

Notes on the quarterly report – 30 November 2006

PART A: EXPLANATORY NOTES PERSUANT TO FINANCIAL REPORTING STANDARD 134 (“FRS 134”)

A1. Basis of preparation

The interim financial statements of Resintech Berhad (“RB”) are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 and Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and should be read in conjunction with the Group’s audited financial statements for the financial year ended 28 February 2006 and the Prospectus dated 30 November 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 financial year ended 28 February 2006.

The accounting policies and methods of computation adopted in this quarterly financial statements of the Group are consistent with those adopted for the annual financial statements of the Group for the financial year ended 28 February 2006, save for the changes in accounting policies arising from the adoption of the new/revised Financial Reporting Standards (“FRS”) as disclosed in paragraph A2 below.

A2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 28 February 2006 except for the adoption of the following new/revised FRS effective for financial statements commencing 1 March 2006:

FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings per Share
FRS 136	Impairment of Assets

The adoption of these new and revised FRS does not have any material financial effects on the financial statements of the Group.

A3. Qualification of Annual Financial Statements

There were no audit qualifications on the financial statements of the Company for the year ended 28 February 2006.

A4. Seasonal and cyclical factors

The Group’s business operations were not materially affected by any major seasonal or cyclical factors.

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A5. Unusual nature and amounts of items affecting assets, liabilities, equity, net income or cash flows

There were no unusual nature and amounts of items affecting assets, liabilities, equity, net income or cash flows during the current quarter under review.

A6. Material changes in estimates

There was no material changes in estimates of amounts reported in the current quarter under review.

A7. Issuances and repayment of debt and equity securities

There was no issuance, cancellations, repurchases, resale and repayment of debt and equity securities for the current quarter under review.

A7. Dividend Paid

No dividend was paid since the end of the previous financial period.

A8. Segment information

Business Segment

The Group's financial information analysed by business activities as at 30 November 2006 was as follows:

	Current Quarter Ended 30 November 2006		Current Year To-Date Ended 30 November 2006	
	Revenue RM'000	Profit Before Taxation RM'000	Revenue RM'000	Profit Before Taxation RM'000
Manufacturing and trading	20,253	2,097	63,037	5,433
Services	353	17	406	35
Others	205	25	1,020	88
	<u>20,811</u>	<u>2,139</u>	<u>64,463</u>	<u>5,556</u>

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A8. Segment information (Cont'd)

Geographical Segment

In determining the geographical segments of the Group, segment revenue is based on the geographical location of customers.

The Group's financial information analysed by geographical segment as at 31 March 2006 was as follows:

	Current Quarter Ended 30 November 2006		Current Year To-Date Ended 30 November 2006	
	Revenue RM'000	Profit Before Taxation RM'000	Revenue RM'000	Profit Before Taxation RM'000
Malaysia	18,543	1,906	57,301	4,939
Outside Malaysia	2,268	233	7,162	617
	<u>20,811</u>	<u>2,139</u>	<u>64,463</u>	<u>5,556</u>

A9. Valuation of property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

There was no valuation of the property, plant and equipment during the current quarter under review.

A10. Material events subsequent to the end of the interim period

There were no material events subsequent to the current financial quarter ended 30 November 2006 up to the date of this report, which is likely to substantially affect the results of the operations of the Group.

A11. Changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter under review.

A12. Changes in contingent liabilities

As at the date of this announcement, there were no material contingent liabilities incurred by the Group which, upon becoming enforceable, may have a material impact on the financial position of the Group.

A13. Cash and cash equivalents

	At 30.11.2006 RM' 000
Cash and bank balances	6,100
Bank overdrafts	<u>(6,139)</u>
	<u>(39)</u>

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PART B: ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS

B1. Review of performance

The Group achieved revenue of RM64.46 million for the period ended 30 November 2006. In line with the revenue recorded, the Group recorded a profit before taxation of RM5.56 million and profit after taxation of RM4.94 million.

B2. Variation of results against preceding quarter

There were no comparative figures in the preceding quarter as this is the Group's first quarterly announcement in conjunction with the listing and quotation of the Company on the Second Board of Bursa Securities scheduled on 27th December 2006.

B3. Current year prospects

Barring any unforeseen circumstances, the Board expects the Group to continue to achieve satisfactory performance.

B4. Variance of actual and forecast profit

Not applicable as this is not the final quarter's results for the Group. Disclosure on explanations for the variance between actual and forecasted results would only be required in the final quarter results for the Group.

B5. Income tax expense

	Current Quarter 30 Nov 2006 RM' 000	Current year To date 30 Nov 2006 RM' 000
Current tax expense	185	631
Deferred tax expense	5	(18)
	<u>190</u>	<u>613</u>

Tax expense for the current quarter ended 30 November 2006 is derived based on management's best estimate of the tax rate for the financial period. The deferred tax liabilities arose from accelerated capital allowances over depreciation of qualifying property, plant and equipment. The effective tax rate for the period presented above is lower than the statutory tax rate principally due to the tax savings arising from the reinvestment allowances available.

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B6. Unquoted investments and/or properties

The Group has not disposed off any investments in any unquoted investments and/or properties during the financial quarter under review.

B7. Status of corporate proposal announced

Save as disclosed below, there are no other corporate proposals announced but not completed as at the date of this report.

(a) Initial Public Offering

Pursuant to the Prospectus dated 30 November 2006, the entire enlarged share capital of the Company of 98,000,000 shares is expected to be listed on the Second Board of Bursa Securities on 27 December 2006.

(b) Utilisation of IPO proceeds

No utilisation of IPO proceeds status is available as the Company is expected to be listed only on 27 December 2006.

B8. Group borrowings

The Group's borrowings as at the end of the reporting quarter are as follows:

	Short-Term (Secured) RM'000	Long-Term (Secured) RM'000
Bank overdrafts	6,139	-
Hire purchase	203	243
Trust receipts and bankers' acceptances	24,755	-
Term loans	5,465	13,158
Total	<u>36,562</u>	<u>13,401</u>

B9. Off balance sheet financial instrument

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

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B10. Material litigation

Save as disclosed below, neither our Group or our subsidiary companies is engaged in any litigation either as plaintiff or defendant pending since the previous financial period which might materially affect the position or business of the Company or any of its subsidiaries:-

On 25 August 2003, our subsidiary, Resintech Plastics (M) Sdn Bhd (“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 Yunos, 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 has 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 in 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 Defendants’ 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.

B11. Dividends

No dividend was paid since the end of the previous financial period.

B12. Basic earnings per share

The basic earnings per share for the current quarter and cumulative year to date are computed as follow:-

	Individual Current Year Quarter 30 Nov 2006	Cumulative Current Year to Date 30 Nov 2006
Profit attributable to holders of the parent for the period (RM’000)	<u>1,970</u>	<u>4,931</u>
Number of ordinary shares of RM0.50 each in issue	<u>84,120</u>	<u>84,120</u>
Basic earnings per share based on the number of shares in issue (sen)	<u>2.34</u>	<u>5.86</u>

Diluted earnings per share is not disclosed herein as the options under the ESOS have not been granted as at 30 November 2006.

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B13. Authorisation for issue

The first quarterly report was authorized for issue by the Board of Directors in accordance with the resolution of the directors on 21 December 2006.

By order of the Board
RESINTECH BERHAD
Mah Li Chen
Company Secretary (MAICSA 7022751)

Kuala Lumpur
21 December 2006