

12.0 FINANCIAL INFORMATION**12.1 Proforma Consolidated Income Statements**

The table below sets out a summary of the proforma consolidated income statements of our Group for the last three (3) FYE 28 February 2006 and six (6) month financial periods ended 31 August 2005 and 2006 prepared for illustration purposes assuming our Group has been in existence throughout the financial years/periods under review. The proforma consolidated income statements of our Group have been extracted from and should be read in conjunction with the accompanying notes and basis of preparations attached to the Reporting Accountants' letter as set out in Section 12.4 of this Prospectus.

	FYE 28/29 February			Six (6) month financial periods ended 31 August	
	2004 RM'000	2005 RM'000	2006 RM'000	2005* RM'000	2006 RM'000
Revenue	51,872	53,996	60,913	28,576	43,652
Gross profit	19,314	14,781	15,383	7,034	8,482
Profit before interest, depreciation and taxation	20,165	15,196	14,675	6,761	7,999
Depreciation	(5,818)	(5,842)	(5,962)	(2,868)	(3,177)
Interest expense	(3,322)	(2,364)	(2,049)	(1,023)	(1,405)
Interest income	332	-	1	-	-
PBT	11,357	6,990	6,665	2,870	3,417
Taxation	(1,555)	(582)	(234)	(269)	(423)
PAT	9,802	6,408	6,431	2,601	2,994
MI	(25)	(14)	(36)	(2)	(33)
PATMI	9,777	6,394	6,395	2,599	2,961
Assumed number of Shares in issue ² ('000)	77,765	84,120	84,120	84,120	84,120
Based on assumed number of Shares in issue					
- Gross EPS (sen) ³	14.6	8.3	7.9	3.4	4.1
- Net EPS (sen) ⁴	12.6	7.6	7.6	3.1	3.5

*Notes:-** *Unaudited results*¹ *There were no amortisation, exceptional items or extraordinary items during the period under review*² *The assumed number of our Shares in issue is based on our issued and paid-up share capital after the Acquisition of RPSB but prior to the Public Issue and Offer for Sale after taking into consideration the rights shares of 2,461,994 issued by RPSB on 27 February 2004*³ *Gross EPS is calculated based on PBT and divided by the assumed number of our Shares assumed in issue*⁴ *Net EPS is calculated based on PATMI and divided by the assumed number of our Shares assumed in issue*

12.0 FINANCIAL INFORMATION (Continued)**12.2 Statements of Assets and Liabilities**

The statements of assets and liabilities as at 28 February 2006 and 31 August 2006 have been prepared prior to the implementation of the IPO and should be read in conjunction with the accompanying notes and basis of preparations attached to the Reporting Accountants' letter on the proforma consolidated financial information as set out in Section 12.4 of this Prospectus.

	As at 28 February 2006[#] RM'000	As at 31 August 2006 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	60,201	77,064
CURRENT ASSETS		
Inventories	20,505	23,566
Amount due from contract customers	46	7
Trade receivables	18,642	21,282
Other receivables, deposits and prepayments	2,643	1,589
Tax refundable	55	106
Cash and bank balances	2,828	6,821
	44,719	53,371
TOTAL ASSETS	104,920	130,435
EQUITY AND LIABILITIES		
EQUITY		
Share capital	42,060	42,060
Share premium	1	1
Retained profits	8,642	11,604
SHAREHOLDERS' EQUITY	50,703	53,665
MINORITY INTERESTS	124	157
TOTAL EQUITY	50,827	53,822
NON-CURRENT LIABILITIES		
Long-term borrowings	3,719	14,494
Deferred tax liabilities	10,258	10,236
	13,977	24,730
CURRENT LIABILITIES		
Amount due to contract customers	93	21
Trade payables	4,940	6,201
Other payables and accruals	3,188	3,628
Provision for taxation	181	324
Short-term bank borrowings	22,767	34,185
Bank overdrafts	8,947	7,524
	40,116	51,883
TOTAL LIABILITIES	54,093	76,613
TOTAL EQUITY AND LIABILITIES	104,920	130,435
Number of RB Shares in issue ('000)	84,120	84,120
NTA (RM'000)	50,703	53,665
NTA per ordinary share (RM)	0.60	0.64

Note:

[#] The statement of asset and liabilities as at 28 February 2006 is included for comparison purpose only.

12.0 FINANCIAL INFORMATION (Continued)**12.2.1 Proforma Consolidated Balance Sheets as at 31 August 2006**

The proforma consolidated balance sheets as at 31 August 2006 as set out below are provided for illustrative purposes only to show the effects of the Listing Scheme on the assumption that it had been completed on 31 August 2006 and should be read in conjunction with the accompanying notes and basis of preparations attached to the Reporting Accountants' letter on the proforma consolidated financial information as set out in Section 12.4 of this Prospectus.

	Audited as at 28 February 2006[#] RM'000	Audited as at 31 August 2006 RM'000	Proforma I After Public Issue and Utilisation of Proceeds RM'000	Proforma II After Proforma I and Full Exercise of ESOS RM'000
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	60,201	77,064	77,064	77,064
CURRENT ASSETS				
Inventories	20,505	23,566	23,566	23,566
Amount due from contract customers	46	7	7	7
Trade receivables	18,642	21,282	21,282	21,282
Other receivables, deposits and prepayments	2,643	1,589	1,589	1,589
Tax refundable	55	106	106	106
Cash and bank balances	2,828	6,821	7,943	18,233
	<u>44,719</u>	<u>53,371</u>	<u>54,493</u>	<u>64,783</u>
TOTAL ASSETS	104,920	130,435	131,557	141,847
EQUITY AND LIABILITIES				
EQUITY				
Share capital	42,060	42,060	49,000	56,350
Share premium	1	1	1,177	4,117
Retained profits	8,642	11,604	11,604	11,604
SHAREHOLDERS' EQUITY	<u>50,703</u>	<u>53,665</u>	<u>61,781</u>	<u>72,071</u>
MINORITY INTERESTS	<u>124</u>	<u>157</u>	<u>157</u>	<u>157</u>
TOTAL EQUITY	<u>50,827</u>	<u>53,822</u>	<u>61,938</u>	<u>72,228</u>
NON-CURRENT LIABILITIES				
Long-term borrowings	3,719	14,494	14,494	14,494
Deferred tax liabilities	10,258	10,236	10,236	10,236
	<u>13,977</u>	<u>24,730</u>	<u>24,730</u>	<u>24,730</u>
CURRENT LIABILITIES				
Amount due to contract customers	93	21	21	21
Trade payables	4,940	6,201	6,201	6,201
Other payables and accruals	3,188	3,628	3,628	3,628
Provision for taxation	181	324	324	324
Short-term bank borrowings	22,767	34,185	30,604	30,604
Bank overdrafts	8,947	7,524	4,111	4,111
	<u>40,116</u>	<u>51,883</u>	<u>44,889</u>	<u>44,889</u>
TOTAL LIABILITIES	<u>54,093</u>	<u>76,613</u>	<u>69,619</u>	<u>69,619</u>
TOTAL EQUITY AND LIABILITIES	<u>104,920</u>	<u>130,435</u>	<u>131,557</u>	<u>141,847</u>
Number of RB Shares in issue ('000)	84,120	84,120	98,000	112,700
NTA (RM'000)	50,703	53,665	61,781	72,071
NTA per ordinary share (RM)	0.60	0.64	0.63	0.64

[#] The consolidated balance sheet as at 28 February 2006 is included for comparison purpose only.

12.0 FINANCIAL INFORMATION (Continued)**12.3 Proforma Consolidated Cash Flow Statements**

The proforma consolidated cash flow statements for the six (6) month financial periods ended 31 August 2005 and 2006 as set out below is prepared on the assumption that we have been in existence throughout the financial periods under review. The proforma consolidated cash flow statements should be read in conjunction with the accompanying notes and basis of preparations attached to the Reporting Accountants' letter on the proforma consolidated financial information as set out in Section 12.4 of this Prospectus.

Six (6) month financial periods ended 31 August	Proforma Group* 2005 RM'000	(Audited) RB Group 2006 RM'000
Cash flows from operating activities		
PBT	2,870	3,418
Adjustments for:-		
Allowance for doubtful debts	185	318
Depreciation of property, plant and equipment	2,868	3,177
Equipment written off	4	5
Interest expense	1,023	1,405
Allowance for doubtful debts written back	(14)	(154)
Net gain on disposal of plant and equipment	-	(103)
Reversal of impairment loss	(27)	-
Operating profit before working capital changes	<u>6,909</u>	<u>8,066</u>
Increase in inventories	(3,760)	(3,061)
Increase in trade and other receivables	(3,675)	(1,750)
Increase in trade and other payables	2,293	1,702
Increase/(Decrease) in net amount owing to contract customers	1	(33)
Cash from operations	<u>1,768</u>	<u>4,924</u>
Income tax paid	(377)	(354)
Interest paid	(1,023)	(1,405)
Net cash generated from operating activities	<u>368</u>	<u>3,165</u>
Cash flows for investing activities		
Proceeds from disposal of plant and equipment	3	190
Purchase for property, plant and equipment	(598)	(19,882)
Net cash used in investing activities	<u>(595)</u>	<u>(19,692)</u>
Cash flows from financing activities		
Drawdown of bills payable	6,486	8,945
Drawdown of term loans	-	15,174
Repayment of hire purchase payables	(345)	(261)
Repayment of term loans	(2,171)	(1,915)
Repayment to a director	(17)	-
Repayment from related parties	41	-
Net cash generated from financing activities	<u>3,994</u>	<u>21,943</u>
Net increase in cash and cash equivalents	3,767	5,416
Cash and cash equivalents at 1 March 2005 / 2006	<u>(7,604)</u>	<u>(6,119)</u>
Cash and cash equivalents at 31 August 2005 / 2006	<u>(3,837)</u>	<u>(703)</u>

Note:-

* The Proforma Consolidated Cash Flow Statement for the six (6) month financial period ended 31 August 2005 is not audited and is included for comparison purpose only

12.0 FINANCIAL INFORMATION (Continued)

12.4 Reporting Accountants' Letter on Proforma Consolidated Financial Information
(Prepared for inclusion in this Prospectus)



6 November 2006

The Board of Directors
Resintech Berhad
C-15-1 Level 15 Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur

Dear Sirs/Madam

**RESINTECH BERHAD ("RB")
PROFORMA CONSOLIDATED FINANCIAL INFORMATION**

We have reviewed the proforma consolidated financial information of Resintech Berhad and its subsidiaries ("RB Group" or "the Group") for the financial years from 29 February 2004 to 28 February 2006 and the financial period ended 31 August 2006, together with the accompanying notes thereto, for which the Directors are solely responsible, as set out in the accompanying statements (initialled by us for the purpose of identification only) prepared for illustrative purposes for inclusion in the Prospectus of RB to be dated **30 NOV 2006**.


In our opinion,

- (a) the proforma consolidated financial information has been properly prepared on the bases set out in the accompanying notes to the proforma financial information and such bases are consistent with the accounting policies of RB Group;
- (b) the financial statements used in the preparation of the proforma consolidated financial information were prepared in accordance with approved accounting standards in Malaysia; and
- (c) each material adjustment made to the information used in the preparation of the proforma consolidated financial information is appropriate for the purposes of preparing such proforma consolidated financial information.

We understand that this letter will be used solely for the purpose stated above. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully


Horwath
Firm No : AF 1018
Chartered Accountants


Lee Kok Wai
Approval No : 2760/06/08(J)
Partner

Horwath Offices in Malaysia:

Johor Bahru • Klang • Kota Kinabalu • Kuala Lumpur • Kuching • Labuan • Melaka • Penang

12.0 FINANCIAL INFORMATION *(Continued)*

RESINTECH BERHAD

(NO. SYARIKAT: 341662 X)

**PROFORMA CONSOLIDATED FINANCIAL INFORMATION****1. PROFORMA GROUP AND BASIS OF PREPARATION****1.1 Proforma Group**

The proforma consolidated financial information is prepared based on the financial information of RB, Resintech Plastics (M) Sdn Bhd ("RPSB") and its subsidiaries ("RPSB Group"), and Resintech-Kapar Sdn Bhd ("RKSB").

RPSB Group comprises RPSB, Resintech Sabah Sdn Bhd, Resintech Engineering Sdn Bhd, Resintech Products Marketing Sdn Bhd, RT Water Technology Sdn Bhd, Exact Link Sdn Bhd and Vision Mould Specialist (M) Sdn Bhd. The proforma consolidated financial information are presented for the purpose of illustration only.

The relevant financial period for the purpose of this report ("Relevant Financial Period") is as follows:-

Company	Relevant Financial Period
RB	- Financial period ("FP") from 1 October 2003 to 28 February 2005 - Financial year ended ("FY") 28 February 2006 - FP from 1 March 2006 to 31 August 2006
RPSB Group	- FY 29 February 2004 to 28 February 2006 - FP from 1 March 2006 to 31 August 2006
RKSB	- FP from 1 June 2006 (date of incorporation) to 31 August 2006

The proforma consolidated financial information of RB Group is prepared on the assumption that RB Group had been in existence throughout the financial years ended 29 February 2004 to 28 February 2006 and the financial period ended 31 August 2006. The proforma consolidated financial information comprises the following:-

- Section 2 - Proforma Consolidated Income Statements for the Relevant Financial Period;
- Section 3 - Proforma Consolidated Balance Sheets as at 31 August 2006; and
- Section 4 - Proforma Consolidated Cash Flow Statements for the FP 31 August 2005 and 2006.



RESINTECH BERHAD

(NO. SYARIKAT: 341662 X)



RESINTECH BERHAD ("RB") AND ITS SUBSIDIARIES ("RB Group")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION

1.2 Basis of Preparation

The proforma consolidated financial information is prepared using the audited financial statements of RB, RPSB Group and RKSB for the Relevant Financial Period, unless otherwise stated.

The proforma consolidated financial information has been prepared in accordance with approved accounting standards in Malaysia consistent with those previously adopted in the preparation of the audited financial statements of RB Group at 31 August 2006, and after incorporating adjustments that are appropriate for the preparation of the proforma consolidated financial information.

The proforma consolidated balance sheets together with the accompanying notes thereto, have been prepared solely for illustrative purposes, to show the effects of the following schemes had the schemes been implemented and completed on 31 August 2006:-

Listing Scheme

RB seeks a listing on the Second Board of Bursa Malaysia Securities Berhad ("Bursa Securities"). The listing scheme comprises the following:-

- (a) public issue of 13,880,000 new ordinary shares of RM0.50 each in RB at an issue price of RM0.70 per new ordinary share, payable in full on application comprising:-
 - (i) 6,000,000 new ordinary shares available for application by the Malaysian public, of which at least 30% is to be set aside for Bumiputera individuals, companies, co-operatives, societies and institutions;
 - (ii) 2,783,000 new ordinary shares available for application by eligible directors, employees and business associates of RB and its subsidiaries;
 - (iii) 500,000 new ordinary shares reserved for application by Bumiputera investors approved by the Ministry of International Trade and Industry; and
 - (iv) 4,597,000 new ordinary shares available to identified investors by way of private placement, of which at least 30% is to be set aside for Bumiputera individuals, companies, co-operatives, societies and institutions ("Public Issue");
- (b) offer for sale by the offerors of 5,100,000 ordinary shares of RM0.50 each in RB available by way of private placement to identified investors at an offer price of RM0.70 per ordinary share, of which at least 30% is to be set aside for Bumiputera individuals, companies, co-operatives, societies and institutions ("Offer for Sale");

12.0 FINANCIAL INFORMATION (Continued)



RESINTECH BERHAD

(NO. SYARIKAT: 341662 X)



RESINTECH BERHAD ("RB") AND ITS SUBSIDIARIES ("RB Group")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION

1.2 Basis of Preparation (Cont'd)

Listing Scheme (Cont'd)

- (c) the establishment of an Employee Share Option Scheme ("ESOS") by RB which provides an option to its eligible directors and employees to subscribe for new ordinary shares in RB amounting up to 15% of the enlarged issued and paid-up share capital ("ESOS"); and
- (d) the listing of and quotation for the entire enlarged issued and paid-up share capital of RB comprising 98,000,000 ordinary shares of RM0.50 each on the Second Board of Bursa Securities.

2. PROFORMA CONSOLIDATED INCOME STATEMENTS OF RB GROUP

	Financial Year Ended 29/28 February			Six-month Financial Period Ended 31 August	
	2004 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000
Revenue	51,872	53,996	60,913	28,576	43,652
Cost of sales	(32,558)	(39,215)	(45,530)	(21,542)	(35,170)
Gross profit ("GP")	19,314	14,781	15,383	7,034	8,482
Other operating income	2,193	968	334	196	744
	21,507	15,749	15,717	7,230	9,226
Selling and distribution expenses	(1,034)	(990)	(1,146)	(543)	(796)
Administrative expenses	(3,295)	(3,785)	(4,134)	(2,066)	(2,347)
Other operating expenses	(2,409)	(1,413)	(1,441)	(728)	(1,053)
Profit from operations	14,769	9,561	8,996	3,893	5,030
Finance costs	(3,412)	(2,571)	(2,331)	(1,023)	(1,613)
Profit before taxation ("PBT")	11,357	6,990	6,665	2,870	3,417
Depreciation	5,818	5,842	5,962	2,868	3,177
Interest expense	3,322	2,364	2,049	1,023	1,405
Interest income	(332)	-	(1)	-	-
Earnings before interest, depreciation and taxation	20,165	15,196	14,675	6,761	7,999
Depreciation	(5,818)	(5,842)	(5,962)	(2,868)	(3,177)
Interest expense	(3,322)	(2,364)	(2,049)	(1,023)	(1,405)
Interest income	332	-	1	-	-
PBT	11,357	6,990	6,665	2,870	3,417
Taxation	(1,555)	(582)	(234)	(269)	(423)
Profit after taxation ("PAT")	9,802	6,408	6,431	2,601	2,994

LOT 3 & 5, JALAN WAJA 14, KAWASAN PERINDUSTRIAN TELOK PANGLIMA GARANG,
42500 TELOK PANGLIMA GARANG, SELANGOR DARUL EHSAN, MALAYSIA.

TEL: 603-3122 2422/8 FAX: 603-3122 2411

Website: www.resintechmalaysia.com

Email: resinteh@tm.net.my / resinteh@streamyx.com

12.0 FINANCIAL INFORMATION (Continued)



RESINTECH BERHAD

(NO. SYARIKAT: 341662 X)



RESINTECH BERHAD ("RB") AND ITS SUBSIDIARIES ("RB Group")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION

2. PROFORMA CONSOLIDATED INCOME STATEMENTS OF RB GROUP (CONT'D)

	Financial Year Ended 29/28 February			Six-month Financial Period Ended 31 August	
	2004 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000
Attributable to					
Equity holders of the parent	9,777	6,394	6,395	2,599	2,961
Minority interests ("MI")	25	14	36	2	33
	9,802	6,408	6,431	2,601	2,994
GP margin	37.2%	27.4%	25.3%	24.6%	19.4%
PBT margin	21.9%	12.9%	10.9%	10.0%	7.8%
PAT margin	18.9%	11.9%	10.6%	9.1%	6.9%
Effective tax rate	13.7%	8.3%	3.5%	9.4%	12.4%
Interest coverage (times)	4.4	4.0	4.3	3.8	3.4
Inventories turnover period (months)	4.2	4.6	5.4	5.3	4.0
Trade receivables turnover period (months)	3.6	2.7	3.7	3.3	2.9
Trade payables turnover period (months)	2.3	1.3	1.3	2.0	1.1
Gearing ratio (times)	1.3	0.8	0.7	0.7	1.0
Assumed number of shares in issue of RM0.50 # ('000)	77,765	84,120	84,120	84,120	84,120
Gross earnings per share ("EPS") based on assumed number of shares in issue * (sen)	14.6	8.3	7.9	3.4	4.1
Net EPS based on assumed number of shares in issue * (sen)	12.6	7.6	7.6	3.1	3.5

Notes:-

- (i) # - Assumed weighted average number of ordinary shares in issue before the Public Issue and ESOS.
- (ii) * - The Gross EPS and Net EPS were computed by dividing the PBT and PAT after MI respectively by the assumed number of shares in issue during the Relevant Financial Period.

12.0 FINANCIAL INFORMATION (Continued)



RESINTECH BERHAD

(NO. SYARIKAT: 341662 X)



RESINTECH BERHAD ("RB") AND ITS SUBSIDIARIES ("RB Group")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION

3. PROFORMA CONSOLIDATED BALANCE SHEETS/STATEMENT OF ASSETS AND LIABILITIES OF RB GROUP

	NOTE	Audited as at 28.2.2006 RM	Audited as at 31.8.2006 RM	Proforma I after public issue and utilisation of proceeds RM	Proforma II after Proforma I and Full exercise of ESOS RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and machinery	3.3	60,201	77,064	77,064	77,064
CURRENT ASSETS					
Inventories	3.4	20,505	23,566	23,566	23,566
Amount due from contract customers	3.5	46	7	7	7
Trade receivables	3.6	18,642	21,282	21,282	21,282
Other receivables, deposits and prepayments		2,643	1,589	1,589	1,589
Tax refundable		55	106	106	106
Cash and bank balances	3.7	2,828	6,821	7,943	18,233
		<u>44,719</u>	<u>53,371</u>	<u>54,493</u>	<u>64,783</u>
TOTAL ASSETS		<u>104,920</u>	<u>130,435</u>	<u>131,557</u>	<u>141,847</u>
EQUITY AND LIABILITIES					
EQUITY					
Share capital	3.8	42,060	42,060	49,000	56,350
Share premium	3.9	1	1	1,177	4,117
Retained profits		8,642	11,604	11,604	11,604
SHAREHOLDERS' EQUITY		<u>50,703</u>	<u>53,665</u>	<u>61,781</u>	<u>72,071</u>
MINORITY INTERESTS		<u>124</u>	<u>157</u>	<u>157</u>	<u>157</u>
TOTAL EQUITY		<u>50,827</u>	<u>53,822</u>	<u>61,938</u>	<u>72,228</u>
NON-CURRENT LIABILITIES					
Long-term borrowings	3.10	3,719	14,494	14,494	14,494
Deferred tax liabilities	3.11	10,258	10,236	10,236	10,236
		<u>13,977</u>	<u>24,730</u>	<u>24,730</u>	<u>24,730</u>
CURRENT LIABILITIES					
Amount due to contract customers	3.5	93	21	21	21
Trade payables	3.12	4,940	6,201	6,201	6,201
Other payables and accruals		3,188	3,628	3,628	3,628
Provision for taxation		181	324	324	324
Short-term bank borrowings	3.13	22,767	34,185	30,604	30,604
Bank overdrafts	3.16	8,947	7,524	4,111	4,111
		<u>40,116</u>	<u>51,883</u>	<u>44,889</u>	<u>44,889</u>
TOTAL LIABILITIES		<u>54,093</u>	<u>76,613</u>	<u>69,619</u>	<u>69,619</u>
TOTAL EQUITY AND LIABILITIES		<u>104,920</u>	<u>130,435</u>	<u>131,557</u>	<u>141,847</u>
Number of ordinary shares in issue ('000)		<u>84,120</u>	<u>84,120</u>	<u>98,000</u>	<u>112,700</u>
Net Tangible Assets ("NTA") (RM'000)		<u>50,703</u>	<u>53,665</u>	<u>61,781</u>	<u>72,071</u>
NTA per ordinary share (RM)		<u>0.60</u>	<u>0.64</u>	<u>0.63</u>	<u>0.64</u>

LOT 3 & 5, JALAN WAJA 14, KAWASAN PERINDUSTRIAN TELOK PANGLIMA GARANG,
42500 TELOK PANGLIMA GARANG, SELANGOR DARUL EHSAN, MALAYSIA.

TEL: 603-3122 2422/8 FAX: 603-3122 2411

Website: www.resintechmalaysia.com

Email: resinteh@tm.net.my / resinteh@streamyx.com

12.0 FINANCIAL INFORMATION *(Continued)*

RESINTECH BERHAD

(NO. SYARIKAT: 341662 X)

**RESINTECH BERHAD ("RB") AND ITS SUBSIDIARIES ("RB Group")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION****3.1 Proforma I**

Proforma I incorporates the Public Issue and utilisation of proceeds. The proceeds will be utilised as follows:-

	RM'000
Working capital	1,122
Repayment of short-term bank borrowings	6,994
Estimated listing expenses	1,600
	9,716

3.2 Proforma II

Proforma II incorporates the effects of Proforma I and the full exercise of ESOS.

The fair values of the Options to be granted pursuant to ESOS have not been accounted for in the Proforma Consolidated Balance Sheets as the Options will only be granted after the financial year ending 28 February 2007. The effect, if the fair values of the Options had been accounted for, would be a decrease in the retained profits with a corresponding increase in the capital reserve account.

3.3 Property, Plant And Equipment

	Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
Freehold land, short and long			
leasehold land and buildings	40,536	(3,283)	37,253
Plant, machinery, tools, equipment and mould	64,768	(31,122)	33,646
Furniture, fittings and office equipment	1,692	(1,282)	410
Motor vehicles and forklifts	3,990	(2,246)	1,744
Electrical installation and renovation	2,592	(1,726)	866
Capital work-in-progress	3,145	-	3,145
	116,723	(39,659)	77,064

Audited as at 31 August 2006

12.0 FINANCIAL INFORMATION (Continued)

RESINTECH BERHAD
(NO. SYARIKAT: 341662 X)

**RESINTECH BERHAD ("RB") AND ITS SUBSIDIARIES ("RB Group")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION****3.3 Property, Plant And Equipment (Cont'd)**

- (a) The net book value of the freehold land, short and long leasehold land and buildings at the balance sheet date were as follows:-

	RM'000
Freehold land	3,233
Short leasehold land	512
Long leasehold land	12,771
Buildings	20,737
Audited as at 31 August 2006	<u>37,253</u>

- (b) The net book value of the property, plant and equipment at the balance sheet date pledged as security with the bank for credit facilities were as follows:-

	RM'000
Freehold land and building	4,677
Long leasehold land and buildings	28,966
Plant and machinery	7,337
Audited as at 31 August 2006	<u>40,980</u>

- (c) Included in the net book value of the property, plant and equipment at the balance sheet date were the following assets acquired under hire purchase terms:-

	RM'000
Plant and machinery	157
Motor vehicles	1,154
Audited as at 31 August 2006	<u>1,311</u>

- (d) The title to the following assets have not yet been issued by the relevant authorities:-

	RM'000
At net book value:-	
Short leasehold land	274
Long leasehold land	29,065
Audited as at 31 August 2006	<u>29,339</u>

12.0 FINANCIAL INFORMATION *(Continued)*

RESINTECH BERHAD

(NO. SYARIKAT: 341662 X)

**RESINTECH BERHAD (“RB”) AND ITS SUBSIDIARIES (“RB Group”)****PROFORMA CONSOLIDATED FINANCIAL INFORMATION****3.4 Inventories**

	RM'000
At cost:-	
Raw materials	5,509
Work-in-progress	30
Finished goods	18,027
	<hr/>
Audited as at 31 August 2006	23,566

None of the inventories was carried at fair value less costs to sell, at the balance sheet date.

3.5 Amounts Due From/(To) Contract Customers

	RM'000
Contract cost incurred	1,415
Attributable profit	345
	<hr/>
Progress billings	1,760
	(1,774)
	<hr/>
Net amount due to contract customers	(14)

The net amount due to contract customers comprises the following:-

	RM'000
Amount due from contract customers	7
Amount due to contract customers	(21)
	<hr/>
Audited as at 31 August 2006	(14)

12.0 FINANCIAL INFORMATION *(Continued)*

RESINTECH BERHAD

(NO. SYARIKAT: 341662 X)

**RESINTECH BERHAD ("RB") AND ITS SUBSIDIARIES ("RB Group")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION****3.6 Trade Receivables**

	RM'000
Trade receivables	23,008
Allowance for doubtful debts:-	
As at 1 March 2006	(1,562)
Addition during the financial year	(318)
Writeback during the financial year	154
As at 31 August 2006	(1,726)
Audited as at 31 August 2006	<u>21,282</u>

RB Group's normal credit terms range from 30 to 120 days. Other credit terms are assessed and approved on a case-by-case basis.

The foreign currency exposure profile of trade receivables of RB Group is as follows:-

	RM'000
Singapore Dollar	<u>286</u>

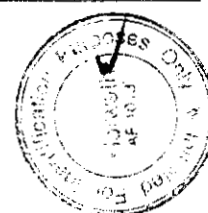
3.7 Cash And Bank Balances

	RM'000
Audited as at 31 August 2006	6,821
Proceeds from Public Issue	9,716
Utilisation of proceeds:	
- estimated listing expenses	(1,600)
- repayment of short-term borrowings	(6,994)
As per Proforma I	<u>7,943</u>
Proceeds from exercise of ESOS	10,290
As per Proforma II	<u>18,233</u>

12.0 FINANCIAL INFORMATION (Continued)

RESINTECH BERHAD

(NO. SYARIKAT: 341662 X)

**RESINTECH BERHAD (“RB”) AND ITS SUBSIDIARIES (“RB Group”)****PROFORMA CONSOLIDATED FINANCIAL INFORMATION****3.8 Share Capital**

As at the date of this report, the authorised share capital of RB is RM100,000,000 comprising 200,000,000 ordinary shares of RM0.50 each.

The issued and paid-up share capital of RB as of the date of this report is RM42,060,000 comprising 84,120,000 ordinary shares of RM0.50 each.

The movements in the issued and paid-up share capital of RB are as follows:-

	Par Value	Number of Ordinary Shares ('000)	Amount of Share Capital RM'000
Audited as at 31 August 2006	0.50	84,120	42,060
Public Issue	0.50	13,880	6,940
As per Proforma I	0.50	98,000	49,000
Exercise of ESOS	0.50	14,700	7,350
As per Proforma II	0.50	112,700	56,350

3.9 Share Premium

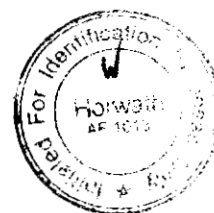
The movements in the share premium account are as follows:-

	RM'000
Audited as at 31 August 2006	1
Public issue	2,776
Estimated listing expenses	(1,600)
As per Proforma I	1,177
Exercise of ESOS	2,940
As per Proforma II	4,117

The share premium is not distributable by way of cash dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act, 1965.

12.0 FINANCIAL INFORMATION *(Continued)*

RESINTECH BERHAD
(NO. SYARIKAT: 341662 X)

**RESINTECH BERHAD (“RB”) AND ITS SUBSIDIARIES (“RB Group”)****PROFORMA CONSOLIDATED FINANCIAL INFORMATION****3.10 Long-term Borrowings**

	RM'000
Secured:-	
Hire purchase payables (Note 3.14)	259
Term loans (Note 3.15)	14,235
	<hr/>
Audited as at 31 August 2006	14,494
	<hr/>

3.11 Deferred Tax Liabilities

The components of the deferred tax liabilities are as follows:-

	RM'000
Accelerated capital allowances	6,008
Revaluation of properties	4,228
	<hr/>
Audited as at 31 August 2006	10,236
	<hr/>

3.12 Trade Payables

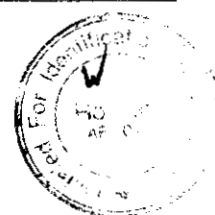
The normal trade credit terms granted to RB Group range from 30 to 90 days.

3.13 Short-term Borrowings

	RM'000
Secured:-	
Bills payable	28,483
Hire purchase payables (Note 3.14)	305
Term loans (Note 3.15)	5,397
	<hr/>
Audited as at 31 August 2006	34,185
Utilisation of proceeds:	
- repayment of short-term borrowings	(3,581)
	<hr/>
As per Proforma I and II	30,604
	<hr/>

12.0 FINANCIAL INFORMATION *(Continued)***RESINTECH BERHAD**

(NO. SYARIKAT: 341662 X)

**RESINTECH BERHAD ("RB") AND ITS SUBSIDIARIES ("RB Group")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION****3.13 Short-term Borrowings (Cont'd)**

The bills payable of RB Group at the balance sheet date bore effective interest at rates ranging from 4.04% to 8.50% per annum and are secured by way of:-

- (a) legal charges over certain freehold land, long leasehold land and buildings of a subsidiary and of a related party;
- (b) a debenture over certain plant and machinery of a subsidiary; and
- (c) a joint and several guarantee of certain directors of a subsidiary and a related party.

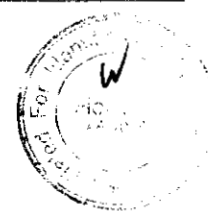
3.14 Hire Purchase Payables

	RM'000
Future minimum hire purchase payments	
- not later than one year	339
- later than one year and not later than five years	291
	<hr/> 630
Less: Future finance charges	(66)
	<hr/> 564
Current:	
- not later than one year (Note 3.13)	305
Non-current	
- later than one year and not later than five years (Note 3.10)	259
	<hr/> 564
Audited as at 31 August 2006	<hr/> <hr/> 564

The hire purchase payables of RB Group at the balance sheet date bore effective interest at rates ranging from 6.14% to 7.87% per annum.

12.0 FINANCIAL INFORMATION (Continued)**RESINTECH BERHAD**

(NO. SYARIKAT: 341662 X)

**RESINTECH BERHAD ("RB") AND ITS SUBSIDIARIES ("RB Group")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION****3.15 Term Loans**

	RM'000
Secured:-	
Not later than one year (Note 3.13)	5,397
Later than one year and not later than five years (Note 3.10)	14,235
	<hr/>
Audited as at 31 August 2006	19,632
	<hr/>

Term loan	Number of monthly instalment	Monthly instalment RM	Effective date of repayment	RM'000
1	84	101,473	February 2002	2,184
2	60	124,570	January 2002	387
3	180	35,770	March 1998	1,218
4	180	21,596	November 1996	700
5	36	66,049	December 2005	347
6	60	11,952	March 2006	681
7	84	94,840	May 2006	1,133
8	60	63,300	August 2006	3,777
9	60	193,000	October 2006	9,205
				<hr/>
				19,632
				<hr/>

The term loans of RB Group at the balance sheet date bore effective interest at rates ranging from 4.18% to 8.60% per annum and are secured in the same manner as the bills payable disclosed in Note 3.13 to the Proforma Consolidated Financial Information.

3.16 Bank Overdrafts

	RM'000
Audited as at 31 August 2006	7,524
Utilisation of proceeds:	
- repayment of short-term borrowings	(3,413)
	<hr/>
As per Proforma I and II	4,111
	<hr/>

The bank overdrafts of RB Group at the balance sheet date bore effective interest at rates ranging from 7.75% to 8.60% per annum and are secured in the same manner as the bills payable as disclosed in Note 3.13 to the Proforma Consolidated Financial Information.

12.0 FINANCIAL INFORMATION (Continued)
RESINTECH BERHAD

(NO. SYARIKAT: 341662 X)

**RESINTECH BERHAD ("RB") AND ITS SUBSIDIARIES ("RB Group")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION****4. PROFORMA CONSOLIDATED CASH FLOW STATEMENTS OF RB GROUP**

	FP 31.8.2005 RM'000	FP 31.8.2006 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,870	3,418
Adjustments for:-		
Allowance for doubtful debts	185	318
Depreciation of property, plant and equipment	2,868	3,177
Equipment written off	4	5
Interest expense	1,023	1,405
Allowance for doubtful debts written back	(14)	(154)
Net gain on disposal of plant and equipment	-	(103)
Reversal of impairment loss	(27)	-
Operating profit before working capital changes	6,909	8,066
Increase in inventories	(3,760)	(3,061)
Increase in trade and other receivables	(3,675)	(1,750)
Increase in trade and other payables	2,293	1,702
Increase/(Decrease) in net amount owing to contract customers	1	(33)
CASH FROM OPERATIONS	1,768	4,924
Income tax paid	(377)	(354)
Interest paid	(1,023)	(1,405)
NET CASH FROM OPERATING ACTIVITIES	368	3,165
CASH FLOWS FOR INVESTING ACTIVITIES		
Proceeds from disposal of plant and equipment	3	190
Purchase of property, plant and equipment	(598)	(19,882)
NET CASH FOR INVESTING ACTIVITIES	(595)	(19,692)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bills payable	6,486	8,945
Drawdown of term loans	-	15,174
Repayment of hire purchase payables	(345)	(261)
Repayment of term loans	(2,171)	(1,915)
Repayment to a director	(17)	-
Repayment from related parties	41	-
NET CASH FROM FINANCING ACTIVITIES	3,994	21,943
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,767	5,416
CASH AND CASH EQUIVALENTS AT 1.3.2005/2006	(7,604)	(6,119)
CASH AND CASH EQUIVALENTS 31.8.2005/2006	(3,837)	(703)

Note:-

The consolidated cash flow statement of RB Group has been prepared before taking into account the proceeds from the Public Issue and utilisation of proceeds, and proceeds from the exercise of ESOS.

12.0 FINANCIAL INFORMATION (Continued)

12.5 Management's Discussion And Analysis Of Operating Results, Trends and Liquidity and Capital Resources

The following management's discussion on and analysis of our operating results, recent trends and liquidity and capital resources should be read together with our proforma consolidated financial information and the related notes thereon for the past three (3) financial years up to the FYE 28 February 2006 and six (6) month financial periods ended 31 August 2005 and 2006 as set out in Sections 12.1 to 12.4 of this Prospectus. This discussion and analysis contains data derived from the audited financial statements of our Group as well as forward-looking statements that involve certain risks and uncertainties. Our results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 4 of this Prospectus.

Save as disclosed in Sections 4, 5 and 12 of this Prospectus, there are no other known trends, demands, commitments, events or uncertainties that:-

- (i) have had or that we reasonably expect to have, a material favourable or unfavourable impact on our financial performance, position and operations; and
- (ii) would cause our historical financial statements to be not necessarily indicative of our future financial performance.

12.5.1 Overview of our operations

We are involved in the design, manufacturing and the marketing of a range of PE, PP, uPVC and ABS pipes and fittings and water tanks to be used in a variety of applications. These products primarily cater to the construction, infrastructure, water, drainage, sewerage, wastewater, energy and telecommunications industries and sectors. RPSB also provides services in the areas of sewerage pipe diagnostics and maintenance, and sewerage treatment plant consultancy via its subsidiaries RESB and RTWSB respectively.

With the recent Acquisition of New Assets and the subsequent acquisition of RKSB we have enhanced our core business as it allows us to increase our production capacity of HDPE pipes. We are able to increase our capability of producing pipes from 450 mm to 1200 mm in size. We have also been granted a license to manufacture Weholite PE pipes (a type of HDPE pipe). Weholite PE pipes are constructed using a patented structured wall process, making it possible to manufacture pipes with diameters up to 3000 mm. We are now also able to diversify and enhance our product range with the inclusion of gas pipes and fittings for the gas industry and pipes of sizes from 300 mm to 2000 mm.

[The rest of this page is intentionally left blank]

12.0 FINANCIAL INFORMATION (Continued)

The primary factors which have affected and are expected to continue to affect our revenue include but not limited to the following:-

(a) Price of resin

We purchase a lot of resins to manufacture our PE, PP, uPVC and ABS pipes, tanks and fittings. The cost of resins represents substantial portion of our cost of sales, accounting for approximately 71%, 78% and 80% in FYE 2004, 2005 and 2006 respectively. As resin is a petrochemical based raw materials, the price of resin generally follows the price trend of crude oil, which recently has been highly volatile. Resin price increases are not always the same magnitude or direction as changes in the selling price of our Group's products. As a result, increases in resin prices may have a material adverse effect on our Group's margins and cash flow, if such increases cannot be fully passed on to our customers through the products and services that we sell or provide. Volatility in resin prices also puts pressure on margins, as the increases in our sales price may lag behind resin price increases. Resin price increases may also adversely affect our liquidity and cash flow requirements. The risk factor relating to the price of resins is further discussed in Section 4.1.2 of this Prospectus.

12.5.2 Segmental analysis

The following is our segmental analysis for the past three (3) FYE 28 February 2006 and six (6) month financial periods ended 31 August 2005 and 2006 prepared based on our proforma consolidated results on the assumption that our Group has been in existence throughout the period under review.

(a) Analysis of revenue by companies

Companies	<-----FYE 28/29 February----->			Six (6) month financial periods ended 31 August	
	2004 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000
RPSB	50,313	52,364	58,549	28,654	40,840
RESB	1,340	1,305	965	674	333
RTWSB	385	726	902	354	815
RSSB	3,101	3,360	3,997	1,743	2,112
VMSSB	419	360	473	271	331
ELSB	540	540	540	270	195
RPMSB	-	36	30	18	136
RKSB	-	-	-	-	4,157
	56,098	58,691	65,456	31,984	48,919
Elimination of inter-company transactions	(4,226)	(4,695)	(4,543)	(3,408)	(5,267)
	51,872	53,996	60,913	28,576	43,652

12.0 FINANCIAL INFORMATION (Continued)**(b) Analysis of revenue by products and services**

Products & Services	<-----FYE 28/29 February----->			Six (6) month financial periods ended 31 August	
	2004	2005	2006	2005	2006
	RM'000	RM'000	RM'000	RM'000	RM'000
HPDE Corrugated Sewer Pipes	16,078	12,630	13,849	7,516	6,530
HDPE Pipes	15,616	18,875	25,570	10,416	26,820
HDPE Corrugated Cable Pipes	4,548	3,271	4,635	2,007	4,437
HDPE Corrugated Pipe Fittings	4,574	3,772	3,846	2,111	1,839
HDPE Corrugated Drainage Pipes	3,767	3,241	3,671	1,733	1,991
PVC Pipes	4,369	7,582	4,727	2,863	2,126
Poly Water Tanks	2,224	2,935	2,582	1,625	1,331
HDPE Fittings	990	62	371	295	113
Individual Treatment System	747	1,795	1,821	1,030	717
Underground pipes	444	1,357	519	306	230
Moulds	419	360	473	271	331
Feed storage bins	389	321	-	-	-
CCTV Services	226	546	520	427	58
Fittings	725	438	390	222	190
Designing, contracting and consulting revenue	385	727	902	354	815
Others	597	779	1,580	808	1,391
	56,098	58,691	65,456	31,984	48,919
Elimination of inter-company transactions	(4,226)	(4,695)	(4,543)	(3,408)	(5,267)
Total	51,872	53,996	60,913	28,576	43,652

(c) Analysis of PAT by companies

Companies	<-----FYE 28/29 February----->			Six (6) month financial periods ended 31 August	
	2004	2005	2006	2005	2006
	RM'000	RM'000	RM'000	RM'000	RM'000
RPSB	7,726	5,140	6,348	2,897	3,284
RESB	1,275	630	20	(19)	(19)
RTWSB	62	35	90	6	137
RSSB	127	19	(112)	(163)	(20)
VMSSB	(7)	(70)	3	13	49
ELSB	202	139	90	108	(8)
RPMSB	(2)	2	4	4	5
RB	-	(10)	(36)	(32)	(17)
RKSB	-	-	-	-	(330)
	9,383	5,885	6,407	2,814	3,081
Consolidation adjustments	419	523	24	(213)	(87)
	9,802	6,408	6,431	2,601	2,994

12.0 FINANCIAL INFORMATION (Continued)**12.5.3 Key financial ratios**

The table below sets out the key financial ratios for the past three (3) FYE 28 February 2006 and six (6) month financial periods ended 31 August 2005 and 2006 which are provided for illustrative purposes only and prepared based on our proforma consolidated results on the assumption that our Group has been in existence throughout the years under review.

	<----FYE 28/29 February---->			Six (6) month financial periods ended 31 August	
	2004	2005	2006	2005	2006
Gross profit margin (%)	37.2	27.4	25.3	24.6	19.4
PBT margin (%)	21.9	12.9	10.9	10.0	7.8
PAT margin (%)	18.9	11.9	10.6	9.1	6.9
Effective tax rate (%)	13.7	8.3	3.5	9.4	12.4
Interest coverage (times)	4.4	4.0	4.3	3.8	3.4
Inventories turnover period (months)	4.2	4.6	5.4	5.3	4.0
Trade receivables turnover period (months)	3.6	2.7	3.7	3.3	2.9
Trade payables turnover period (months)	2.3	1.3	1.3	2.0	1.1
Gearing ratio (times)	1.3	0.8	0.7	0.7	1.0
Assumed number of ordinary shares in issue before the Public Issue and ESOS	77,765	84,120	84,120	84,120	84,120
Gross EPS* (sen)	14.6	8.3	7.9	3.4	4.1
Net EPS* (sen)	12.6	7.6	7.6	3.1	3.5

Note:-

* The Gross EPS and Net EPS were computed by dividing the PBT and PATMI respectively by the assumed number of ordinary shares in issue during the relevant financial years.

12.5.4 Overview of the proforma financial results of the past three (3) FYE 28 February 2006 and six (6) month financial period ended 31 August 2006**Operational results for the FYE 29 February 2004**Revenue

Our turnover for FYE 29 February 2004 increased by approximately 9% or approximately RM4.3 million to approximately RM51.9 million as compared to FYE 28 February 2003 mainly due the slight increase in demand for the HDPE product series and the introduction of new products i.e. ISTP in East Malaysia.

Gross profit and GP margin

Gross profit for FYE 29 February 2004 increased by approximately 1.7% or approximately RM0.7 million while GP margin remained fairly consistent. The increase in gross profit was mainly due to increase in turnover.

12.0 FINANCIAL INFORMATION *(Continued)*PBT/PAT

The PBT increased by approximately 22.5% or approximately RM2.1 million to approximately RM11.4 million and the PAT increased by approximately 32.7% or approximately RM2.4 million to approximately RM9.8 million mainly due to the increased turnover and the gain on the disposal of properties.

Operational results for the FYE 28 February 2005Revenue

Our Group turnover for FYE 28 February 2005 was slightly higher by approximately 4% or approximately RM2.1 million to RM54 million as compared to FYE 29 February 2004. The demand for PVC pipes, poly septic and water tanks and underground pipes had increased during the financial year whilst the demand for HDPE products series had decreased. The slight change in the sales mix was mainly due to the increase in selling price of the existing products arising from the increase in resin price, whereby some of the customers had switched their demands to substitute products with lower prices.

Gross profit and GP margin

Gross profit for FYE 28 February 2005 decreased by approximately 23.4% or approximately RM4.5 million while GP margin for FYE 28 February 2005 decreased by approximately 9.8% mainly due to increase in resin prices which could not be fully passed on to the customers.

PBT/PAT

Despite the slight increase in turnover, our PBT and PAT for the FYE 28 February 2005 decreased by approximately 38.4% or approximately RM4.4 million and approximately 34.6% or approximately RM3.4 million respectively mainly due to the decrease in gross profit margin of approximately 9.8% in FYE 28 February 2005.

Operational results for the FYE 28 February 2006Revenue

Revenue for FYE 28 February 2006 increased further by approximately 12.8% or approximately RM6.9 million to approximately RM60.9 million as compared to FYE 28 February 2005 mainly due to the increase in demand for HDPE corrugated cable pipes, HDPE corrugated drainage pipes and HDPE sewer pipes as a result of a huge order from a new customer which amounted to approximately RM5.2 million.

Gross profit and GP margin

Gross profit for FYE 28 February 2006 increased by approximately 4% or approximately RM0.6 million and was mainly due to the increase in revenue. Despite the increase in gross profit, gross profit margin for FYE 28 February 2006 decreased by approximately 2.2% mainly due to the increase of raw material costs such as the resin prices whilst the selling prices of RB Group's products remained generally stable.

PBT/PAT

Despite the increase in revenue, PBT/PAT for FYE 28 February 2006 remained fairly consistent as compared to FYE 28 February 2005. This was mainly due to the decrease in other operating income. Other operating income for FYE 28 February 2005 comprised the gain from the disposal of property, plant and equipment and investment amounting to approximately RM0.7 million.

12.0 FINANCIAL INFORMATION *(Continued)***Operational results for the six (6) month financial period ended 31 August 2006**Revenue

Revenue for six (6) month financial period ended 31 August 2006 increased by approximately 52.8% or approximately RM15.1 million as compared to six (6) month financial period ended 31 August 2005. The increase was mainly due to increase in demand for HDPE pipes of approximately RM16.4 million as a result of certain huge orders from new customers which amounted to approximately RM7.8 million.

Gross profit and GP margin

Gross profit for six (6) month financial period ended 31 August 2006 increased by approximately 20.6% or approximately RM1.4 million as compared to six (6) month financial period ended 31 August 2005 mainly due to increased revenue. Despite the increase in gross profit, the GP margin has decreased by approximately 5.2% mainly due to production costs rising faster than selling prices.

PBT/PAT

Our PBT and PAT increased by approximately 19.1% or RM0.5 million and 15.1% or RM0.4 million respectively mainly due to increased revenue.

12.5.5 Taxation

The effective tax rates for the FYE 28/29 February 2004 to 2006 and six (6) month financial periods ended 31 August 2005 and 2006 were lower than the statutory rate mainly due to the utilisation of reinvestment allowance claimed during the financial years/periods and availability of unutilised reinvestment allowances brought forward.

12.5.6 Impact of interest rates on operating profit

Based on the last three (3) FYE 28 February 2006 figures and six (6) month financial periods ended 31 August 2005 and 2006, changes to interest rates would not have a material impact on our operating profit. The interest cover as compared to operating profit before interest and taxation ranged between 4.0 times and 4.4 times.

The following table sets out the interest expense and profits before interest and taxation for the past three (3) financial years ended 28 February 2006 and six (6) month financial periods ended 31 August 2005 and 2006:-

	<---FYE 28/29 February--->			Six (6) month financial periods ended 31 August	
	2004 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000
Interest expenses	(3,322)	(2,364)	(2,049)	(1,023)	(1,405)
Profit before interest and taxation	14,679	9,354	8,714	3,893	4,822
Interest coverage (times)	4.4	4.0	4.3	3.8	3.4

12.0 FINANCIAL INFORMATION (Continued)**12.5.7 Trade receivables and ageing analysis**

The ageing analysis of the trade receivables (net of retention sums which are due from customers on contracts) as at 31 August 2006 is as follows:-

As at 31 August 2006	← Ageing Analysis →					Allowance for Doubtful Debts	Total
	0-30 days	31-60 days	61-90 days	91-180 days	> 180 days		
Trade receivables (RM' 000)	5,772	5,831	3,364	4,410	3,468	(1,726)	21,119
% of trade receivables	27.3	27.6	15.9	20.9	16.4	(8.1)	100.0

As of the Latest Practicable Date, approximately 37.7% or RM8,615,000 of the trade receivables (net of retention sums which are due from customers on contracts) as at 31 August 2006 has been collected of which approximately RM1,742,000 of trade receivables exceeding six (6) months has also been collected. The balance of trade receivables exceeding six (6) months amounting to approximately RM1,726,000 has been provided for doubtful debts in our financial statements for the financial period ended 31 August 2006.

Our Board confirms that the trade receivables with amounts exceeding the credit period are recoverable over the foreseeable future and full provisions have been made for doubtful debts for trade receivables in dispute or under legal action and for amounts outstanding for more than six (6) months in our financial statements.

12.5.8 Commentary on our Group's liquidity and capital resources

We generally finance our growth and operations mainly through a combination of shareholders' equity, internally generated funds and banking facilities provided by financial institutions. Our principal uses of our working capital are to finance day-to-day operations such as purchases of raw materials from suppliers, payment of staff salaries and other operational expenses.

As at the Latest Practicable Date, we have banking facilities amounting approximately RM70.1 million of which approximately RM15.3 million has not been utilised. Further details of our borrowings are set out in Section 12.5.9 of this Prospectus.

Our Board is of the opinion that, after taking into consideration our present and forecast cashflow positions, existing credit facilities and the gross proceeds from the IPO, we would have adequate working capital for our business operations for a period of twelve (12) months from the date of this Prospectus.

The following summarises the various sources of cashflow of our Group for the FYE 28 February 2006 and six (6) month period ended 31 August 2006:-

	FYE 28 February 2006 RM'000	Six (6) month financial period ended 31 August 2006 RM'000
Net cash generated from/(used in):		
• Operating activities	(1,144)	3,165
• Investing activities	(2,054)	(19,692)
• Financing activities	4,683	21,943
Net increase in cash and cash equivalents	1,485	5,416

12.0 FINANCIAL INFORMATION *(Continued)*

A brief discussion on our consolidated cashflow statement for FYE 28 February 2006 is set out hereunder.

Net cashflows from the operating activities

With the operating profit before working capital changes of approximately RM14.8 million, our Group has recorded a net cash outflows from operating activities of approximately RM1.1 million. This was mainly due to:-

- a net cash outflow of approximately RM8.3 million arising from the increase in receivables. The increase in receivables was mainly due to higher credit sales recorded by RPSB for the last quarter for the FYE 28 February 2006 which amounted to approximately RM16 million;
- a major portion of the raw materials purchased towards the financial year end was tied up as inventories at the financial year end resulting in a net cash outflow of approximately RM5.4 million; and
- payments for interest from credit facilities amounting to approximately RM2 million.

Net cashflows used in the investing activities

- Our Group continued its expansion by investing approximately RM2.1 million in capital expenditure comprising:-
- the progress payments of approximately RM1.2 million mainly for the construction of new factories by RSSB and RPSB in Kota Kinabalu, Sabah and Kuching, Sarawak respectively; and
- the purchase of new machinery and moulds by RPSB of approximately RM0.6 million.

Net cashflows used in the financing activities

The net cash inflows from financing activities of approximately RM4.7 million were mainly due to the following factors:-

- our Group has a net drawdown of approximately RM9.8 million from the trade facilities for the purpose of financing the purchase of raw materials; and
- approximately RM5.1 million was used to repay the existing term loans and hire purchase obligations during the financial year.

With the surplus net cash generated during the FYE 28 February 2006 of approximately RM1.5 million, our net cash and cash equivalents position improved from a deficit of approximately RM7.6 million to a deficit of approximately RM6.1 million.

[The rest of this page is intentionally left blank]

12.0 FINANCIAL INFORMATION *(Continued)*

A brief discussion on our consolidated cashflow statement for six (6) month financial period ended 31 August 2006 is set out hereunder.

Net cashflows from the operating activities

With the operating profit before working capital changes of approximately RM8.1 million, our Group has recorded a net cashflows from operating activities of RM3.1 million. This was mainly due to cashflows of approximately RM2.2 million arising from cash sales at the end of financial period under review;

Net cashflows used in the investing activities

Our Group continued its expansion by investing approximately RM19.9 million in capital expenditure comprising mainly:-

- the progress payments of approximately RM1.5 million mainly for the construction of new factories by RSSB and RPSB in Kota Kinabalu, Sabah and Kuching, Sarawak respectively;
- the purchase of freehold land and building by RPSB of RM4.7million, and
- the purchase of new machinery and moulds by RPSB of RM13 million.

Net cashflows used in the financing activities

The net cash inflows from financing activities of approximately RM21.9 million were mainly due to the following factors:-

- our Group has a net drawdown of approximately RM8.9 million from the trade facilities for the purpose of financing the purchase of raw materials;
- drawdown of new term loans of approximately RM15.2 million for the purpose of part finance the purchase of new plant and machineries and a freehold land and building; and
- approximately RM2.2 million was used to repay the term loans and hire purchase obligations during the financial period.

With the surplus net cash generated during the financial period ended 31 August 2006 of approximately RM5.4 million, our net cash and cash equivalents position further improved from a deficit of approximately RM6.1 million to a deficit of approximately RM0.7 million.

12.5.9 Borrowings

As at the Latest Practicable Date our outstanding bank borrowings amounted to approximately RM54.9 million and consist of the following:-

	Payable within 12 months	Payable after 12 months	Total
	RM'000	RM'000	RM'000
Bills Payable	26,211	-	26,211
Bank Overdrafts	9,072	-	9,072
Terms Loans	4,646	14,415	19,061
Hire Purchase Payables	288	257	545
Total	40,217	14,672	54,889

12.0 FINANCIAL INFORMATION (Continued)

As at the Latest Practicable Date and throughout the past one (1) financial year, our Group has not defaulted on payments of interest and/or principal sums in respect of any borrowings.

All the borrowings disclosed above are interest-bearing and save as disclosed above, the Group does not have any other loan outstanding or loan created but unissued, mortgages or charges outstanding as at the Latest Practicable Date.

As at the Latest Practicable Date, we do not have any foreign currency denominated borrowings.

The gearing position of our Group as at 31 August 2006 based on our audited consolidated balance sheet as at 31 August 2006 stood at 1.05 times. Pursuant to the IPO (prior to the implementation of ESOS), the gearing position of our Group on a proforma basis would be reduced to 0.80 time.

12.5.10 Financial instrument for hedging purposes

Our Group is exposed to foreign currency risk on the purchase of plant and machinery and raw materials i.e. resins as they are predominantly in EURO and USD respectively. The Group did not enter into any forward foreign currency exchange contract during the FYE 28 February 2006. However, subsequent to the FYE 28 February 2006 up to the Latest Practicable Date the Group entered into approximately RM8.7 million forward foreign currency exchange contracts for a total amount of approximately EURO €1,847,526 and USD70,000 for the purchase of plant and machinery. Our Group entered into forward foreign currency exchange contracts to limit our exposure to foreign currency risk arising from the mentioned purchases.

12.5.11 Contingent Liabilities

As at the Latest Practicable Date, our Board is not aware of any contingent liabilities, which upon becoming enforceable, may have a material impact on our profit or net assets value.

12.5.12 Material Capital Commitments

Save as disclosed below, as at the Latest Practicable Date, our Board is not aware of any material commitments for capital expenditure incurred or known to be incurred by our Group which may have a material impact on our financial position or business:-

	RM '000
Commitments approved and contracted for*	1,738
Commitments approved but not contracted for	-
Total commitments	<u>1,738</u>

Notes:-

* The capital commitments approved and contracted for is for the following:-

- purchase of plant and machinery of approximately RM1.5 million for our operation in Telok Panglima Garang factory; and
- construction expenses of approximately RM0.23 million for the Kuching factory as stated in Section 6.11.1 (iv) of this Prospectus.

The above material capital commitments would be funded partly from the proceeds raised from the IPO and internal funds.

12.0 FINANCIAL INFORMATION *(Continued)*

12.5.13 Material Litigation

Save as disclosed below, as at the date of this Prospectus, neither our Company nor our subsidiary companies are engaged in any litigation either as plaintiff or defendant or otherwise in any legal action, proceedings or arbitration or is being prosecuted for any criminal offence, which has a material effect on our financial position or business and our Board have no knowledge of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially or adversely affect our financial position or business of our Company or our subsidiary companies:-

- (i) On 25 August 2003, RPSB filed a claim for RM840,996.26 together with interest against Trend Traders Sdn Bhd (“First Defendant”) and its guarantors, namely Ir. Mohamed Salleh bin Yunus, Ir. Othman bin Abdul Rahim (“Third Defendant”) and Ir. Zaidi bin Idris (collectively “the Defendants”) for goods sold and delivered. The Defendants filed their defence on 21 October 2003. The application for summary judgement was heard on 24 February 2004 and the claim was dismissed with costs as the Senior Assistant Registrar ruled that there was triable issue(s). RPSB had on 2 March 2004 filed its appeal to the judge in chambers and the hearing date fixed for the appeal on 15 February 2005 had been adjourned to 13 March 2007 on the application of the Defendants’ solicitors. RPSB will be relying on the letter of admission of debt written by the Third Defendant in the capacity as a director of the First Defendant to prove its claim and to discharge the burden in proving delivery of the goods. The solicitors of RPSB are of the view that the probable outcome of the case is that judgement will be entered in favour of RPSB.

[The rest of this page is intentionally left blank]

12.0 FINANCIAL INFORMATION *(Continued)***12.6 Consolidated Profit Forecast**

Our Directors forecast that our consolidated profit forecast for the financial year ending 28 February 2007 will be as follows:-

Financial year ending 28 February 2007		RM'000
Revenue		95,853
Consolidated PBT		8,229
Less: Taxation		(826)
Consolidated PAT		7,403
Less: MI		(86)
PATMI		7,317
Weighted average number of Shares in issue ¹	('000)	86,433
Gross EPS ²	(sen)	9.52
Net EPS ²	(sen)	8.47
Gross PE Multiple ³	(times)	7.35
Net PE Multiple ³	(times)	8.26

Notes:-

¹ The weighted average number of Shares in issue is computed on the basis that the Public Issue will be completed by end December 2006

² Gross EPS is calculated by dividing the consolidated PBT by the weighted average number of Shares in issue while net EPS is calculated by dividing the consolidated PATMI by the weighted average number of Shares in issue

³ Gross PE Multiple is calculated by dividing the IPO Price of RM0.70 by the gross EPS based on the weighted average number of Shares in issue while net PE Multiple is calculated by dividing the IPO Price of RM0.70 by the net EPS based on the weighted average number of Shares in issue

The principal bases and assumptions upon which the above consolidated profit forecast have been made are set out in the Reporting Accountants' letter on consolidated profit forecast as set out in Section 12.7 of this Prospectus.

[The rest of this page is intentionally left blank]

12.0 FINANCIAL INFORMATION *(Continued)*

12.7 Reporting Accountants' Letter on the Consolidated Profit Forecast
(Prepared for inclusion in this Prospectus)



Horwath *AF No 1018*
Kuala Lumpur Office
Chartered Accountants

6 November 2006

The Board of Directors
Resintech Berhad
C-15-1 Level 15 Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur

Level 16 Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur

603.2166.0000 Main
603.2166.1000 Fax

www.horwath.com.my
info@horwathkl.com

Dear Sirs/Madam

**RESINTECH BERHAD ("RB")
CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 28 FEBRUARY
2007**

We have reviewed the consolidated profit forecast of RB and its subsidiaries ("RB Group" or "the Group") for the financial year ending 28 February 2007, as set out in the accompanying statements which we have initialled for the purpose of identification in accordance with International Standard on Assurance Engagements 3400 - The Examination of Prospective Financial Information, applicable to the review of forecasts. The forecast has been prepared solely for the inclusion in the Prospectus of RB to be dated **30 NOV 2006**; in connection with the proposed listing of and quotation for the entire enlarged issued and paid-up share capital of RB on the Second Board of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and should not be relied on for any other purposes.

The listing scheme comprises the following:-

- (a) public issue of 13,880,000 new ordinary shares of RM0.50 each in RB at an issue price of RM0.70 per new ordinary share, payable in full on application ("Public Issue");
- (b) offer for sale by the offerors of 5,100,000 ordinary shares of RM0.50 each in RB available to identified investors by way of private placement at an offer price of RM0.70 per ordinary share, payable in full on application ("Offer for Sale");
- (c) the establishment of an Employee Share Option Scheme ("ESOS") by RB which provides an option to its eligible directors and employees to subscribe for new ordinary shares in RB amounting up to 15% of the enlarged issued and paid-up share capital ("ESOS"); and
- (d) the listing of and quotation for the entire enlarged issued and paid-up share capital of RB comprising 98,000,000 ordinary shares of RM0.50 each on the Second Board of Bursa Securities.

Our review has been undertaken to enable us to form an opinion as to whether the forecast, in all material respects, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by RB Group in its audited financial statements for the financial period ended 31 August 2006. The Directors of the RB Group are solely responsible for the preparation and presentation of the forecast and assumptions on which the forecast is based.

Horwath Offices in Malaysia:

Johor Bahru • Klang • Kota Kinabalu • Kuala Lumpur • Kuching • Labuan • Melaka • Penang

12.0 FINANCIAL INFORMATION *(Continued)*

Forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which the management expects to take place and the actions which the management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which the forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation could be material.

As disclosed under Specific Assumption 1 of the principal bases and assumptions of the consolidated profit forecast as set out in Section B of the accompanying statement to this letter, the Directors forecast a revenue of approximately RM95.9 million for the financial year ending 28 February 2007 based on the Directors' expectation, after due and careful preparation and review, of securing certain orders by the Group for the said financial year. The forecast for the financial year ending 28 February 2007 is therefore dependent on the Group's ability to secure the said orders to achieve the forecast revenue.

We also draw attention to Specific Assumption 3 of the principal bases and assumptions of the consolidated profit forecast as set out in Section B of the accompanying statement to this letter regarding the forecast purchase prices of resins for the Group's major products. The purchase prices of resins are indirectly dependent on the market prices of crude oil which had been volatile over the last 12 months. If the purchase prices of resins are not within the forecast range for the second half to 28 February 2007, there could be a consequential significant impact on the consolidated profit forecast for the financial year ending 28 February 2007.

Subject to the matters stated in the preceding paragraphs:-

- (i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in the accompanying statements, do not provide a reasonable basis for the preparation of the consolidated profit forecast; and
- (ii) in our opinion, the consolidated profit forecast so far as the calculation are concerned, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by RB and its subsidiaries in their audited financial statements for the financial year ended 31 August 2006.

Yours faithfully

A handwritten signature in black ink, appearing to be "H. Horwath".

Horwath
Firm No : AF 1018
Chartered Accountants

A handwritten signature in black ink, appearing to be "K.W. Lee".

Lee Kok Wai
Approval No : 2760/06/08(J)
Partner

12.0 FINANCIAL INFORMATION (Continued)**RESINTECH BERHAD**

(NO. SYARIKAT: 341662 X)

**RESINTECH BERHAD ("RB")****A. Consolidated Profit Forecast For The Financial Year Ending 28 February 2007**

The Directors of RB forecast that, based on the bases and assumptions set out below, the consolidated profit after taxation and minority interests of RB and its subsidiaries ("RB Group" or "the Group") for the financial year ending 28 February 2007 will be as follows:-

Financial year ending 28 February 2007	RM'000
Revenue	95,853
Consolidated profit before taxation	8,229
Taxation	(826)
Consolidated profit after taxation	7,403
Minority interests	(86)
Profit attributable to shareholders	7,317
Weighted average number of shares in issue ('000)	86,433
Basic earnings per share ("EPS") (sen)	8.47
Price-earnings multiple ("PE Multiple")	8.26

B. Principal Bases And Assumptions Relating To The Consolidated Profit Forecast

Details of the Proposals to be undertaken in relation to the listing of RB on the Second Board of Bursa Malaysia Securities Berhad ("Bursa Securities") are as follows:-

- (a) public issue of 13,880,000 new ordinary shares of RM0.50 each in RB at an issue price of RM0.70 per new ordinary share, payable in full on application ("Public Issue");
- (b) offer for sale by the offerors of 5,100,000 ordinary shares of RM0.50 each in RB available to identified investors by way of private placement at an offer price of RM0.70 per ordinary share, payable in full on application ("Offer for Sale");
- (c) the establishment of an Employee Share Option Scheme ("ESOS") by RB which provides an option to its eligible directors and employees to subscribe for new ordinary shares in RB amounting up to 15% of the enlarged issued and paid-up share capital ("ESOS"); and
- (d) the listing of and quotation for the entire enlarged issued and paid-up share capital of RB comprising 98,000,000 ordinary shares of RM0.50 each on the Second Board of Bursa Securities.

12.0 FINANCIAL INFORMATION (Continued)**RESINTECH BERHAD**

(NO. SYARIKAT: 341662 X)



RB

B. Principal Bases And Assumptions Relating To The Consolidated Profit Forecast (Cont'd)**Specific Assumptions**

1. There will be no major changes in the expected market demand for RB Group's products and services. The Group forecasts that revenue from its existing products and services in the financial year ending 28 February 2007 will be as follows:-

	RM'000
Manufacturing and trading:	
- Existing operations (Note a)	83,192
- New manufacturing operations (Note b)	9,191
	<hr/>
	92,383
Services	449
Contract revenue	3,021
	<hr/>
	95,853
	<hr/>

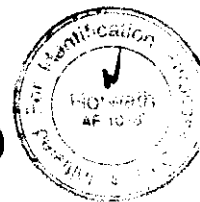
- (a) The forecast revenue from the existing manufacturing and trading operations, with an average margin of 21%, comprises the following:-

	Total forecast revenue RM'000	Actual sales up to 31 August 2006 RM'000	Revenue to be secured/ recognised RM'000
Forecast revenue with a growth rate of 23% from actual revenue achieved in the financial year ended 28 February 2006	73,107	32,761	40,346
Major sale orders secured from new customers (more than RM1.0 million per order) *	10,085	7,993	2,092
	<hr/>	<hr/>	<hr/>
	83,192	40,754	42,438
	<hr/>	<hr/>	<hr/>

* It is assumed that there will be no cancellation of orders and orders secured will be fulfilled as planned.

12.0 FINANCIAL INFORMATION (Continued)**RESINTECH BERHAD**

(NO. SYARIKAT: 341662 X)



RB

B. Principal Bases And Assumptions Relating To The Consolidated Profit Forecast (Cont'd)**Specific Assumptions (Cont'd)**

- (b) This is in respect of Resintech-Kapar Sdn. Bhd., a newly acquired subsidiary. It is assumed that this subsidiary will contribute approximately RM9.2 million to the forecast revenue with an average sales volume of 150 tonnes per month commencing June 2006.

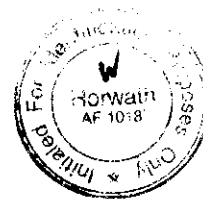
	Total forecast revenue RM'000	Actual sales up to 31 August 2006 RM'000	Revenue to be secured/ recognised RM'000
Forecast revenue to be achieved	9,191	2,030	7,161

2. There will be no significant changes in the forecast selling prices for the plastic products from the forecast level of between RM4.54/kg and RM8.77/kg.
3. There will be no significant changes in the purchase prices of resins from the forecast level. The purchase prices of resins for major products i.e. HDPE pipes and HDPE corrugated pipes are forecasted to be between RM4.49/kg and RM5.22/kg. The raw materials consumed in the manufacturing activities will form approximately 81% of the Group's cost of sales.
4. There will be sufficient manpower for the manufacturing activities and the direct labour costs are forecasted to be approximately RM173,000 per month.
5. Total electricity and water charges for the manufacturing activities are forecasted to be approximately RM214,000 per month.
6. The forecasted capital expenditure of approximately RM20.4 million will be incurred as scheduled. Total depreciation charge of property, plant and equipment is expected to be approximately RM7.3 million with no material changes to the existing depreciation rates adopted by the Group.
7. The Group will continue to enjoy the existing credit and financing facilities and additional credit and financing facilities will be obtained as required. Interest rates on the existing and additional credit and financing facilities will not vary significantly from the forecast level of between 6% and 9% per annum.
8. There will be no material incurrence of doubtful debts in the forecast year.

12.0 FINANCIAL INFORMATION (Continued)

RESINTECH BERHAD

(NO. SYARIKAT: 341662 X)



RB

B. Principal Bases And Assumptions Relating To The Consolidated Profit Forecast (Cont'd)

Specific Assumptions (Cont'd)

9. The Public Issue is assumed to be completed by mid December 2006 and the proceeds from the Public Issue will be received by end December 2006. The estimated listing expenses of RM1,600,000 to be incurred in respect of the Public Issue will be set-off against the share premium account.
10. The proceeds from the Public Issue will be utilised as follows:-

	RM'000
Working capital	1,122
Repayment of bank borrowings	6,994
Estimated listing expenses	1,600
	9,716

11. No options will be granted pursuant to the ESOS in the forecast year.

12.0 FINANCIAL INFORMATION *(Continued)***RESINTECH BERHAD**

(NO. SYARIKAT: 341662 X)

**RB****B. Principal Bases And Assumptions Relating To The Consolidated Profit Forecast (Cont'd)****General Assumptions**

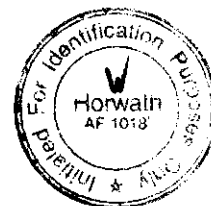
1. There will be no significant changes in the principal activities and existing group structure of the RB Group, other than those incorporated in the forecast.
2. There will not be any loss of the Group's existing customers and business alliances that will materially affect the revenue of the Group, and it is assumed that there will be no significant occurrences of bad and doubtful debts.
3. There will be no significant changes in the key management and operating structure of the Group.
4. There will be no major breakdown in manufacturing facilities as well as industrial disputes or disruptions in the supply of raw materials by major suppliers or any other abnormal factors which will adversely affect the operations, income and expenditure of the Group at the forecasted levels.
5. Inflation and foreign currency exchange rates will not fluctuate significantly from the present and forecast level. Administrative and other operating expenses are forecast to increase in tandem with the level of operations of the Group and the effects of inflation, where applicable, have been incorporated in the forecast of administrative and other operating expenses. The Malaysian Ringgit to the United States Dollar ("USD") will not fluctuate significantly from the average currency exchange rate used in the forecast of USD1 = RM3.71.
6. There will be no significant changes to the prevailing political conditions in Malaysia and the foreign markets in which the Group operates and intends to penetrate into that may have an adverse effect on the activities and performance of the Group.
7. The Malaysian economy will perform in line with the government's projections during the forecast year without any unfavourable global economic impact.
8. There will be no significant changes in the present legislation or government regulations, direct or indirect taxes and duties, which will adversely affect the activities of the Group. The income tax rate in Malaysia for the year of assessment 2007 is 27% with no significant changes in the bases of taxation, applicable to the Group.
9. There will be no major proceedings against the Group which will adversely affect the activities or performance of the Group or give rise to any contingent liabilities which will materially affect the financial position or business of the Group.

12.0 FINANCIAL INFORMATION *(Continued)*



RESINTECH BERHAD

(NO. SYARIKAT: 341662 X)



RB

B. Principal Bases And Assumptions Relating To The Consolidated Profit Forecast (Cont'd)

General Assumptions (Cont'd)

10. There will be no significant changes in the accounting policies presently adopted by the Group. The adoption of new Financial Reporting Standards ("FRS") by the Group for the financial year beginning 1 March 2006 will not have any significant effect on the profit forecast.
11. There will be no material disposal of property, plant and equipment or investments in the forecast year.

12.0 FINANCIAL INFORMATION (Continued)**12.8 Directors' Analysis and Commentary on the Consolidated Profit Forecast**

Our Directors have reviewed and analysed the reasonableness of the bases and assumptions stated in the consolidated profit forecast for the financial year ending 28 February 2007 and after due and careful inquiry, our Directors are of the view that the consolidated profit forecast has been prepared on the bases and accounting principles consistent with those previously adopted in the preparation of the audited financial statements.

Further, our Directors are of the opinion that the consolidated profit forecast are reasonable and fair on their achievability in light of our on-going operations, the assumption made including but not limited to the future prospects of the industries in which we operate and the future plans and strategies to be adopted by our Group as well as after taking into consideration our forecast level of gearing, liquidity and working capital requirements and our existing level of gearing, liquidity and working capital requirements as set out in Sections 12.5.8 and 12.5.9 of this Prospectus. In addition to the stated assumptions, the consolidated profit forecast was also estimated based on actual sales from 1 March 2006 up to 31 August 2006 of approximately RM40.8 million and estimated sales amount of approximately RM4.2 million from secured orders up to the Latest Practicable Date.

12.9 Sensitivity Analysis

The principal bases and assumptions upon which the sensitivity analysis on our PATMI have been made are as follows:-

- (i) The selected variable item will vary $\pm 5\%$ and $\pm 10\%$ from the base case;
- (ii) Effective tax rate as per the base case apply except for loss instances where no tax is assumed payable; and
- (iii) Except for the assumption in (i) and (ii), the same assumptions for the other items in the base case shall apply.

The following scenarios attempt to show the impact of changes in PATMI together with changes in our selling price and resin price.

(a) Changes in selling price**Consolidated profit forecast for the financial year ending 28 February 2007**

	-10%	-5%	0%	+5%	+10%
	RM'000	RM'000	RM'000	RM'000	RM'000
PATMI	(989)	3,166	7,317	11,474	15,629

(b) Changes in resin price**Consolidated profit forecast for the financial year ending 28 February 2007**

	-10%	-5%	0%	+5%	+10%
	RM'000	RM'000	RM'000	RM'000	RM'000
PATMI	12,858	10,089	7,317	4,551	1,782

Based on the above assumption an increase in selling prices of 5% and 10% will increase the PATMI by 56.8% and 113.6% respectively. Whereas a decrease in selling prices of 5% and 10% will decrease the PATMI by 56.7% and 86.5% respectively. However, an increase in resin price of 5% and 10% will decrease the PATMI by 37.8% and 75.6% each respectively. A decrease in resin price of 5% and 10% will increase the PATMI by 37.9% and 75.7% respectively.

12.0 FINANCIAL INFORMATION (Continued)

Our Board has reviewed and analysed the bases and assumptions used upon which the sensitivity analysis of our profit forecast have been made. Based on the above assumptions and the sensitivity analysis, our PATMI is more sensitive to any changes to its selling price than to the changes in resin price.

12.10 Dividend Forecast

It is our policy to recommend dividends to allow shareholders to participate in our profits as well as maintain adequate reserves for our future growth. In determining the size of any dividend recommendation, we will take into consideration a number of factors including but not limited to our financial performance, cashflow requirements, availability of distributable reserves and tax credits, future expansion plans and compliance with regulatory requirements.

On the basis of the forecasted consolidated PAT for the financial year ending 28 February 2007 and on the assumption that the present basis for calculating taxation and taxation rates remain unchanged, our Board anticipates that we will be able to propose a tax exempt dividend of 3.5 sen or at a gross dividend rate of 7% based on our enlarged issued and paid-up share capital of 98,000,000 Shares for the year financial year ending 28 February 2007.

Our intended dividend appropriation for the financial year ending 28 February 2007 would be as follows:-

Financial year ending 28 February	2007
Tax exempt dividend per Share	3.5 sen
Dividend yield <i>(based on the IPO Price of RM0.70 per IPO Shares)</i>	5.0%
Net dividend cover <i>(based on the consolidated PATMI forecast for the financial year ending 28 February 2007 of approximately RM7.317 million)</i>	2.13 times

You should take note that future dividend payments may not be declared and paid if:-

- (i) We are in a loss position for the relevant financial year; or
- (ii) We have insufficient cashflow to meet any dividend payment.

Notwithstanding the above, our Board has full discretion not to propose any future dividend payments as and when deemed necessary, if it is in our best interests.

[The rest of this page is intentionally left blank]