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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 January 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 year ended 31 December 2011.

A9. **Dividend paid**

The first interim single-tier 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 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		12 months ended	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Operating revenue:				
- Local	37,433	36,855	144,336	140,904
- Export	56,933	36,594	199,728	167,336
Total operating revenue	94,366	73,449	344,064	308,240

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

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

		3 months ended 31.12.2011 RM'000	12 months ended 31.12.2011 RM'000
a)	Interest income	22	96
b)	Dividend income	2	5
c)	Interest expense	419	1,781
d)	Depreciation of property, plant and equipment	3,578	13,435
e)	Provision for and written off receivables	-	-
f)	Provision for and written off inventories	-	-
g)	Gain /(loss) on disposal of property, plant and equipment	(20)	78
h)	Gain/(loss) on disposal of quoted or unquoted investments	-	-
i)	Impairment of assets	-	-
j)	Net foreign exchange gain/ (loss)		
	- unrealised	(196)	(580)
	- realised	(923)	(138)
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 year ended 31 December 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 year 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 31 December 2011 RM'000
Approved and contracted for:	
Property, plant and equipment	3,419

A16. **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 PARA 9.22 AND APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

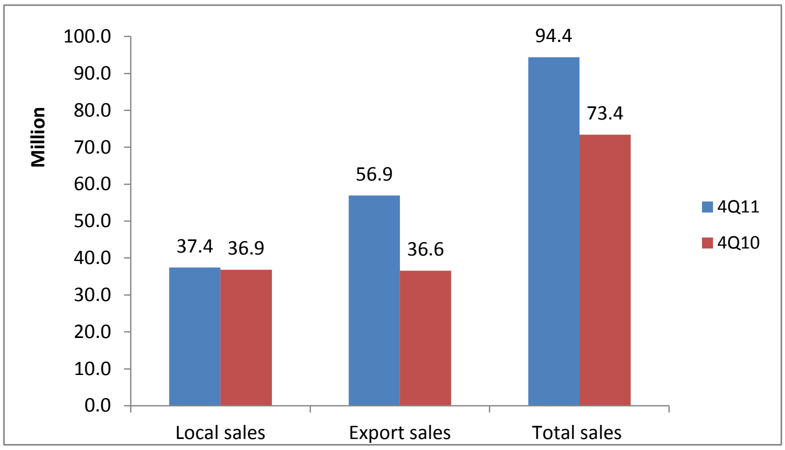
B1. **Review of performance**

a) **4Q11 Vs 4Q10**

The Group recorded a marginally higher gross profit of RM12.702 million for the current quarter ended 31 December 2011 (4Q11) compared to RM12.520 million recorded in the previous corresponding quarter (4Q10) due to higher sales volume. However, gross margin was lower due to higher raw material prices.

Group profit before tax for 4Q11 of RM6.615 million was lower than that recorded in 4Q10 of RM7.976 million by 17.1% due mainly to foreign exchange losses while in contrast there was a foreign exchange gain in 4Q10. Group profit after tax for 4Q11 of RM5.485 million was consequently lower compared to RM7.143 million recorded in 4Q10.

Total Revenue

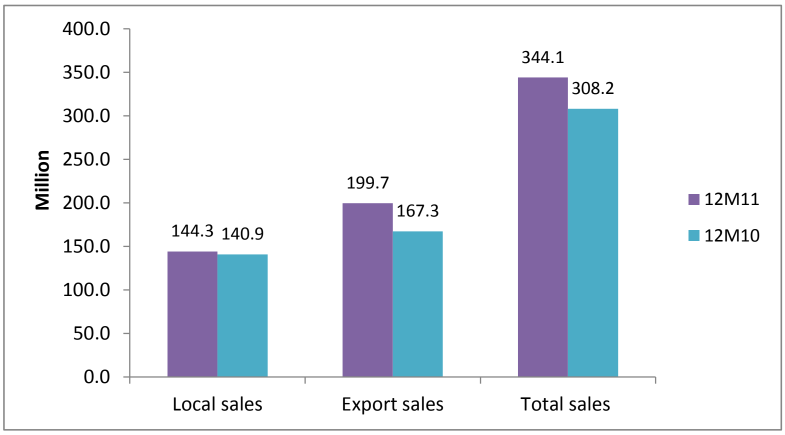


Total revenue recorded in 4Q11 increased substantially by 28.5% (RM20.917 million) to RM94.366 million from RM73.449 million recorded in 4Q10. This was mainly due to higher sales volume, in particular the export sales which increased substantially by 55.6% (RM20.339 million).

b) **12M11 Vs 12M10**

Group profit before tax for the financial year ended 31 December 2011 (12M11) of RM21.101 million was lower than that recorded in the previous financial year ended 31 December 2010 (12M10) of RM24.233 million by 12.9% (RM3.132 million). This was mainly due to lower gross margin arising from higher cost of raw materials coupled with foreign exchange losses and higher operating expenses. Total operating expenses of RM19.974 million in 12M11 was higher than that recorded in 12M10 by 14% (RM2.449 million) due mainly to start-up costs incurred in the relocation of machines and operations into the new factory block as well as higher depreciation charges on the newly acquired machines.

Total Revenue



Total revenue of RM344.064 million for 12M11 represented an increase of 11.6% (RM35.824 million) compared to RM308.240 million recorded in 12M10. This was mainly due to higher sales volume, in particular for the export sales which increased by 19.4% (RM32.392 million).

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

Revenue for the current quarter was higher by RM10.264 million or 12.20% compared to that recorded during the preceding quarter. The higher revenue was mainly due to higher sales volume achieved.

The Group recorded a higher profit before tax of RM6.615 million compared to RM3.779 million recorded in the financial period ended 30 September 2011 due mainly to higher sales revenue and better gross margin achieved as a result of higher unit selling price and lower cost of raw material.

B3. **Current year's prospects**

Given the financial crisis in the Eurozone and the economic slowdown in some other developed countries, the global economy will continue to be unstable. This will inevitably affect global trade. The Group has therefore implemented various 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 into more downstream converting machines to increase the value-added activities as well as product range. A lamination machine has been acquired and is expected to be operational by the third quarter of 2012. This will transform the Group into an integrated flexible plastics packaging ("FPP") producer, and allow the Group to enter into the much larger lamination converting business compared to the smaller surface-printed FPP market that the Group is currently limited to without a lamination machine. The Group shall focus on the food and beverage ("F&B") sector where the bulk of the FPP are in the form of laminated structures. In addition, given that the F&B sector is generally regarded to be resilient even during an economic slowdown, the entry into the lamination converting business will augur well for the Group. In view of the above measures, the Board of Directors expects that the Group's performance will be satisfactory for the financial year 2012.

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		12 months ended	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Income tax				
- Current provision	159	372	842	934
- Prior year under-provision	-	-	259	11
	159	372	1,101	945
Deferred tax				
- Origination and reversal of temporary differences	1,029	461	(285)	2,195
- (Over) / Under provision in respect of previous years	(58)	-	718	125
	971	461	433	2,320
Total income tax expense	1,130	833	1,534	3,265

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 20 February 2012, 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**

The utilisation of gross proceeds of RM12,160,000 that was raised from the public issue of 16,000,000 new shares has been completed. The utilisation of the proceeds as at 20 February 2012 (being the latest practicable date) was as follows:-

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Difference RM'000	Re-allocation * RM'000	Timeframe for Utilisation
Building of new factory block	9,000	(8,973) ***	27 **	-	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	(12,133)	27	-	

Notes:

* 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 has been used for working capital purposes.

** The difference of RM27,000 represent 0.22% of the total proceeds.

*** Included in the actual utilisation is a sum of RM222,500 set aside as retention sum that is payable only after November 2012 upon expiry of the defect liability period.

B7 **Borrowings and debts securities**

The Group's borrowings as at 31 December 2011 were as follows:-

	As at 31 December 2011 RM'000
Short term borrowings:	
Unsecured	
- revolving credit	6,000
- trade loan	9,123
- bankers' acceptance	-
- term loans	10,592
	25,715
Long term borrowings:	
Unsecured	
- term loans	9,159
Total borrowings	34,874

B8 **Material litigation**

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

B9 **Dividends**

The Board of Directors has declared a second interim single tier dividend of 6% (3 sen) per ordinary share of RM0.50 each in respect of the financial year ended 31 December 2011 to be payable on 10 April 2012. The entitlement date for the dividend is 15 March 2012.

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	Current Year-to-date
Profit attributable to ordinary equity holders of the Company	(RM'000)	5,485	19,567
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)	2.32	8.29

B11 **Realised and unrealised retained earnings**

	As at 31.12.2011 RM'000	As at 30.09.2011 RM'000
Total retained earnings of Company and its subsidiaries		
- realised	92,259	90,326
- unrealised	5,936	7,129
	98,195	97,455
Less: consolidated adjustment	(5,046)	(5,071)
	93,149	92,384

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: 27 February 2012