

**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 Financial Reporting Standard (“FRS”) 134 – Interim Financial Reporting issued by the Malaysian Accounting standards Board (“MASB”) and 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 2010. 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 2010.

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 2010 except for the adoption of the followings:-

<b>FRSs/IC Interpretations</b>	<b>Effective date</b>
FRS 4 Insurance Contracts	1 January 2010
FRS 7 Financial Instruments: Disclosures	1 January 2010
FRS 8 Operating Segments	1 July 2009
Revised FRS 101 (2009) Presentation of Financial Statements	1 January 2010
Revised FRS 123 (2009) Borrowing Costs	1 January 2010
Revised FRS 139 (2010) Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1 and FRS 127: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 2: Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 7, FRS 139 and IC Interpretation 9	1 January 2010
IC Interpretation 9 Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10 Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions	1 January 2010
IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
Annual Improvements to FRSs (2009)	1 January 2010

## Notes on the quarterly report – 31 May 2010

**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 2010.

**A3. Comparatives**

The effects on the financial statements as a result of the adoption of the new and revised FRS are as follows:-

	Previously Reported RM'000	Effects of FRS RM'000	Restated RM'000
<i>Statement of financial positions (extract):-</i>			
Property, plant and equipment	75,331	-	75,331
Prepaid lease payments	-	10,129	10,129
Investment properties	-	(360)	(360)
Property, plant and equipment	<u>75,331</u>	<u>9,769</u>	<u>85,100</u>
<i>Due to effects of FRS117</i>			
Prepaid lease payments	<u>13,648</u>	<u>(10,129)</u>	<u>3,519</u>
<i>Reclassification to conform with presentation of current financial period</i>			
Investment properties	<u>-</u>	<u>360</u>	<u>360</u>

**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 2010.

**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 were no material changes in estimates of amounts reported in the current quarter under review.

**A8. Issuances and repayment of debt and equity securities**

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

## Notes on the quarterly report – 31 May 2010

**A9. Dividend Paid**

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

**A10. Segment information**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 2010 was as follows:

	Current Quarter Ended 31 May 2010		Current Year To-Date Ended 31 May 2010	
	Revenue RM'000	Profit Before Taxation RM'000	Revenue RM'000	Profit Before Taxation RM'000
Malaysia	20,847	1,419	20,847	1,419
Outside Malaysia	3,643	248	3,643	248
	<u>24,490</u>	<u>1,667</u>	<u>24,490</u>	<u>1,667</u>

**A11. Valuation of property, plant and equipment**

There were no revaluation of property, plant and equipment in these financial statements.

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

On 14 June 2010, a wholly-owned subsidiary of the Company, Resintech Plastics (M) Sdn. Bhd. ("RPSB"), gave consent to Modern Storage Sdn. Bhd. ("MSSB") to facilitate RPSB to dispose of the parcel of construction work-in-progress erected on the piece of land owned by MSSB for a total consideration of approximately RM8,400,000.

The transaction is expected to be completed during the financial year ending 28 February 2011.

**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.

## Notes on the quarterly report – 31 May 2010

**A15. Capital Commitments**

	<b>Current Quarter 31 May 2010 RM' 000</b>	<b>Current Year To-Date 31 May 2010 RM' 000</b>
Approved and contracted for		
Purchase of machinery	2,592	2,592
Acquisition of property	<u>2,610</u>	<u>2,610</u>
Approved and not contracted for		
Purchase of unquoted shares	<u>103</u>	<u>103</u>

**A16. Contingent Liabilities**

	<b>Current Quarter 31 May 2010 RM' 000 Group</b>	<b>Current Quarter 31 May 2010 RM' 000 Company</b>
Corporate guarantees given to licensed bank for banking facilities granted to subsidiaries	23,813	-
Corporate guarantees given to a supplier as security for the supply of materials to a subsidiary	<u>673</u>	<u>-</u>

**A17. Significant Related Party Transactions**

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

**A18. Cash and cash equivalents**

	<b>At 31 May 2010 RM' 000</b>
Cash and bank balances	724
Fixed deposits	70
Bank overdrafts	<u>(5,496)</u>
	<u>(4,702)</u>

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

The Group achieved revenue of RM24.49 million for the year ended 28 Feb 2010 which is an increase of 18.5% over the previous year corresponding year of RM20.66 million. The Group recorded a profit before taxation of RM1.67 million and profit after taxation of RM1.41 million during this year under review as compared to RM0.92 million and RM0.67 million respectively in the previous year corresponding quarter. The higher profit after taxation is mainly due to lower cost of sales.

**B2. Variation of results against preceding quarter**

The Group achieved revenue of RM24.49 million for the current quarter under review as compared to RM16.76 million in the previous quarter mainly due to higher demand for HDPE products.

Profit before taxation of RM1.67 million and profit after taxation of RM1.41 million for current financial period under review as compared to loss before taxation of RM0.33 million and loss after taxation of RM 0.27 million for the Group. This is mainly due to impairment loss on certain lands and buildings.

**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**

	<b>Current Quarter 31 May 2010 RM' 000</b>	<b>Current Year To-Date 31 May 2010 RM' 000</b>
Current tax expense	293	293
Deferred tax recognized	(35)	(35)
	<u>258</u>	<u>258</u>

Tax expense for the current quarter ended 28 Feb 2010 is derived based on management's best estimate of the tax rate for the financial 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 – 31 May 2010

**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:

	<b>Short-Term (Secured) RM'000</b>	<b>Long-Term (Secured) RM'000</b>
Bank overdrafts	5,496	-
Hire purchase	177	43
Trust receipts and bankers' acceptances	18,795	-
Term loans	5,420	8,099
Total	<u>29,888</u>	<u>8,142</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.

Notes on the quarterly report – 31 May 2010

**B12. Dividends**

There was no dividend declared during the financial period under review.

**B13. Basic earnings per share**

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

	<b>Individual Current Year Quarter 31 May 2010</b>	<b>Cumulative Current Year To-Date 31 May 2010</b>
Profit attributable to holders of the parent for the period (RM'000)	<u>1,421</u>	<u>1,421</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>1.45</u>	<u>1.45</u>

Diluted earnings per share is not disclosed herein as the options under the ESOS have not been granted as at 31 May 2010.

**B14. Authorisation for issue**

This quarterly report was authorized for issue by the Board of Directors in accordance with the resolution of the directors duly passed.

By order of the Board  
**RESINTECH BERHAD**

Kuala Lumpur