

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 under the historical cost convention and modified to include other bases of valuation as disclosed under significant accounting policies and 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 2008. 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 2008.

A2. Changes in Accounting Policies

The accounting policies and methods of computation adopted in this interim 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 2008.

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 Cash Flows Statement			
At 31 May 2008			
Depreciation	1,788	(44)	1,744
Amortisation of Prepaid Lease Payments	-	44	44

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 2008.

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.

Notes on the quarterly report – 31 May 2008

A7. Material changes in estimates

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

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 paid since the end of the previous financial period.

A10. Segment informationBusiness Segment

The Group's financial information analysed by business activities as at 31 May 2008 was as follows:

	Current Quarter Ended 31 May 2008		Current Year To-Date Ended 31 May 2008	
	Revenue RM'000	Profit Before Taxation RM'000	Revenue RM'000	Profit Before Taxation RM'000
Manufacturing and trading	21,626	1,271	21,626	1,271
Others	402	24	402	24
	<u>21,664</u>	<u>1,295</u>	<u>21,664</u>	<u>1,295</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 31 May 2008 was as follows:

	Current Quarter Ended 31 May 2008		Current Year To-Date Ended 31 May 2008	
	Revenue RM'000	Profit Before Taxation RM'000	Revenue RM'000	Profit Before Taxation RM'000
Malaysia	20,808	1,244	20,808	1,244
Outside Malaysia	856	51	856	51
	<u>21,664</u>	<u>1,295</u>	<u>21,664</u>	<u>1,295</u>

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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.

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

There were no material events subsequent to the current financial quarter ended 31 May 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 31 May 2008 RM' 000	Current Year To-Date 31 May 2008 RM' 000
Property, plant and equipment approved and contracted for	<u>3,498</u>	<u>3,498</u>

A16. Contingent Liabilities

	Current Quarter 31 May 2008 RM' 000 Group	Current Quarter 31 May 2008 RM' 000 Company
Corporate guarantees given to licensed bank for banking facilities granted to subsidiaries	-	10,937
Corporate guarantees given to a supplier as security for the supply of materials to a subsidiary	<u>390</u>	<u>-</u>

A17. Significant Related Party Transactions

There were no significant related party transactions during the financial period under review.

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Notes on the quarterly report – 31 May 2008

A18. Cash and cash equivalents

	At 31 May 2008 RM' 000
Cash and bank balances	1,298
Bank overdrafts	(9,622)
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	(8,324)
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PART B: ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS**B1. Review of performance**

The Group achieved revenue of RM21.66 million for the period ended 31 May 2008 which is an increase of 12.7% over the previous year corresponding quarter. The Group recorded a profit before taxation of RM1.30 million and profit after taxation of RM1.11 million during this quarter under review as compared to RM1.65 million and RM1.50 million respectively in the previous year corresponding quarter, mainly due to higher operating costs.

B2. Variation of results against preceding quarter

The Group achieved revenue of RM21.66 million for the current quarter under review as compared to RM27.64 million in the previous quarter, registering a decrease of approximately 21.6%. The decrease was mainly due to decrease in demand for HDPE products.

Profit before taxation of the Group for the current quarter under review decrease from RM2.53 million in the previous quarter to RM1.30 million for the current quarter. Profit after taxation of the Group also decreased from RM3.30 million in the previous quarter to RM1.11 million for the current quarter mainly due to reversal of deferred tax of RM1.20 million in the preceding 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

	Current Quarter 31 May 2008 RM' 000	Current Year To-Date 31 May 2008 RM' 000
Current tax expense	195	195
Deferred tax recognised	(16)	(16)
	<u>197</u>	<u>197</u>

Tax expense for the current quarter ended 31 May 2008 is derived based on management's best estimate of the tax rate for the financial period. 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. 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

As at the date of this report, there were no corporate proposals announced.

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	9,622	-
Hire purchase	226	304
Trust receipts and bankers' acceptances	31,015	-
Term loans	5,599	11,178
Total	<u>46,462</u>	<u>11,482</u>

B10. Off balance sheet financial instrument

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

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.

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B12. Dividends

During the financial quarter under review, the Group declared a 4% tax-exempt interim dividend amounted to RM1.96 million which was subsequently paid up in June 2008.

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 May 2008	Cumulative Current Year To-Date 31 May 2008
Profit attributable to holders of the parent for the period (RM'000)	<u>1,119</u>	<u>1,119</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>1.14</u>	<u>1.14</u>

Diluted earnings per share is not disclosed herein as the options under the ESOS have not been granted as at 31 May 2008.

B14. 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 22 July 2008.

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

Kuala Lumpur