



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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012

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

A1. Basis of preparation

This 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").

This 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").

In preparing these interim financial statements, the Company took a view that all operations of the group are classified as discontinued operations pursuant to MFRS 5 : Non-current Assets Held for Sale and Discontinued Operations. The revenue of the holding company is also deemed to be immaterial to be accounted for in preparing these financial statements. Assets that met the criteria are classified as being held for sale and are measured at the lower of carrying amount and fair value less cost to sell, and depreciation on such assets have ceased.

The Group has adopted the merger method of accounting for the preparation of these 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 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.

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. As the requirements under FRS and MFRS are similar, the significant accounting policies adopted in preparing this Condensed Interim Report are consistent with the audited financial statements for the financial year ended 31 December 2011 except as below :

a) Property, plant and equipment ("PPE")

The Group has previously adopted the transitional provisions of MASB Approved Accounting Standard IAS 16 (revised). By virtue of this transitional provision, the Group's PPE, which are classified as assets held for sale, continues to be stated at its 1995 valuation. Upon transition to MFRS, the Group has elected to use its previously revalued freehold land carrying amount as deemed cost. Accordingly, the revaluation reserve of RM2,558,208 as at 31 December 2011 was reclassified to retained earnings.



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

The reconciliations of equity for the comparative periods and equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:

Reconciliations of equity as at 1 January 2011 and 31 December 2011 :

	FRS as at 01.01.2011 RM'000	Reclassifications RM'000	MFRS as at 01.01.2011 RM'000
<u>Equity</u>			
Revaluation reserve	2,558	(2,558)	-
Retained earnings	82,975	2,558	85,533

	FRS as at 31.12.2011 RM'000	Reclassifications RM'000	MFRS as at 31.12.2011 RM'000
<u>Equity</u>			
Revaluation reserve	2,558	(2,558)	-
Retained earnings	93,085	2,558	95,643

There is no reconciliation of total comprehensive income for the financial year ended 31 December 2011 as there is no financial impact arising from the first time adoption of MFRS 1.

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	Financial Instruments : Presentation - Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 134	Annual Improvements of 2009-2011 Cycle	1 January 2013

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, which are the subject of the Proposed Disposals, 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 December 2012.



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A9. Dividend paid

The first and second interim single-tier dividends of 3% (1.5 sen) per ordinary share of RM0.50 each in respect of financial year ended 31 December 2012 had been paid on 18 July 2012 and 18 October 2012 respectively.

A10. Segment reporting

The Group's entire business operations are the subject of the Proposed Disposals. These operations involve the manufacture and marketing of flexible plastic packaging products. Revenue of the Group for the operations is principally derived from the export and local markets.

	3 months ended		12 months ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
Operating revenue:				
- Local	37,576	37,433	147,630	144,336
- Export	54,923	56,933	222,740	199,728
Total operating revenue	<u>92,499</u>	<u>94,366</u>	<u>370,370</u>	<u>344,064</u>

A11. Profit / (loss) before tax

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

	3 months ended	12 months ended
	31.12.2012	31.12.2012
	RM'000	RM'000
a) Interest income	2	57
b) Dividend income	-	-
c) Interest expense	272	1,239
d) Depreciation of property, plant and equipment *	-	10,780
e) Provision for and written off receivables	-	788
f) Provision for and written off inventories	-	-
g) Gain /(loss) on disposal of property, plant and equipment	-	13
h) Gain/(loss) on disposal of quoted or unquoted investments	-	30
i) Impairment of assets	-	-
j) Net foreign exchange gain/(loss)		
- unrealised	(30)	167
- realised	291	269
k) Gain/(loss) on derivatives	-	-
l) Exceptional items	-	-

Note *

Pursuant to MFRS 5, the provision for depreciation of property, plant and equipment for the quarter ended 31 December 2012 has ceased.



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A12. Material events subsequent to the Balance Sheet date

Save as disclosed under Note B6, there were no material events that have arisen subsequent to the financial year ended 31 December 2012.

A13 Discontinued operations - assets/liabilities classified as held for sale

In light of the Proposed Disposals, GWPI and GWP met the criteria to be classified as assets/liabilities held for sale.

Statement of financial position disclosures

	As at 31 December 2012
Assets :	RM'000
Property, plant and equipment	185,709
Inventory	44,115
Trade debtors and other receivables	50,978
Cash and bank balances	<u>7,672</u>
Assets classified as held for sale	<u>288,474</u>
Liabilities :	
Trade creditors and other creditors	57,071
Bank borrowings	19,159
Tax payable	233
Deferred tax liabilities	<u>280</u>
Liabilities classified as held for sale	<u>76,743</u>

A14. Changes in the compositions of the Group

Save as disclosed under Note B6, there were no changes in the composition of the Group during the financial period under review.

A15. 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.

A16. Capital commitments

	As at 31 December 2012
Approved and contracted for:	RM'000
Property, plant and equipment	<u>9,318</u>

The entire amount was attributable to GWPI and GWP, the subject of the Proposed Disposals.

A17. 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

The entire business operations of the Group are the subject of the Proposed Disposals, and are deemed to be discontinued. The following Explanatory Notes B1 and B2 reflect the discontinued operations:-

4Q12 Vs 4Q11

Total revenue recorded for the current quarter ended 31 December 2012 ("4Q12") marginally decreased by 2.0% (RM1.867 million) to RM92.499 million from RM94.366 million recorded in the previous corresponding quarter ("4Q11"). This was mainly due to lower sales volume, in particular the export sales which decreased by 3.5% (RM2.010 million).

Group profit before tax and profit after tax for 4Q12 of RM9.375 million and RM9.046 million were higher than that recorded in 4Q11 of RM6.615 million by 41.7% and RM5.485 million by 64.9% respectively due mainly to non-provision of depreciation for the quarter amounting to RM3.416 million following the adoption of MFRS 5 and the provision of advisory fees amounting to RM1.420 million incurred in connection with the Proposed Disposals. Excluding the effects of MFRS 5 and the advisory fees, the Group's profit before tax and profit after tax for 4Q12 would have been higher by 11.5% and 28.5% respectively compared to 4Q11.

12M12 Vs 12M11

Total revenue recorded for the current financial year ended 31 December 2012 ("12M12") increased by 7.7% (RM26.306 million) to RM370.370 million from RM344.064 million recorded in the previous corresponding financial year ("12M11"). This was mainly due to higher sales volume, in particular the export sales which increased by 11.5% (RM23.012 million).

Group profit before tax for 12M12 of RM28.866 million was higher than that recorded in 12M11 of RM21.084 million by 36.9%, while Group profit after tax for 12M12 of RM25.028 million was higher than that recorded in 12M11 of RM19.550 million by 28.0% due mainly to higher sales volume and higher gross margin achieved arising from lower cost of raw materials and partly attributed to the non-provision of depreciation (4Q12) following the adoption of MFRS 5 and the provision of advisory fees as stated above.



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

Revenue for the current quarter was lower by RM1.152 million or 1.2% compared to that recorded during the preceding quarter. The lower revenue was mainly due to lower sales volume.

However, the Group recorded a higher profit before tax of RM9.375 million in 4Q12 compared to RM5.854 million recorded in the preceding quarter ended 30 September 2012 due mainly to the non-provision of depreciation following the adoption of MFRS 5.

B3. Current year's prospects

Arising from the completion of the Proposed Disposals on 8 January 2013, the Company is considered as an affected listed issuer pursuant to Practice Note 17 ("PN 17") of the Listing Requirements. The Company is currently in the process of identifying new businesses and/or assets that have the requisite track record and future prospects to be acquired to enable the Company to regularize its condition and to maintain the listing status on the Main Market of Bursa Securities. In the event that the Company enters into a definitive agreement prior to the completion of the Proposed Distribution, the Company has approximately ten (10) months to submit its regularisation plan to the relevant authorities for approval.

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	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
Income tax				(audited)
- Current provision	598	159	1,924	842
- Prior year (over) / under provision	-	-	(38)	259
	<u>598</u>	<u>159</u>	<u>1,886</u>	<u>1,101</u>
Deferred tax				
- Origination and reversal of temporary differences	(269)	1,029	2,122	(509)
- (Over) / under provision in respect of previous years	-	(58)	(170)	942
	<u>(269)</u>	<u>971</u>	<u>1,952</u>	<u>433</u>
Total income tax expense	<u>329</u>	<u>1,130</u>	<u>3,838</u>	<u>1,534</u>

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



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B6. Status of corporate proposals

There were no corporate proposals that have been announced but not completed as at 21 February 2013, being the latest practicable date except for the following:-

- (i) Proposed disposal of 100% equity interest in GWPI and 100% equity interest in GWP by the Company to Scientex Packaging Film Sdn Bhd for a total cash consideration of RM283.2 million ("Proposed Disposals");
- (ii) Proposed distribution of the cash proceeds arising from the Proposed Disposals to all the entitled shareholders of the Company ("Proposed Distribution");
- (iii) Proposed amendments to the Memorandum and Articles of Association of the Company to facilitate the Proposed Distribution (Proposed M & A Amendments);

(hereinafter collectively referred to as the "Proposals").

Shareholders of the Company had at the Extraordinary General Meeting held on 3 January 2013, approved the Proposals. Subsequent thereto, the Proposed Disposals were completed on 8 January 2013. A special dividend of 58 sen per share, being part of the proceeds from the Proposed Disposals was paid on 8 February 2013, to shareholders of the Company whose names were registered in the Record of Depositors as at 23 January 2013. Approximately RM143.731 million (61 sen per share) shall be distributed to entitled shareholders via a proposed capital reduction after obtaining the confirmation by the High Court of Malaya for the proposed capital reduction, at the entitlement date to be determined by the Directors and announced later.

Arising from the completion of the Proposed Disposals, the Company is considered as an affected listed issuer pursuant to Practice Note 17 ("PN 17") of the Listing Requirements. The Company is currently in the process of identifying new businesses and/or assets that have the requisite track record and future prospects to be acquired to enable the Company to regularize its condition and to maintain the listing status on the Main Market of Bursa Securities. In the event that the Company enters into a definitive agreement prior to the completion of the Proposed Distribution, the Company has approximately ten (10) months to submit its regularisation plan to the relevant authorities for approval.

In the absence of any acceptable alternative proposal(s) to regularise the Company's condition prior to the completion of the Proposed Distribution, the Company will apply to Bursa Securities for the delisting of the Company from the Main Market of Bursa Securities and subsequently be delisted.



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B7. Borrowings and debts securities

The Group's borrowings which were taken by GWPI and GWP as at 31 December 2012 were as follows:-.

	As at 31 December 2012
	RM'000
Short term borrowings:	
<u>Unsecured</u>	
- revolving credit	10,000
- trade loan	-
- bankers acceptance	-
- term loans	<u>7,710</u>
	17,710
Long term borrowings:	
<u>Unsecured</u>	
- term loans	1,449
Total borrowings	<u>19,159</u>
Borrowings classified as liabilities held for sale	<u>(19,159)</u>
	<u>-</u>

There were no borrowings by the Company.

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. In the previous corresponding period, the Board of Directors declared a second interim single-tier dividend of 6% (3 sen) per ordinary share of RM0.50 each.



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B10. Earnings per share

Basic earnings per share

Basic earnings per share is calculated based on the profit after tax for the period under review attributable to the equity holders of the Company divided by the weighted average number of ordinary shares of RM0.50 each in issue during the said period after adjusting for the number of ordinary shares purchased.

		Current Quarter	Current Year-to-date
Profit attributable to ordinary equity holders of the Company	(RM'000)	<u>9,046</u>	<u>25,028</u>
Weighted average number of ordinary shares of RM0.50 each	('000)	<u>235,625</u>	<u>235,800</u>
Basic earnings per share of RM0.50 each	(sen)	<u>3.84</u>	<u>10.61</u>

B11. Realised and unrealised retained earnings

	As at 31.12.2012 RM'000	As at 31.12.2011 RM'000 (restated)
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Total retained earnings of the Company and its subsidiaries (which are the subject of the Proposed Disposals) are as follows:-

- realised	103,469	92,195
- unrealised	<u>(44,238)</u>	<u>8,494</u>
	59,231	100,689
Less: consolidated adjustment	<u>(707)</u>	<u>(5,046)</u>
	<u>58,524</u>	<u>95,643</u>

By Order of the Board
GW PLASTICS HOLDINGS BERHAD

Lee Ying Fong
Company Secretary

Dated: 28 February 2013