

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 2011. 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 2011.

The Group has changed its accounting year end from February to March. Current financial year will end on 31 Mar 2012. As such, current quarter report is made up for a period of 4 months covering 1 Sep 2011 to 31 Dec 2011.

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 2011 except for the adoption of the followings:-

FRSs/IC Interpretations	Effective date
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

Notes - other quarter ended 31 December 2011

A1. Basis of preparation (continued)

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

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 2011.

A3. Comparatives

The effects on the financial statements as a result of the adoption of the new and revised FRS is 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	77,530	3,458	80,988
Prepaid lease payments	3,458	(3,458)	-
Property, plant and equipment	<u>80,988</u>	<u>-</u>	<u>80,988</u>
<i>Due to effects of FRS117</i>			
Prepaid lease payments	<u>3,458</u>	<u>(3,458)</u>	<u>-</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 2011.

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.

Notes - other quarter ended 31 December 2011

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.

A9. Dividend Paid

No dividend was proposed during the quarter under review.

A10. Segment informationGeographical 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 Dec 2011 was as follows:

	Current Quarter Ended 31 Dec 2011		Current Year To-Date Ended 31 Dec 2011	
	Revenue RM'000	Profit Before Taxation RM'000	Revenue RM'000	Profit Before Taxation RM'000
Malaysia	31,855	1,273	69,216	2,887
Outside Malaysia	3,753	150	7,429	310
	<u>35,608</u>	<u>1,423</u>	<u>76,645</u>	<u>3,197</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 were no revaluation of property, plant and equipment in these financial statements.

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

There were no material events subsequent to the current financial quarter ended 31 Dec 2011 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.

Notes - other quarter ended 31 December 2011

A15. Capital Commitments

As at the date of this announcement, there were no capital commitments approved by the Group.

A16. Contingent Liabilities

	Current Quarter 31 Dec 2011 RM' 000 Group	Current Quarter 31 Dec 2011 RM' 000 Company
Corporate guarantees given to licensed bank for banking facilities granted to subsidiaries	<u>21,298</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

	At 31 Dec 2011 RM' 000
Cash and bank balances	2,225
Fixed deposits	544
Bank overdrafts	<u>(4,973)</u>
	<u>(2,204)</u>

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

The Group achieved revenue of RM76.65 million for the period ended 31 Dec 2011 as compared to RM71.13 million recorded for the period ended 30 Nov 2010. The Group's main revenue contributor is from the manufacturing and trading segment which accounted for approximately 97.65% of its revenue for the period ended 31 Dec 2011. The Group recorded a profit before taxation of RM3.20 million and profit after taxation of RM2.43 million during this year under review as compared to RM4.51 million and RM4.43 million respectively in the previous period ended 30 Nov 2010.

B2. Variation of results against preceding quarter

The Group achieved revenue of RM35.61 million for the current quarter under review as compared to RM20.41 million in the previous quarter. The significant increase in revenue is mainly due to the significant increase in demand for HDPE products as well as the additional revenue generated for the month of Dec 2011 as current quarter results is made up for a period of 4 months rather than the normal quarterly results which is made up for a period of 3 months. In line with this, the Group recorded profit before taxation of RM1.42 million and profit after taxation of RM1.11 million for current financial period under review as compared to profit before taxation of RM0.86 million and profit after taxation of RM0.68 million in the previous quarter. The results for current quarter are not significantly different from previous 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 Dec 2011 RM' 000	Current Year To-Date 31 Dec 2011 RM' 000
Current tax (reversal)/expense	351	865
Deferred tax recognized	(39)	(97)
	<u>312</u>	<u>768</u>

Tax expense for the current year ended 31 Dec 2011 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.

Notes - other quarter ended 31 December 2011

B6. Notes to Comprehensive Income Statement

	Current Quarter 31 Dec 2011 RM' 000	Current Year To-Date 31 Dec 2011 RM' 000
After charging/(crediting):		
Interest income	(5)	(5)
Interest expense	679	1,731
Depreciation	2,139	5,746
Amortisation of intangible asset	15	38
Bad debts written off	1	1
Gain on disposal of property, plant and equipment	-	(100)
Unrealised gain on foreign exchange	(37)	(47)
Realised gain on foreign exchange	(70)	(246)
Share of loss of associate	57	78

B7. Realised and Unrealised Profits

	Current Year To-Date 31 Dec 2011 RM' 000	Previous Year To-Date 30 Nov 2010 RM' 000
Total retained profits:		
Realised	13,204	31,271
Unrealised	(1,956)	(2,071)
	<u>11,248</u>	<u>29,200</u>
Total share of retained (losses)/profit of an associate		
Realised	(78)	134
Unrealised	-	-
	<u>11,270</u>	<u>29,334</u>
Less: Consolidation adjustment	(2,881)	(2,968)
	<u>8,289</u>	<u>26,366</u>

B8. Status of corporate proposal

There were no corporate proposals announced for the financial period under review.

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	4,973	-
Hire purchase	183	158
Trust receipts and bankers' acceptances	19,084	-
Term loans	3,248	8,938
Total	<u>27,488</u>	<u>9,096</u>

Notes - other quarter ended 31 December 2011

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:-

- (i) On 5 August 2010, Tenaga Nasional Berhad (“TNB”) has filed a suit against our subsidiary, Resintech Engineering Sdn Bhd (“RESB”) for RM4,380,147.59 together with interest for arrears owing for the consumption of electricity at a land and factory. RESB, being the previous occupant of the land and factory had previously applied to TNB for the supply of electricity. Subsequently, the property was occupied by Crystal Bright Plastics Sdn Bhd (“the Third Party”) at the material time and the arrears owing to TNB thereof are attributable to the Third Party although the account holder is RESB. RESB had filed and served its Statement of Defense on 13 September 2010. RESB’s solicitors are in the midst of preparing the Third Party application to bring the Third Party as a party in the action to pay the arrears claimed by TNB as they were occupying the property at the material time.

The solicitors of RESB are of the opinion that RESB has a good defense and has high chances to dismiss TNB’s claim.

B11. Dividends

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

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 31 Dec 2011 RM’000	Cumulative Current Year To-Date 31 Dec 2011 RM’000
Profit attributable to holders of the parent for the period (RM’000)	<u>1,118</u>	<u>2,436</u>
Number of ordinary shares of RM0.50 each in issue	<u>137,200,000</u>	<u>137,200,000</u>
Basic earnings per share based on the number of shares in issue (sen)	<u>0.81</u>	<u>1.78</u>

Diluted earnings per share is not disclosed herein as the options under the ESOS have not been granted as at 31 Dec 2011.

B13. 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
Pang Chia Tyng (MAICSA 7034545)
Lim Ming Toong
Company Secretaries

Kuala Lumpur