profit after tax for the current quarter ended 30 September 2011 (3Q11) increased by 9.01% or RM0.441 million to RM5.333 million compared to RM4.892 million recorded in the previous corresponding quarter ended 30 September 2010 (3Q10). This was due to a tax credit of RM1.554 million arising largely from reinvestment allowance claimed on the acquisition of machinery and construction of a new factory block, compared to a tax expense of RM0.819 million recognised in 3Q10. However, profit before tax for 3Q11 of RM3.779 million was lower by 33.83% or RM1.932 million compared to RM5.711 million recorded in 3Q10 due mainly to lower gross margin arising from higher raw material cost coupled with higher operating expenses. The higher operating expenses were mainly due to the start-up costs incurred in the relocation of machines and operations into the new factory block as well as higher depreciation charge and upkeep and maintenance of machinery .

Total Revenue

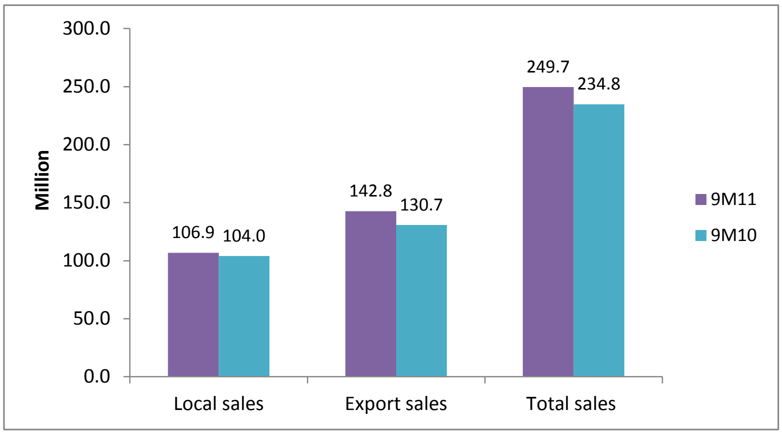


Total revenue in 3Q11 increased by 9.43% or RM7.248 million to RM84.102 million from RM76.854 million recorded in 3Q10 due mainly to higher sales volume. The local and export market segments recorded an increase of 6.73% or RM2.369 million and 11.72% or RM4.879 million respectively.

b) **9M11 Vs 9M10**

The Group's profit after tax for the financial period ended 30 September 2011 (9M11) increased marginally by 0.36% or RM0.050 million to RM14.082 million compared to RM14.032 million recorded in the previous corresponding financial period ended 30 September 2010 (9M10). The marginal increase in profit after tax was partly due to lower effective tax rate arising from deferred tax assets recognised in respect of reinvestment allowance as compared to the higher effective tax rate recorded during the previous corresponding financial period. However, profit before tax for 9M11 of RM14.486 million was lower by 10.75% or RM1.745 million compared to RM16.231 million recorded in 9M10 due mainly to lower gross margin arising from higher raw material cost coupled with higher operating expenses. Total operating expenses increased by 16.50% or RM2.077 million to RM14.668 million in 9M11 as compared with RM12.591 million in 9M10 due mainly to start-up costs incurred in the relocation of machines and operations into the new factory block as well as higher depreciation charge and upkeep and maintenance of machinery .

Total Revenue



Total revenue in 9MQ11 increased by 6.35% or RM14.907 million to RM249.698 million from RM234.791 million recorded in 9M10 due mainly to higher sales volume. The local and export market segments recorded increases of 2.74% or RM2.854 million and 9.22% or RM12.053 million respectively.

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

Revenue for the current quarter was lower by RM2.948 million or 3.39% compared to that recorded during the preceding quarter. The lower revenue was mainly due to lower production output arising from downtime on a cast extruder that was being upgraded during 3Q11.

The Group recorded a lower profit before tax of RM3.779 million compared to RM5.407 million recorded in the financial period ended 30 June 2011 (2Q11) due mainly to lower gross margin achieved as a result of higher cost of raw material coupled with higher operating expenses. The higher operating expenses were mainly due to the start-up costs incurred in the relocation of machines and operations into the new factory block as well as higher depreciation charge and upkeep and maintenance of machinery .

B3. **Current year's prospects**

Ongoing economic and 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 has therefore implemented measures to increase operational efficiencies and value-added activities to remain competitive. The completion of the new factory block is timely as it now enables the Group to invest in more downstream converting machines to increase the value-added activities as well as product range. Barring any unforeseen circumstances, the Board of Directors is of view 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**

	3 months ended		9 months ended	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	RM'000	RM'000	RM'000	RM'000
Income tax				
- Current provision	175	174	683	562
- Prior year under-provision	-	-	259	12
	175	174	942	574
Deferred tax				
- Origination and reversal of temporary differences	(1,729)	645	(1,314)	1,325
- (Over) / Under provision in respect of previous years	-	-	776	300
	(1,729)	645	(538)	1,625
Total income tax expense	(1,554)	819	404	2,199

The effective tax rate of the Group was lower than the Malaysian statutory tax rate of 25% mainly due to the utilisation of reinvestment allowances at the subsidiaries level.

B6 **Status of corporate proposals**

There were no corporate proposals that have been announced but not completed as at 14 November 2011, being the latest practicable date except 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.

(2) **Utilisation of proceeds**

Except for the balance of RM738,000, the gross proceeds of RM12,160,000 raised from the public issue of 16,000,000 new shares has been utilised as indicated below. The status of utilisation of the proceeds as at 14 November 2011 (being the latest practicable date) was as follows:

Purpose	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	(8,262)	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
Total	12,160	(11,422)	738	-	

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.

B7 **Borrowings and debts securities**

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

	As at 30 September 2011 RM'000
Short term borrowings:	
Unsecured	
- revolving credit	20,000
- trade loan	9,476
- bankers' acceptance	1,041
- term loans	10,647
	41,164
Long term borrowings:	
Unsecured	
- term loans	11,824
Total borrowings	52,988

B8 **Material litigation**

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

B9 **Dividends**

The Board of Directors does not recommend any dividend for the current financial quarter. No interim dividend was declared in the previous corresponding period.

B10 **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)	5,333	14,082
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)	2.26	5.97

B11 **Realised and unrealised retained earnings**

	As at 30.09.2011 RM'000	As at 30.06.2011 RM'000
Total retained earnings of Company and its subsidiaries		
- realised	90,326	86,770
- unrealised	7,129	5,405
	97,455	92,175
Less: consolidated adjustment	(5,071)	(5,124)
	92,384	87,051

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: 21 November 2011