



**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**

**PART A - EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS FRAMEWORK") MFRS 134 : INTERIM FINANCIAL REPORTING**

**A1. Basis of preparation**

The interim financial report is unaudited and has been prepared in accordance with MFRS134 : 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 2011. 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 2011.

**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 2011.

The Group has adopted the MFRS Framework which is effective for annual financial periods beginning on or after 1 January 2012 in these interim financial statements. The Group has adopted the MFRS framework for the first time and consequently the Group has applied the MFRS 1 : First-time Adoption of Malaysian Financial Reporting Standards.

**MFRSs and Amendments to MFRSs issued but not yet effective**

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

		Effective beginning on or after
MFRS 9	Financial Instruments ( IFRS 9 issued by IASB in November 2009 and October 2010 )	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013



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**A2. Summary of significant accounting policies ( Cont'd. )**

Effective beginning on  
or after

Amendments to MFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014

The directors are of the opinion that the adoption of these MFRSs and Amendments to MFRSs above will not have any material impact on the financial statements in the period of initial application.

**A3. Auditors' Report on preceding annual financial statements**

The auditors' reports on the audited financial statements of the Group for the financial year ended 31 December 2011 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

**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 2012.



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**A9. Dividend paid**

No dividend was paid by the Company during the financial period under review.

**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		3 months ended	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
	RM'000	RM'000	RM'000	RM'000
Operating revenue:				
- Local	36,491	34,211	36,491	34,211
- Export	51,113	44,335	51,113	44,335
Total operating revenue	<u>87,604</u>	<u>78,546</u>	<u>87,604</u>	<u>78,546</u>

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

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

	3 months ended	3 months ended
	31.03.2012	31.03.2012
	RM'000	RM'000
a) Interest income	22	22
b) Dividend income	-	-
c) Interest expense	342	342
d) Depreciation of property, plant and equipment	3,589	3,589
e) Provision for and written off receivables	-	-
f) Provision for and written off inventories	-	-
g) Gain /(loss) on disposal of property, plant and equipment	114	114
h) Gain/(loss) on disposal of quoted or unquoted investments	-	-
i) Impairment of assets	-	-
j) Net foreign exchange gain/(loss)		
- unrealised	196	196
- realised	83	83
k) Gain/(loss) on derivatives	-	-
l) Exceptional items	-	-



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

There were no material events that have arisen subsequent to the interim financial period ended 31 March 2012, 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.

**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

**A15. Capital commitments**

	As at
	31 March 2012
	RM'000
Approved and contracted for:	
Property, plant and equipment	<u>1,599</u>

**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**

**1Q12 Vs 1Q11 / 3M12 Vs 3M11**

Total revenue recorded for the current quarter ended 31 March 2012 ("1Q12") increased by 11.5% (RM9.058 million) to RM87.604 million from RM78.546 million recorded in the previous corresponding quarter ("1Q11"). This was mainly due to higher sales volume, in particular the export sales which increased by 15.3% (RM6.778 million).

Group gross profit of RM11.087 million for the current quarter was higher by 14.4% compared to RM9.694 million recorded in 1Q11 due mainly to higher sales volume and higher gross margin achieved arising from lower cost of raw materials.

Consequently, Group profit before tax for 1Q12 of RM6.702 million was higher than that recorded in 1Q11 of RM5.300 million by 26.5% while Group profit after tax for 1Q12 of RM5.196 million was higher than that recorded in 1Q11 of RM4.496 million.

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

Revenue for the current quarter was lower by RM6.762 million or 7.2% compared to that recorded during the preceding quarter. The lower revenue was mainly due to lower sales volume and marginally lower selling price.

However, the Group recorded a higher profit before tax of RM6.702 million in 1Q12 compared to RM6.615 million recorded in the preceding quarter ended 31 December 2011 due mainly to a foreign exchange gain in the current quarter compared against a foreign exchange loss in the preceding quarter.

**B3. Current year's prospects**

The financial crisis in the Eurozone and the economic slowdown in some major economies is expected to continue and to affect global trade. Given the difficult operating conditions, the Group continues to implement measures to improve operational efficiencies and increase value-added activities. The dry lamination machine that was delivered recently is in the process of being commissioned. This will enable the Group to enter the higher value-added lamination converting market by the third quarter of this financial year. In view of the above measures, the Board of Directors expects the Group's performance to be satisfactory for the financial year ending 31 December 2012.



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**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		3 months ended	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
	RM'000	RM'000	RM'000	RM'000
Income tax				
- Current provision	477	312	477	312
- Prior year under-provision	-	-	-	-
	<u>477</u>	<u>312</u>	<u>477</u>	<u>312</u>
Deferred tax				
- Origination and reversal of temporary differences	1,029	492	1,029	492
- (Over) / under provision in respect of previous years	-	-	-	-
	<u>1,029</u>	<u>492</u>	<u>1,029</u>	<u>492</u>
Total income tax expense	<u>1,506</u>	<u>804</u>	<u>1,506</u>	<u>804</u>

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 15 May 2012, being the latest practicable date except for the following:-

**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. The Board had on 26 April 2012, announced that the Company will be seeking shareholders' approval to renew its authority for the Proposed Share Buy-Back at the forthcoming annual general meeting.



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**B7 Borrowings and debts securities**

The Group's borrowings as at 31 March 2012 were as follows:-

	As at 31 March 2012 RM'000
Short term borrowings:	
<u>Unsecured</u>	
- revolving credit	12,000
- trade loan	-
- bankers acceptance	-
- term loans	10,637
	<u>22,637</u>
Long term borrowings:	
<u>Unsecured</u>	
- term loans	6,483
Total borrowings	<u><u>29,120</u></u>

**B8 Material litigation**

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

**B9 Dividends**

The Board of Directors has declared a first interim single tier dividend of 3% (1.5 sen) per ordinary share of RM0.50 each in respect of the financial year ending 31 December 2012 to be payable on 18 July 2012. The entitlement date for the dividend is 29 June 2012. 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	Current Year-to-date
Profit attributable to ordinary equity holders of the Company	(RM'000)	<u>5,196</u>	<u>5,196</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>2.20</u>	<u>2.20</u>



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**B11 Realised and unrealised retained earnings**

	As at 31.03.2012 RM'000	As at 31.12.2011 RM'000
Total retained earnings of Company and its subsidiaries		
- realised	97,822	92,259
- unrealised	<u>5,572</u>	<u>5,936</u>
	103,394	98,195
Less: consolidated adjustment	<u>(53,314)</u>	<u>(5,046)</u>
	<u><u>50,080</u></u>	<u><u>93,149</u></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: 22 May 2012