

TOMYPAK HOLDINGS BERHAD

(Company No. 337743-W)

A. Notes to the quarterly financial report

1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad, and Financial Reporting Standard (FRS) 134: Interim Financial Reporting, issued by the Malaysian Accounting Standards Board (MASB).

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2006.

2 Changes in accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2006 except for the adoption of the following applicable revised Financial Reporting Standards ("FRS") effective for financial year beginning 1 January 2007.

FRS 117	Leases
FRS 124	Related Party Disclosures

The adoption of the above FRS 124 does not have a significant financial impact on the Group, but will affect the level and extent of related party disclosures of the Group.

FRS 117 : Leases

In prior years, the leasehold interest in land held for own use classified as property, plant and equipment, were stated at revalued amounts less accumulated depreciation and accumulated impairment losses. Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is charged to the income statement.

It is the Group's policy to state its property, plant and equipment at cost. Revaluation of land and building in 1994 was carried out primarily for the purpose of initial public offering and was not intended to effect a change in the accounting policy to that of revaluation of properties. The Directors, therefore, have not adopted a policy of regular revaluations of land and building as required.

With the adoption of FRS 117 as from 1 January 2007, the leasehold interest in the land held for own use is accounted for as being held under an operating lease. Such leasehold land will no longer be revalued. Where the leasehold land had been previously revalued, the Group retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments as allowed by FRS 117.67A. Such prepaid lease payments are amortised on a straight line basis over the remaining lease term of the land. There were no effects on the income statements of the Group for the first quarter ended 31 March 2007.

3 Audit qualification

The audit report of the Company for the preceding annual financial statements was not subject to any audit qualification.

4 Seasonality or cyclicity of operations

The business operations of the Group during the financial quarter under review were not materially affected by any seasonal or cyclical factors.

5 Unusual items affecting the assets, liabilities, equity, net income or cash flows

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the current quarter.

6 Material changes in estimates

The revised FRS 116: Property, Plant and Equipment requires the review of the residual value and useful life of an item of property, plant and equipment at least at each financial year end. The same estimates reported in the previous financial year on the residual value and useful life of an item of property, plant and equipment were used in preparing the financial statements for the current quarter as there is no significant additions during this quarter.

There were no other changes in estimates of amounts reported in previous year, which have a material effect in the current quarter.

7 Issuances, cancellations, repurchases, resales and repayments of debts and equity securities

There were no cancellations, repurchases, resale and repayments of debts and equity securities for the current quarter.

8 Dividends paid

There were no dividends paid for the current quarter ended 31 March 2007.

9 Segmental reporting

The Group operates principally in Malaysia and in the manufacture and sale of packaging materials, polyethylene, polypropylene films and sheets and thermoforming sheets.

The Group's internal organisational groupings do not provide a basis for determining a reportable primary and secondary segment. However, sales revenue by geographical market are as follows:-

The Group's operation is divided into local and export markets.

	Local		Export		Total	
	2007	2006	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	22,733	19,960	14,620	19,822	37,353	39,782

The segment results, assets and liabilities are basically in Malaysia.

10 Property, plant and equipment

The valuations of land and buildings have been brought forward, without amendment from the previous annual report.

11 Material events subsequent to period end

There were no material events subsequent to period end.

12 Changes in composition of the group

There were no changes in the composition of the Group for the current quarter.

13 Contingent liabilities

There were contingent liabilities committed by the Company in respect of corporate guarantees for banking facilities given to subsidiary amounting to RM100,031,000. However, only RM41,434,800 has been outstanding as at 31 March 2007.

14 Capital commitments

There were capital commitments of RM11,475,640 as at 31 March 2007.

15 Related party transactions

Significant transactions with Directors and key management personnel are as follows:

	As at 31/3/07	As at 31/3/06
	RM'000	RM'000
Key management personnel		
Remuneration paid to a senior management staff, Mr. Chow Yoon Kok, who is a close family member of certain Directors, Mr. Chow Yuen Liong and Mr. Chow Wen Chye	78	75

These transactions have been entered into the normal course of business and have been established under negotiated basis.

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B Notes to the quarterly financial report

1 Review of performance

For the 3 months period ended 31 March 2007, the Group achieved a turnover of RM37,353,000 compared to RM39,782,000 of the same period last year, decreased by RM2,429,000 or 6.11%. The Group recorded a profit before taxation of RM1,102,000 against the profit before taxation of RM1,621,000 in previous corresponding period, mainly due to lower export sales turnover volume and loss on foreign exchange which has resulted in a lower profit margin.

2 Variation of results against preceding quarter

The Group reported a profit before taxation of RM1,102,000 for the first quarter ended 31 March 2007 compared to a profit before taxation of RM592,000 in the preceding quarter mainly due to provision of doubtful debts and unrealised loss on foreign exchange during the preceding quarter ended 31 December 2006.

3 Current year prospects

Barring any unforeseen circumstances, the Board expects the performance of the Group will improve further as business conditions to continue to improve for the year ending 31 December 2007.

4 Profit forecast

No profit forecast was provided for the current quarter and financial year-to-date.

5 Tax expense

There is tax expense of RM4,000 in the current quarter as the Group has sufficient unabsorbed capital allowances brought forward to set off against its liabilities.

6 Unquoted investments and properties

There were no disposals of unquoted investments and/or properties for the current quarter and financial year-to-date.

7 Quoted investments

(a) There were no purchases or disposals of quoted securities for the current quarter.

(b) Investment in quoted securities as at end of the reporting quarter and the financial year-to-date are as follows:

	RM
At Cost	70,800
At book value	70,800
At market value	56,000

8 Status of corporate proposal announced

There was no corporate proposal announced for the current quarter.

9 Group borrowings and debts securities

The borrowings of the Group denominated in Ringgit Malaysia as at the end of the reporting period are as follows:-

	<u>Secured</u>	<u>Unsecured</u>	<u>Total</u>
(a) Current			
Bank overdrafts	-	311,261	311,261
Bankers' acceptance	-	32,811,162	32,811,162
Bills payable	-	-	-
Revolving credit	-	-	-
Hire Purchase	1,245,991	-	1,245,991
Term Loan	1,938,581	-	1,938,581
	3,184,572	33,122,423	36,306,995

As at 31/12/2006

Bank overdrafts	-	53,738	53,738
Bankers' acceptance	-	29,238,983	29,238,983
Bills payable	-	-	-
Revolving credit	-	-	-
Hire Purchase	1,230,433	-	1,230,433
Term Loan	1,453,370	-	1,453,370
	<u>2,683,803</u>	<u>29,292,721</u>	<u>31,976,524</u>

(b) Non-current	As at 31/3/2007	As at 31/12/2006
Hire Purchase (secured)	1,139,576	1,314,747
Term Loans (secured)	<u>3,255,914</u>	<u>1,095,229</u>
	<u>4,395,490</u>	<u>2,409,976</u>

10 Off balance sheet financial instruments

There were no financial instruments with off balance sheet risk at the date of this quarterly report.

11 Changes in material litigation

There were no pending material litigations at the date of this quarterly report.

12 Dividends

The directors do not recommend any dividend to be paid for the current quarter ended 31 March 2007.

13 Earnings per ordinary shares

(a) **Basic earnings/(loss) per share**

The calculation of basic earnings/(loss) per ordinary share for the current quarter and the 3 months ended 31 March 2006 is based on the net profit after tax of RM1,098,000 and net profit after tax of RM1,596,000 respectively, and the weighted average number of ordinary shares outstanding during the current quarter of 40,000,000 (2005: 40,000,000)

Weighted average number of ordinary shares

The calculation of basic (loss)/earnings per share based on the weighted average number of ordinary shares is not applicable as there were no new shares issued during the quarter and the number of issued ordinary shares at beginning and end of the 3 months period ended 31 March 2007 are the same.

(b) **Diluted earnings per ordinary share**

No disclosure is made for diluted earnings per ordinary share for the period as it is anti-dilutive.