

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

During the current financial period, the Company has adopted the following new and revised Financial Reporting Standards (“FRSs”) issued by the Malaysian Accounting Standards Board (“MASB”) which are relevant to its operations and effective for financial periods beginning on or after 1 January 2007:

FRS 117	Leases
FRS 124	Related Party Disclosures
FRS 6	Exploration for and Evaluation of Mineral Resources
FRS 119 ₂₀₀₄	Amendment to FRS 119 ₂₀₀₄ Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures

The effects of adopting FRS 124 on the accounting policies are disclosed in Note 24 to the financial statements.

The adoption of FRS 117, FRS 6 and FRS 119₂₀₀₄ does not have any material financial effects on the financial statements of Company

The Company has not adopted FRS 139 - Financial Instruments: Recognition and Measurement and the consequential amendments resulting from FRS 139 as the effective date is deferred to a date to be announced by the MASB. FRS 139 established the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted. By virtue of the exemption provided under paragraph 103AB of FRS 139, the impact of applying FRS 139 on its financial statements upon first adoption of the standard as required by paragraph 30(b) of FRS 108 is not disclosed.

The following FRSs have been issued and are effective for financial periods beginning on or after 1 July 2007:

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

A2. Changes in Accounting Policies (Cont'd)

The above FRSs align the MASB's FRS with the equivalent International Accounting Standards ("IASs"), both in terms of form and content. The adoption of these standards will only impact the form and content of disclosures presented in the financial statements.

The Company will apply these FRSs from the financial year ending 29 February 2008 onwards.

FRS 134 - Interim Financial Reporting has been issued and is effective for the financial periods beginning on or after 1 July 2007. This FRS aligns the MASB's FRS with the equivalent IAS, both in terms of form and content. The adoption of this standard will only impact the form and content of disclosures presented in the quarterly financial statements. The Group will apply this FRS from the financial year ending 29 February 2008 onwards.

Framework for the Preparation and Presentation of Financial Statements has been issued and is effective immediately. This Framework sets out the concepts that underlie the preparation and presentation of financial statements for external users. It is not an MASB approved accounting standard and hence, does not define standards for any particular measurement or disclosure issue. The Company will apply this Framework from the financial year ending 28 February 2008 onwards.

Amendment to FRS 121 - The Effects of Changes in Foreign Exchange Rates Net Investment in a Foreign Operation has been issued and is effective for financial periods beginning on or after 1 July 2007. This amendment results in exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation to be recognised in equity irrespective of the currency in which the monetary item is denominated and whether the monetary item results from a transaction with the Company or any of its related companies. Previously, exchange differences arising from such transactions between the Company and its related companies would be accounted for in the income statement or in equity depending on the currency of the monetary item. The Company will apply this amendment from the financial year ending 28 February 2008 onwards.

IC Interpretation 1 - Changes in Existing Decommissioning, Restoration and Similar Liabilities has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation addresses the effects of events that changes the measurement of an existing decommissioning, restoration or similar liability, namely a change in the estimated outflow of resources embodying economic benefits required to settle the obligation, a change in the current market-based discount rate as defined in paragraph 48 of FRS 1372004 and an increase that reflects the passage of time. The Company will apply this interpretation from the financial year ending 28 February 2008 onwards.

IC Interpretation 2 - Members' Shares in Co-operative Entities and Similar Instruments has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Company's operations.

IC Interpretation 5 - Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Company's operations.

IC Interpretation 6 - Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Company's operations.

A2. Changes in Accounting Policies (Cont'd)

IC Interpretation 7 - Applying the Restatement Approach under FRS 129₂₀₀₄ Financial Reporting in Hyperinflationary Economies has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Company's operations.

IC Interpretation 8 - Scope of FRS 2 has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation applies to transactions in which goods or services are received, including transactions in which the entity cannot identify specifically some or all of the goods or services received. Where the fair value of the share-based payment is in excess of the identifiable goods or services received, it is presumed that additional goods or services have been or will be received. The whole fair value of the share-based payment will be charged to the income statement. The Company will apply this interpretation from the financial year ending 28 February 2008 onwards.

A3. Comparatives

The following comparative amounts have been reclassified due to the adoption of new/revised FRS and to better present the nature of the assets. These reclassifications have no effect on the financial results of the Group:-

	Previously stated RM'000	FRS117 RM'000	Restated RM'000
Consolidated Balance Sheet			
At 28 February 2007			
Property, plant and equipment	76,512	(11,450)	65,062
Prepaid Lease Payments	-	11,450	11,450

A4. 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.

A5. Seasonal and cyclical factors

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

A6. 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.

A7. Material changes in estimates

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

Notes on the quarterly report – 29 Feb 2008

A8. 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.

A9. Dividend Paid

No dividend was proposed and paid for during the current quarter under review.

A10. Segment informationBusiness Segment

The Group's financial information analysed by business activities as at 29 Feb 2008 was as follows:

	Current Quarter Ended 29 Feb 2008		Current Year To-Date Ended 29 Feb 2008	
	Revenue RM'000	Profit Before Taxation RM'000	Revenue RM'000	Profit Before Taxation RM'000
Manufacturing and trading	26,607	2,438	85,207	7,582
Others	1,029	94	2,817	251
	<u>27,636</u>	<u>2,532</u>	<u>88,024</u>	<u>7,833</u>

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 29 Feb 2008 was as follows:

	Current Quarter Ended 29 Feb 2008		Current Year To-Date Ended 29 Feb 2008	
	Revenue RM'000	Profit Before Taxation RM'000	Revenue RM'000	Profit Before Taxation RM'000
Malaysia	27,011	2,475	82,376	7,330
Outside Malaysia	625	57	5,648	503
	<u>27,636</u>	<u>2,532</u>	<u>88,024</u>	<u>7,833</u>

A11. 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.

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A12. Material events subsequent to the end of the interim period

There were no material events subsequent to the current financial quarter ended 29 Feb 2008 up to the date of this report, which is likely to substantially affect the results of the operations of the Group.

A13. Changes in the composition of the Group

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

A14. 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.

A15. Capital Commitments

	Current Quarter 29 Feb 2008 RM' 000	Current Year To-Date 29 Feb 2008 RM' 000
Property, plant and equipment approved and contracted for	1,706	1,706

A16. Significant Related Party Transactions

	Nature of Transactions	Current Quarter 29 Feb 2008 RM' 000	Current Year To-Date 29 Feb 2008 RM' 000
Modern Storage Sdn Bhd*	Billings received /receivable	-	245

* 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.

A17. Cash and cash equivalents

	At 29 Feb 2008 RM' 000
Cash and bank balances	1,086
Bank overdrafts	(8,555)
	(7,469)

PART B: ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS**B1. Review of performance**

The Group achieved revenue of RM88.02 million for the year ended 29 Feb 2008. In line with the revenue recorded, the Group recorded a profit before taxation of RM7.83 million and profit after taxation of RM7.99 million.

B2. Variation of results against preceding quarter

The Group achieved revenue of RM27.63 million for the current quarter under review as compared to RM17.69 million in the previous quarter, registering an increase of approximately 56.19%. The increase was mainly due to decrease in demand for HDPE products.

Profit before taxation of the Group for the current quarter under review increased from RM1.88 million in the previous quarter to RM2.53 million for the current quarter. Profit after taxation of the Group increased from RM1.57 million in the previous quarter to RM3.30 million for the current quarter in which the reversal of deferred tax during the quarter under review amounted to RM1.20 million. Both profit before taxation and profit after taxation increased in line with increased revenue.

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

	Current Quarter 29 Feb 2008 RM' 000	Current Year To-Date 29 Feb 2008 RM' 000
Current tax expense	448	1,104
Deferred tax recognised	(1,220)	(1,264)
	<u>(772)</u>	<u>160</u>

Tax expense for the current quarter ended 29 Feb 2008 is derived based on management's best estimate of the tax rate for the financial year. The reversal of deferred tax liabilities arose from temporary difference between accelerated capital allowances and depreciation on qualifying property, plant and equipment and the difference in tax rates as well as over provision in previous year. 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.

Notes on the quarterly report – 29 Feb 2008

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. 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.

(a) 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	6,994	-
Working capital	1,122	1,122	-
Listing expenses	1,600	1,502	98*
Total	9,716	8,982	

* The excess of the estimated listing expense has been 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	8,555	-
Hire purchase	241	356
Trust receipts and bankers' acceptances	31,084	-
Term loans	5,534	12,703
Total	45,414	13,059

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 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. 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. On 5 February 2008, RPSB has entered into a settlement agreement with Ir. Mohamed Salleh bin Yunos and Ir. Othman bin Abdul Rahim in which case RPSB has managed to recover a sum of RM500,000.00 by way of cash and contra of properties.

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 29 Feb 2008	Cumulative Current Year To-Date 29 Feb 2008
Profit attributable to holders of the parent for the period (RM'000)	<u>3,310</u>	<u>7,989</u>
Number of ordinary shares of RM0.50 each in issue	<u>98,000,000</u>	<u>98,000,000</u>
Basic earnings per share based on the number of shares in issue (sen)	<u>3.38</u>	<u>8.15</u>

Diluted earnings per share is not disclosed herein as the options under the ESOS have not been granted as at 29 Feb 2008.

B14. Authorisation for issue

The third quarterly report was authorized for issue by the Board of Directors in accordance with the resolution of the directors on 29 April 2008.

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

Kuala Lumpur