

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 2007. 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 2007.

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 2007, 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 2007 except for the adoption of the following new/revised FRS effective for financial statements commencing 1 October 2006:

FRS 117 Leases
FRS 124 Related Party Disclosures

The following revised FRS have been issued and are effective for the financial periods beginning on or after 1 July 2007 and will be effective for the Group’s and Company’s financial statements for the financial year ending 28 February 2009:-

FRS 107 Cash Flow Statements
FRS 111 Construction Contracts
FRS 112 Income Taxes
FRS 118 Revenue
FRS 134 Interim Financial Reporting
FRS 137 Provisions, Contingent Liabilities and Contingent Assets

FRS 6 - Exploration for and Evaluation of Mineral Resources has been issued and is effective for the financial period beginning on or after 1 January 2007. This standard is not relevant to the Group’s operations.

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A2. Changes in Accounting Policies (Cont'd)

FRS 139 - Financial Instruments: Recognition and Measurement has been issued and the effective date has yet to be determined by the MASB. This new standard establishes principles for recognising and measuring financial assets, the financial liabilities and some contracts to buy and sell non-financial items. The Group will apply this standard when it becomes effective.

A3. Qualification of Annual Financial Statements

There were no audit qualifications on the financial statements of the Company for the financial year ended 28 February 2007.

A4. Seasonal and cyclical factors

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

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.

A8. Dividend Paid

During the financial period, the Group declared a 7% tax-exempt interim dividend amounted to RM3.43 million out of which RM3.42 million of these dividend warrants had been presented and paid for.

A9. Segment informationBusiness Segment

The Group's financial information analysed by business activities as at 31 August 2007 was as follows:

	Current Quarter Ended 31 Aug 2007		Current Year To-Date Ended 31 Aug 2007	
	Revenue RM'000	Profit Before Taxation RM'000	Revenue RM'000	Profit Before Taxation RM'000
Manufacturing and trading	23,027	1,738	41,564	3,330
Others	452	31	1,139	91
	<u>23,479</u>	<u>1,769</u>	<u>42,703</u>	<u>3,421</u>

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A9. 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 August 2007 was as follows:

	Current Quarter Ended 31 Aug 2007		Current Year To-Date Ended 31 Aug 2007	
	Revenue RM'000	Profit Before Taxation RM'000	Revenue RM'000	Profit Before Taxation RM'000
Malaysia	21,555	1,626	38,873	3,114
Outside Malaysia	1,924	143	3,830	307
	<u>23,479</u>	<u>1,769</u>	<u>42,703</u>	<u>3,421</u>

A10. 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.

A11. Material events subsequent to the end of the interim period

There were no material events subsequent to the current financial quarter ended 31 August 2007 up to the date of this report, which is likely to substantially affect the results of the operations of the Group.

A12. Changes in the composition of the Group

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

A13. Changes in contingent liabilities and contingent assets

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

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A14. Capital Commitments

	Current Quarter 31 Aug 2007 RM' 000	Current Year To-Date 31 Aug 2007 RM' 000
Property, plant and equipment approved and contracted for	<u>5,917</u>	<u>7,419</u>

A15. Significant Related Party Transactions

	Nature of Transactions	Current Quarter 31 Aug 2007 RM' 000	Current Year To-Date 31 Aug 2007 RM' 000
Modern Storage Sdn Bhd*	Construction cost received /receivable	<u>75</u>	<u>180</u>

* A company in which Dato' Dr. Teh Kim Poo, DSSA, PJK, JP, Datin Gan Jew, PJK, who are the directors of the Company, and Mr Teh Leng Kang, PJK, have substantial financial interests.

A16. Cash and cash equivalents

	At 31 Aug 2007 RM' 000
Cash and bank balances	4,431
Bank overdrafts	<u>(4,280)</u>
	<u>151</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 RM42.70 million for the six months ended 31 Aug 2007. In line with the revenue recorded, the Group recorded a profit before taxation of RM3.42 million and profit after taxation of RM3.11 million.

B2. Variation of results against preceding quarter

The Group achieved revenue of RM23.48 million for the current quarter under review as compared to RM19.22 million in the previous quarter, registering an increase of approximately 22.16%. The increase was due to mainly increase in demand for HDPE pipes and fittings.

Profit before taxation of the Group for the current quarter under review increased from RM1.65 million in the previous quarter to RM1.77 million for the current quarter. Profit after taxation of the Group also increased from RM1.50 million in the previous quarter to RM1.61 million for the current quarter.

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

The disclosure requirements for the explanatory notes for the variance of actual profit and forecast profit and for the shortfall in profit guarantee are not applicable.

B5. Income tax expense

	Current Quarter 31 Aug 2007 RM' 000	Current Year To-Date 31 Aug 2007 RM' 000
Current tax expense	169	339
Deferred tax expense	<u>(14)</u>	<u>(33)</u>
	<u>155</u>	<u>306</u>

Tax expense for the current quarter ended 31 August 2007 is derived based on management's best estimate of the tax rate for the financial period. The reversal of deferred tax liabilities arose from temporary difference between accelerated capital allowances and depreciation on 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.

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.

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B7. Quoted and marketable investments

The Group does not have any quoted and marketable investments during the current quarter under review.

B8. 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.

Status of Utilisation of IPO proceeds

The proceeds from the Public Issue of RM9,716,000 has been received by the Company as at 29 December 2006. The proceeds have been utilised as follows:-

Purpose	Proposed utilisation RM'000	Actual utilisation RM'000	Variance RM'000
Repayment of bank borrowings	6,994	6,428	566*
Working capital	1,122	1,122	-
Listing expenses	1,600	1,502	98**
Total	9,716	8,982	

* One of the intended repayment of overdraft of RM613,000 has yet to be done.

** The excess of the estimated listing expense, if any, will be utilised for working capital.

B9. 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	4,280	-
Hire purchase	139	190
Trust receipts and bankers' acceptances	26,799	-
Term loans	3,960	9,816
Total	35,178	10,006

B10. 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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B11. 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 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 has on 2 March 2004 filed its appeal to the judge in chambers. The judge had then on 13 April 2007 allowed RPSB appeal by setting aside the Order given by the Senior Assistant Registrar on 24 February 2004 and also allowed RPSB to enter summary judgement against all the defendants with cost. The defendants had on 7 March 2007 appealed to the Court of Appeal and the same is pending hearing date.

B12. Dividends

During the financial period, the Group declared a 7% tax-exempt interim dividend amounted to RM3.43 million out of which RM3.42 million of these dividend warrants had been presented and paid for.

B13. 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 31 Aug 2007	Cumulative Current Year To-Date 31 Aug 2007
Profit attributable to holders of the parent for the period (RM'000)	<u>1,619</u>	<u>3,114</u>
Number of ordinary shares of RM0.50 each in issue	<u>98,000</u>	<u>98,000</u>
Basic earnings per share based on the number of shares in issue (sen)	<u>1.65</u>	<u>3.18</u>

Diluted earnings per share is not disclosed herein as the options under the ESOS have not been granted as at 31 August 2007.

RESINTECH BERHAD (341662-X)

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B14. Authorisation for issue

The second quarterly report was authorized for issue by the Board of Directors in accordance with the resolution of the directors on 11 October 2007.

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

Kuala Lumpur