TRANSTECH INDUSTRIES INC
Form 10-Q
May 15, 2008

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)
[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2008

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________ to ________

Commission File No. 0-6512

TRANSTECH INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

Delaware	22-1777533
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

200 Centennial Avenue, Piscataway, New Jersey 08854
(Address of principal executive offices)
(Zip Code)

(732) 564-3122
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer [ ]   Accelerated filer [ ]

Non-accelerated filer [ ]   Smaller reporting company [X]
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ___ No X

As of May 9, 2008, 2,979,190 shares of common stock, $.50 par value, were outstanding. In addition, at such date, the issuer held 1,885,750 shares of common stock, $.50 par value, in treasury.

AND SUBSIDIARIES

FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2008

I N D E X

TRANSTECH INDUSTRIES, INC.
AND SUBSIDIARIES

PART I - FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS
(In $000's)

ASSETS

	March 31, 2008 (Unaudited)	December 31, 2007
CURRENT ASSETS		
Cash and cash equivalents	$ 717	$ 961
Marketable securities	3,292	3,267
Accounts receivable - trade	61	44
Refundable income taxes	579	484
Prepaid expenses and other	22	237
Restricted escrow account for post-closure costs	1,025	1,018
Total current assets	5,696	6,011
PROPERTY, PLANT AND EQUIPMENT		
Land	1,067	1,067
Buildings and improvements	596	595
Machinery and equipment	3,336	3,336
Total gross assets	4,999	4,998
Less accumulated depreciation	3,010	2,999
Net property, plant and equipment	1,989	1,999
OTHER ASSETS		
Restricted escrow account for post-closure costs	6,652	6,355
Other	138	150
Total other assets	6,790	6,505
TOTAL ASSETS	$14,475	$14,515

See Notes to Consolidated Financial Statements

TRANSTECH INDUSTRIES, INC.
AND SUBSIDIARIES

PART I - FINANCIAL INFORMATION, Cont'd

CONSOLIDATED BALANCE SHEETS, Cont'd
(In $000's)

LIABILITIES AND STOCKHOLDERS' EQUITY

	March 31, 2008 (Unaudited)	December 31, 2007
CURRENT LIABILITIES		
Current portion of long-term debt	$ 10	$ 10
Accounts payable	326	179
Current portion of income taxes payable	180	195

Accrued income taxes	4	4
Accrued professional fees	406	358
Accrued miscellaneous liabilities	69	46
Deferred taxes	2	-
Current portion of accrued post-closure costs	1,040	1,035
Total current liabilities	2,037	1,827
OTHER LIABILITIES		
Long-term debt	15	17
Income taxes payable	698	738
Accrued post-closure costs	7,600	7,762
Total other liabilities	8,313	8,517
Total liabilities	10,350	10,344
STOCKHOLDERS' EQUITY		
Common stock, $.50 par value, 10,000,000 shares authorized, 4,864,940 shares issued	2,432	2,432
Additional paid-in capital	1,450	1,450
Retained earnings	10,725	11,005
Accumulated other comprehensive income	532	298
Subtotal	15,139	15,185
Treasury stock, at cost - 1,885,750 shares	(11,014)	(11,014)
Total stockholders' equity	4,125	4,171
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$14,475	$14,515

See Notes to Consolidated Financial Statements

TRANSTECH INDUSTRIES, INC.
AND SUBSIDIARIES

PART I - FINANCIAL INFORMATION, Cont'd

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(In $000's, except per share data)
(Unaudited)

	For the Three Months Ended March 31,	
	2008	2007
OPERATING REVENUE		
Environmental Services	$ 219	$ 272
Electricity Generation	159	133
Subtotal	378	405
Less Eliminations	(219)	(272)
Net operating revenues	159	133
COST OF OPERATIONS		
Direct operating costs	(103)	(70)
Selling, general and administrative expenses	(518)	(417)
Accretion expense	(84)	(91)
Total cost of operations	(705)	(578)
GAIN ON SALE OF EQUIPMENT	1	-

LOSS FROM OPERATIONS	(545)	(445)
OTHER INCOME (EXPENSE)		
Investment income	35	36
Investment income on restricted escrow account	77	77
Interest expense	(1)	(1)
Rental income	6	1
Proceeds from insurance claims	2	-
Miscellaneous income, net of miscellaneous expenses	2	1
Total other income	121	114
LOSS BEFORE INCOME TAX BENEFIT	(424)	(331)
Income tax benefit	(144)	(110)
NET LOSS	$ (280)	$ (221)
NET LOSS PER COMMON SHARE	$ (.09)	$ (.07)
NUMBER OF SHARES USED IN CALCULATION	2,979,190	2,979,190
COMPREHENSIVE LOSS:		
NET LOSS	$ (280)	$ (221)
Change in unrealized gain (loss), net of tax	234	71
NET COMPREHENSIVE LOSS	$ (46)	$ (150)

See Notes to Consolidated Financial Statements

TRANSTECH INDUSTRIES, INC.
AND SUBSIDIARIES

PART I - FINANCIAL INFORMATION, Cont'd

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In $000's)
(Unaudited)

	For the Three months Ended March 31, 2008	2007
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 143	$ 111
Cash paid to suppliers and employees	(182)	(386)
Interest and dividends received	35	36
Other income received	9	1
Interest paid	(1)	(1)
Income taxes paid, net of refunds	(6)	(55)
Payment of post-closure costs, net of proceeds from escrow of $0 and $84, respectively	(208)	(127)
Net cash used in operating activities	(210)	(421)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale and maturity of marketable securities	976	2,678
Purchase of marketable securities	(995)	(786)
Proceeds from sale of equipment	1	14
Purchase of property, plant and equipment	(14)	(19)
Net cash (used in) provided by Investing activities	(32)	1,887

CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on vehicle financing	(2)	(4)
Net cash used in financing activities	(2)	(4)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(244)	1,462
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	961	1,601
CASH AND CASH EQUIVALENTS AT END OF THE QUARTER	$ 717	$ 3,063

TRANSTECH INDUSTRIES, INC.
AND SUBSIDIARIES

PART I - FINANCIAL INFORMATION, Cont'd

CONSOLIDATED STATEMENTS OF CASH FLOWS, Cont'd
(In $000's)
(Unaudited)

	For the Three Months Ended March 31, 2008	2007
RECONCILIATION OF NET LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
NET LOSS	$ (280)	$ (221)
ADJUSTMENTS TO RECONCILE NET LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Depreciation	24	21
Gain on sale of equipment	(1)	-
Accretion expense	84	91
Earnings on restricted escrow accounts	(77)	(77)
(Increase) decrease in assets:		
Accounts receivable net	(17)	(22)
Refundable income taxes	(95)	(110)
Prepaid expenses and other	215	-
Deposits	12	(49)
Increase (decrease) in liabilities:		
Accounts payable and accrued miscellaneous expenses	140	77
Income taxes payable	(55)	(55)
Accrued professional fees	48	51
Accrued post-closure costs, net of proceeds from escrow of $0 and $84, respectively	(208)	(127)
NET CASH USED IN OPERATING ACTIVITIES	$ (210)	$ (421)

See Notes to Consolidated Financial Statements

NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements are presented in accordance with the requirements of Form 10-Q and consequently do not include all of the disclosures normally required by accounting principles generally accepted in the United States of America or those normally made in the Company's annual Form 10-KSB filing. Accordingly, the reader of this Form 10-Q may wish to refer to the Company's Form 10-KSB for the year ended December 31, 2007 for further information.

The financial information has been prepared in accordance with the Company's customary accounting practices except for certain reclassifications to the 2007 consolidated financial statements in order to conform to the presentation followed in preparing the 2008 consolidated financial statements.

Quarterly financial information has not been audited. In the opinion of management, the information presented reflects all adjustments necessary for a fair statement of interim results. All such adjustments are of a normal and recurring nature except as disclosed herein.

In preparing the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates. See Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation for additional information regarding the estimates and assumptions the Company makes that affect its consolidated financial statements.

The Company sells the electricity it generates to a local utility. Such sales account for 100% of the Company's Net Operating Revenues for the three month periods ended March 31, 2008 and 2007, and represented 100% of the Company's Accounts Receivable - Trade as of March 31, 2008 and December 31, 2007.

Effective January 1, 2008, the Company adopted Statement of Financial Accounting Standard No. 157, "Fair Value Measurements" (SFAS 157), as it applies to its financial instruments, and Statement of Financial Accounting Standard No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities - Including an amendment of FASB Statement No. 115" (SFAS 159).

SFAS 157 defines fair value, outlines a framework for measuring fair value, and details the required disclosures about fair value measurements. Under SFAS 157, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market. In February 2008, the FASB decided to allow a one-year deferral of adoption of SFAS 157 for non-financial assets and nonfinancial liabilities that are recognized or disclosed at fair value. The Company has elected this one-year deferral. SFAS 157 enables the reader of the financial statements to assess the inputs used to determine the fair value of an asset or liability by establishing a hierarchy for ranking the quality and reliability of such inputs. Level 1 inputs include quoted market prices in an active market for identical assets or liabilities. Level 2 inputs are market data, other than Level 1, that are observable either directly or indirectly. Level 2 inputs include quoted market prices for similar assets or liabilities, quoted market prices in an inactive market, and other observable information that can be corroborated by market data. Level 3 inputs are unobservable and corroborated by little of no market data. SFAS 157 requires the utilization of the lowest possible level of input to determine fair value. The adoption of this statement did not have any material impact on the Company's consolidated results of operation s and financial condition.

The following table provides information on the assets measured at fair value on a recurring basis (table in $000):

	Carrying Amount in Consolidated Balance Sheets March 31, 2008	Fair Value Measurements Using Level 1	Level 2	Level 3
Marketable securities	$ 3,292	$ 3,292	-	-
Restricted escrow account for post-closure costs	$ 7,677	$ 7,677	-	-

SFAS 159 permits companies to irrevocably choose to measure certain financial instruments and other items at fair value. If the fair value option is elected, unrealized gains and unrealized losses will be recognized in earnings at each subsequent reporting date. The Company did not elect the fair value option to measure certain financial instruments.

NOTE 2 - MARKETABLE SECURITIES

At March 31, 2008, the Company's marketable securities consisted primarily of U. S. Treasury bills classified as available-for-sale and are carried at their fair value of $3,292,000, with a cost of $3,286,000 and gross unrealized gains of $6,000. At December 31, 2007, the Company's marketable securities consisted primarily of U.S. Treasury bills classified as available-for-sale and are carried at their fair value of $3,267,000 with a cost of $3,266,000 and gross unrealized gains of $1,000. The unrealized gains related to the Company's marketable securities are included in stockholders' equity, net of income tax (stockholders' equity also includes net unrealized gains related to the restricted escrow accounts discussed in Note 3). Proceeds from the maturity of marketable securities for the three months ended March 31, 2008 and 2007 were $976,000 and $2,678,000, respectively. No marketable securities were sold prior to their maturity during the period in either 2008 or 2007.

NOTE 3 - RESTRICTED ESCROW ACCOUNTS FOR POST-CLOSURE COSTS

At March 31, 2008 and December 31, 2007 the Company held $7,677,000 and $7,373,000, respectively, in a restricted escrow account which is to be used to fund post-closure costs at Kinsley's Landfill (the "Kinsley's Landfill"). The escrow fund is legally restricted for purposes of settling closure and post-closure costs, and was established to provide financial assurance through the deposit of a portion of the tipping fee charged when the landfill was operating. All disbursements from the restricted escrow account must be approved by the New Jersey Department of Environmental Protection. The balance of funds, if any, remaining after the end of the post-closure activities will revert to the State of New Jersey. The escrow for post-closure costs primarily consists of U.S. Treasury Notes and government backed debt securities. At March 31, 2008 the securities are carried at their fair value of $7,677,000, with a cost of $7,148,000 and gross unrealized gains of $529,000. At December 31, 2007 the securities had a fair market value of $7,373,000, with a cost of $7,076,000, gross unrealized gains of $302,000 and gross unrealized losses of $5,000. The net unrealized gains and losses are included in stockholder's equity for the respective periods (stockholders' equity also includes net unrealized gains related to the Company's marketable securities discussed in Note 2). The portion of the restricted escrow funds reported as current equals the current portion of accrued post-closure costs related to the Kinsley's Landfill (see Note 5).

NOTE 4 - INCOME TAXES

The Company recognized a federal income tax benefit for the three months ended March 31, 2008 due to its ability to carry-back net operating losses to 2006 for credit against federal income taxes paid with respect to such year. Federal tax laws limit the carry-back of losses to two preceding years.

The provision for income tax expense (benefit) for the three months ended March 31, 2008 is based upon the Company's anticipated annual effective tax rate and consists of the following (table in 000's):

	2008	2007
Provision for operations		
Currently payable (refundable):		
Federal	$(144)	$(110)
State	-	-
	(144)	(110)
Deferred:		
Federal	-	-
State	-	-
	-	-
Total income tax provision (benefit)	$(144)	$(110)

Income taxes payable, equal to $878,000 as of March 31, 2008, represents the amount due the United States Internal Revenue Service (the "Service") in settlement of litigation concluded during October 2000 regarding the Company's tax liability for taxable years 1980-88 and certain issues from taxable years 1989-91. During July 2004, the Service accepted the Company's Offer in Compromise (the "Offer") which requested a reduction in the amount payable with respect to such settlements and permission to pay the reduced obligation in installments. The Offer committed the Company to pay a total of $2,490,000 in satisfaction of the assessed federal income taxes and interest of approximately $4,800,000. A payment of $810,000 was made during October 2004 and the balance due is being paid in monthly installments over nine years as follows: (a) $18,230 per month for each of the forty-eight months beginning August 2004, and (b) $13,416 per month for each of the sixty months beginning August 2008. The total of the installments paid from inception through March 31, 2008 equals approximately $802,000. The approximate amounts due for the five years subsequent to March 31, 2008 are as follows: $180,000; $161,000; $161,000; $161,000 and $161,000. The sum of the payments due during the twelve months subsequent to March 31, 2008 has been classified as a current liability and the balance of the payments due have been classified as a long-term liability. The Service does not impose interest on amounts payable pursuant to the Offer. The Company is permitted to receive refunds of prior tax overpayments and from the carryback of losses. Should the Company default in any of the terms of the Offer, the Service may initiate suit to impose one or more remedies available to it, including the reinstatement of the total amount previously assessed and/or impose interest.

NOTE 5 - POST-CLOSURE COSTS AND CONTINGENT ENVIRONMENTAL LIABILITIES

Post-Closure Costs

The Company has future obligations for post-closure costs with respect to a landfill it owns and operated, the Kinsley's Landfill, and a landfill it operated on real property leased from others, the MAC Landfill. Kinsley's Landfill ceased accepting solid waste at its landfill in Deptford Township, New Jersey during February 1987 and commenced closure of that facility. Mac Sanitary Land Fill, Inc. ("Mac"), a wholly owned subsidiary of the Company, operated a landfill in Deptford Township, New Jersey that ceased operations in 1977.

Post-closure costs include estimated costs to be incurred for providing required post-closure monitoring and maintenance of the landfill. Post-closure activities occur after the entire landfill ceases to accept waste and closes. These activities involve methane gas control, leachate management and groundwater monitoring, surface water monitoring and control, and other operational and maintenance activities that occur after the site ceases to accept waste. The post-closure period generally runs for up to 30 years after final site closure for municipal solid waste landfills. Obligations associated with monitoring and controlling methane gas migration and emissions are set forth in applicable landfill permits and these requirements are based upon the provisions of the Clean Air Act of 1970, as amended.

The Company has accrued for such post-closure costs in accordance with Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations" ("SFAS 143"). Pursuant to SFAS 143, a liability for an asset retirement obligation should be initially measured at fair value. In situations where quoted market prices are unavailable, the estimate of fair value should be based on the best available information, including the results of present value techniques in accordance with Statement of Financial Accounting Concepts No. 7, "Using Cash Flow and Present Value in Accounting Measurements" ("SFAC 7"). Changes in the liability due to the passage of time are recognized as operating items in the statement of operations and are referred to as accretion expense. Changes in the liability due to revisions to estimated future cash flows are recognized by increasing or decreasing the liability, with, in the case of closed landfills, an offset to the statement of operations.

The Company relies on third parties to provide certain materials, supplies and professional services for post-closure activities. Accordingly, the fair market value of these future obligations is based upon quoted and actual prices paid for similar work. The Company's personnel perform the majority of the services required for its post-closure obligations. The Company has added a profit margin onto the cost of such services to better reflect their fair market value as required by SFAS 143.

The Company's estimates of costs to discharge asset retirement obligations for landfills are developed in today's dollars. The estimated costs are inflated to the expected time of payment and then discounted back to present value. The estimated costs in current dollars were inflated to the expected time of payment using an inflation rate of 2.5%, and the inflated costs were discounted to present value using a credit-adjusted, risk-free discount rate of 4.5%. The credit-adjusted, risk-free rate is based on the risk-free interest rate on obligations of similar maturity and adjusted for the risk associated with investments permitted and typically held in the Company's post-closure escrow accounts discussed in Note 3. Changes in the credit-adjusted, risk-free rate do not change recorded liabilities, but subsequently recognized obligations are measured using the revised credit-adjusted, risk-free rate.

The following tables summarize the actual activity in the Company's asset retirement obligation liabilities for post-closure costs for the three months ended March 31, 2008 and 2007 (table in $000):

	2008	2007
Asset retirement obligation liability, beginning of period	$ 8,797	$ 9,412
Accretion expense	84	91
Obligations settled during the period	(227)	(282)

Other adjustments (discussed below)	(14)	22
Asset retirement obligation liability, end of period	8,640	9,243
Less: Current portion	(1,040)	(1,025)
Long-term portion	$ 7,600	$ 8,218

The amount reported as current portion represents the estimate of the cost to be incurred during the subsequent twelve months.

The Company's total and current portion of accrued post-closure costs by site as of March 31, 2008 and December 31, 2007 are as follows (table in $000's):

	March 31, 2008	December 31, 2007
Kinsley's landfill	$ 8,625	$ 8,780
Mac landfill	15	17
Total	$ 8,640	$ 8,797
Kinsley's landfill	$ 1,025	$ 1,018
Mac landfill	15	17
Current portion	$ 1,040	$ 1,035

The post-closure maintenance costs of the Kinsley's Landfill are funded from a restricted escrow account (see Note 3).

The Company annually reviews its calculations with respect to landfill asset retirement obligations unless there is a significant change in the facts and circumstances related to a landfill during the year, in which case the Company will review its calculations after the significant change has occurred.

The Company began re-grading a section of the Kinsley's Landfill in 2006 in accordance with a plan approved by the New Jersey Department of Environmental Protection ("NJDEP"). The re-grading plan calls for the use of both recycled and non-recycled materials to fill and re-contour the areas of the mound containing depressions. The Company receives a fee to accept certain of the recycled materials. The costs incurred for re-grading activities shall be paid from such fees. However, costs incurred for re-grading activities in excess of such fees, if any, will be submitted to NJDEP for reimbursement from the Kinsley's Escrow. The amounts reported as Other adjustments in the above tables equal the proceeds generated from the materials received in the re-grading project at the Kinsley's Landfill, less related re-grading expenses.

During July, 2007 the Company received notice from the NJDEP that it has modified its approval of the re-grading plan. Such modifications may negatively impact the quantity of the fee producing materials the Company may accept for the re-grading project and increase the cost of utilizing such materials. The Company has challenged the NJDEP's modification to the re-grading plan and will present its objections before an administrative hearing in June 2008. The Company and NJDEP are attempting to resolve disputed issues prior to the administrative hearing.

Contingent Environmental Liabilities

During November 2004, the Company along with fourteen other potentially responsible parties was named as respondents to an Unilateral Administrative Order issued by the United States Environmental Protection Agency ("EPA") regarding a site located in Carlstadt, New Jersey. The site is known as the Scientific Chemical Processing Superfund Site (the "SCP Site") and has been undergoing remediation pursuant to an Administrative Order issued by the EPA in 1990. The November 2004 Unilateral Administrative Order seeks contribution from the fifteen respondents, and a group of sixty nine other potentially responsible parties, toward the remediation of an area designated Operable Unit 2, estimated to cost $7.5 million, and reimbursement to the EPA of $2.0 million of alleged past oversight and administrative costs (see Part II, Item 1. Legal Proceedings). Each respondent is designated as a potentially responsible party under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), and may be held liable for the cleanup of the SCP Site and costs the EPA has incurred with regard to the site. The Company ceased operations of a solvents recovery facility at the site in 1970 and had been named as a respondent to the Administrative Order issued regarding the SCP Site in 1990. The Company, together with the property owner, have contributed cash and proceeds from insurance settlements toward the remediation of the SCP Site. Such contributions total $16.4 million through March 31, 2007, plus interest earned thereon, which the Company believes should satisfy the share of remediation costs which could be found attributable to the Company for the SCP Site.

The Company was one of 158 recipients of a Notice of Potential Liability and Request to Perform Remedial Investigation/Feasibility Study (the "Notice"), issued by the EPA on March 9, 2006, regarding the contamination of the Berry's Creek Study Area (the "Creek Area") located in Bergen County, N.J. A tributary adjacent to the SCP Site flows into Berry's Creek. The Creek Area includes the approximately seven mile long water body known as Berry's Creek, a canal, all tributaries to Berry's Creek and related wetlands. Tidal areas of the river into which Berry's Creek empties are also subject of the Notice. Each recipient of the Notice is designated as a potentially responsible party under CERCLA, and may be held liable for the cleanup of the Creek Area and costs the EPA has incurred with regard to the Creek Area. The investigation and feasibility study regarding the scope of the remediation of the Creek Area is ongoing. The selection of the ultimate remediation methodology from alternative approaches is expected to be made by the EPA in 2010. Since no discovery has taken place concerning allegations against the Company, it is not possible to estimate the Company's ultimate liability, if any, with respect to the Creek Area and consequently no liability has been recorded on the Company's financial statements.

The Kin-Buc Landfill, located in Edison, New Jersey, was operated on property both owned and leased by the Company's subsidiary, Kin-Buc, Inc. ("Kin-Buc"). Operations at the Kin-Buc Landfill ceased in 1977. The operation and maintenance of remedial measures implemented at the Kin-Buc Landfill continue pursuant to the provisions of Administrative Orders issued by the EPA to the Company and other respondents, including SCA Services, Inc. ("SCA"), an affiliate of Waste Management, Inc. ("WMI"). During December 1997, the Company entered into four agreements that settled lawsuits related to the allocation of costs of remediation of the Kin-Buc Landfill and substantially relieved the Company from certain future obligations with respect to the site. As part of the settlement, SCA agreed to defend and indemnify Transtech, Kin-Buc and another subsidiary, Filcrest Realty, Inc. ("Filcrest") from claims by non-settling non-municipal waste and municipal waste potentially responsible parties in the litigation. SCA also agreed to defend and indemnify the Company from certain liabilities in connection with the remediation of the Kin-Buc Landfill. However, the Company remains a responsible party under the Administrative Orders issued by the EPA discussed above, and continues to incur administrative and legal costs for issues and activities related to the site.

The impact of future events or changes in environmental laws and regulations, which cannot be predicted at this time, could result in material increases in remediation and closure costs related to these sites, possibly in excess of the Company's available financial resources. A significant increase in such costs could have a material adverse effect on the Company's financial position, results of operations and net cash flows. The costs of litigation associated with a site are expensed as incurred.

NOTE 6 - LONG-TERM DEBT

Long-term debt consists of the following as of March 31, 2008 and December 31, 2007 (table in $000's, except for monthly installment amounts):

	March 31, 2007	December 31, 2006
Note payable to a finance company, due in monthly installments of $459, including interest at 7.99% per annum, to August 2009; secured by a vehicle carried at a net book value of $11	$ 8	$ 9
Note payable to a bank, due in monthly installments of $505, including interest at 7.75% per annum, to June 2011; secured by a vehicle carried at a net book value of $19	17	18
Total long-term debt	25	27
Less: Current portion	(10)	(10)
Long-term portion	$ 15	$ 17

NOTE 7 - SEGMENT INFORMATION

The Company's continuing operations are grouped into three segments: (a) operations which generate electricity from recovered methane gas, (b) operations which perform maintenance, remediation, closure, post-closure and related services on landfill sites, and (c) corporate and other. Corporate and other includes selling, general and administrative expenses not specifically allocable to the other segments. Corporate assets are represented primarily by cash and cash equivalents, marketable securities and real estate held for investment and sale. Financial information by segment for the three months ended March 31, 2008 and 2007 follows.

(table in $000's)	Electricity Generation	Environmental Services	Corporate and Other	Total
2008				
Gross operating revenues	$ 159	$ 219	$ -	$ 378
Eliminations (a)	-	(219)	-	(219)
Net operating revenues	159	-	-	159
Depreciation expense	12	11	1	24
Income (loss) from operations (b)	51	(129)	(467)	(545)
Capital expenditures	-	13	1	14
2007				
Gross operating revenues	$ 133	$ 272	$ -	$ 405
Eliminations (a)	-	(272)	-	(272)
Net operating revenues	133	-	-	133
Depreciation expense	2	5	4	11
Income (loss) from operations (b)	44	(65)	(419)	(440)
Capital expenditures	-	3	-	3

(a) Eliminations include intercompany sales, billings to the Kinsley's Escrow and fees received in conjunction with the Kinsley's Landfill re-grading project.

(b) Income (loss) from operations of the Environmental Services segment includes accretion expense of $84,000 and $91,000 for 2008 and 2007, respectively.

NOTE 8 - LEGAL PROCEEDINGS

See Part II, Item 1. Legal Proceedings of this Form 10-Q for a discussion of recent developments with respect to the Company's legal matters.

TRANSTECH INDUSTRIES, INC.
AND SUBSIDIARIES

PART I - FINANCIAL INFORMATION, Cont'd

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the Company's Consolidated Financial Statements and related notes, which provide additional information concerning the Company's financial activities and condition.

Forward-Looking Statements

Certain statements in this report which are not historical facts or information are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. These statements relate to future events or the Company's future financial performance. In some cases, forward-looking statements can be identified by terminology such as may, will, should, expect, plan, anticipate, believe, estimate, intend, potential or continue, and similar expressions or variations. These statements are only predictions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, levels of activity, performance or achievement of the Company, or industry results, to be materially different from any future results, levels of activity, performance or achievement expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions; the ability of the Company to implement its business strategy; the Company's ability to successfully identify new business opportunities; changes in the industry; competition; the effect of regulatory and legal proceedings; and other factors discussed herein. As a result of the foregoing and other factors, no assurance can be given as to the future results and achievements of the Company. All forward-looking statements included in this document are based on information available to the Company and its employees on the date of filing, and the Company and its employees assume no obligation to update any such forward-looking statements. In evaluating these statements, the reader should specifically consider various factors.

Discussion of Critical Accounting Policies

For a discussion of the Company's critical accounting policies, see the Company's Annual Report on Form 10-KSB for the year ended December 31, 2007.

Results of Operations

Results for the three months ended March 31, 2008 and 2007

Consolidated net operating revenues were $159,000 for the three months ended March 31, 2008, an increase of $26,000 or 20%, compared to $133,000 reported for the period ended in 2007. Consolidated operating revenues by business segment for the three months ended March 31, 2008 and 2007 were as follows (table in $000):

	2008	2007
Environmental Svcs.	$ 219	$ 272
Electricity Generation	159	133
Subtotal	378	405
Eliminations	(219)	(272)
Net Operating Revenues	$ 159	$ 133

The environmental services segment provides construction, remedial and maintenance services at landfills, commercial and industrial sites, and manages methane gas recovery operations. The environmental services segment reported $219,000 of gross operating revenues for the period in 2008 (prior to eliminations) compared to $272,000 for the period in 2007.

The Company's environmental services segment performs post-closure activities on landfills previously operated by the Company's subsidiaries. Post-closure work performed on a landfill owned by the Company, the Kinsley's Landfill, is submitted for reimbursement to a restricted escrow account established to finance the post-closure activities at the site (the "Kinsley's Escrow") (see Notes 3 and 5 to the Company's Consolidated Financial Statements). The Company billed the Kinsley's Escrow approximately $217,000 and $258,000 for post-closure maintenance performed during the three months ended March 31, 2008 and 2007, respectively. The Company is also re-grading a section of the Kinsley's Landfill in accordance with a plan approved by the New Jersey Department of Environmental Protection ("NJDEP"). The re-grading plan calls for the use of both recycled and non-recycled materials to fill and re-contour the areas of the mound containing depressions. The Company receives a fee to accept certain of the recycled materials. The costs incurred for re-grading activities shall be paid from such fees. However, costs incurred for re-grading activities in excess of such fees, if any, will be submitted to NJDEP for reimbursement from the Kinsley's Escrow. The Company intends to utilize recycled materials to the fullest extent possible in order to minimize the amount of re-grading costs paid from the Kinsley's Escrow, if any. The Company competes with certain landfills and development projects for the revenue producing materials on the basis of the fee imposed for accepting the materials and transportation cost, and must obtain NJDEP approval prior to utilizing material from a new source. The gross revenue reported for the environmental services segment for the period in 2007 includes $12,000 from such fees (see Note 5).

The decline in the revenue associated with the recycled material is due to competition for such materials from a nearby re-development project and delays in the receipt of approvals of materials from the NJDEP. In addition, during July, 2007 the Company received notice from the NJDEP that it has modified its approval of the re-grading plan. Such competition and modifications may continue to negatively impact the quantity of the fee producing materials the Company may accept for the re-grading project and increase the cost of utilizing such materials. The Company has challenged the NJDEP's modification to the re-grading plan, and will present its objections before an administrative hearing in June, 2008. The Company and NJDEP are attempting to resolve disputed issues prior to the administrative hearing.

Billings to the Kinsley's Escrow and for services provided to members of the consolidated group, and the fees received in conjunction with the re-grading project, are eliminated in the calculation of net operating revenue. The Company is continuing its efforts to expand the customer base of the environmental services segment to additional entities beyond the consolidated group.

Revenues from the segment that generates electricity using methane gas as fuel were approximately $159,000 and $133,000 for the three months ended March 31, 2008 and 2007, respectively. Methane gas is a component of the gas generated by landfills. The electricity generating facility is located at the Kinsley's Landfill and consists of four trailer mounted diesel engine/electricity generator units ("Gen-set(s)") each capable of generating approximately 11,000 kilowatt hours ("kWh") per day when operating at 85% capacity. Three of the four Gen-sets were operational during the period in 2008 and 2007. Repairs to the fourth Gen-set have been deferred. Electricity generated is sold pursuant to a contract with a local utility. Revenues are a function of the number of kWh sold, the rate received per kWh and capacity payments. The Company sold 1.86 million kWh during the three months ended March 31, 2008 compared to 2.14 million kWh sold in the period of the prior year. The average combined rate (kWh and capacity payments) received per kWh for the three months ended March 31, 2008 and 2007 equaled $.0858 and $.0621, respectively. Engineering studies indicate that the quantity of gas generated by the landfill is declining but project sufficient landfill gas to continue the operation of three of the existing Gen-sets through 2011 and two of the existing Gen-sets for the period of 2012 through 2017. Elements of the landfill gas are more corrosive to the equipment than traditional fuels, resulting in more off-line hours dedicated to repair and maintenance than with equipment utilizing traditional fuels.

Cost of Operations

Consolidated direct operating costs for the three months ended March 31, 2008 were $103,000, an increase of $33,000 or 47% when compared to $70,000 reported for the period in 2007. All the direct operating costs related to the environmental services segment for the period in 2008 and 2007 were incurred for the intercompany transactions described above and eliminated in consolidation. Therefore, the direct operating costs reported for the period in 2008 and 2007 were attributable to the electricity generating segment. The increase in operating costs is primarily attributable to repairs made to one Gen-set beyond routine repairs and maintenance.

Consolidated selling, general and administrative expenses for the three months ended March 31, 2008 and 2007 were $518,000 and $417,000, respectively. Components of selling, general and administrative expenses for the three months ended March 31, 2008 and 2007 were as follows (table in $000):

	2008	2007
Legal expenses	$ 155	$ 125
Other professional fees	53	43
Non-operating subsidiary expenses	10	10
All other administrative expenses	300	239
Total	$ 518	$ 417

Legal expenses reported for the period in 2008 and 2007 include approximately $101,000 and $109,000, respectively, of fees for matters related to the Company's landfills or the remediation of sites to which the

Company has been named as a potentially responsible party ("PRP") or potential PRP. Such fees in the periods for both 2008 and 2007 were primarily attributable to matters related to the Kin-Buc Landfill, the SCP Site and the Berry's Creek Study Area which are discussed below. Other professional fees include fees due to accountants, engineers, consultants and directors. The increase in other professional fees for the period in 2008 is due in part to services associated with documentation and evaluation of the Company's financial reporting controls as required pursuant to the Sarbanes-Oxley Act of 2002. The operating costs of the non-operating subsidiaries, consisting primarily of insurance premiums, franchise, corporate and real estate taxes, aggregated approximately $10,000 for the period in both 2008 and 2007. All other administrative expenses increased $61,000 to $300,000 for the period in 2008 from $239,000 for the period in 2007. This increase was primarily attributable to the cost of employee benefits, state franchise taxes and general operating expenses. Professional fees and administrative costs also continue to be incurred in regard to the Company's business development and asset divestiture efforts (see Liquidity and Capital Resources below). The Company also incurs legal and other professional fees, and administrative expenses, during the course of evaluating businesses for possible acquisition.

Consolidated accretion expense recognized on the Company's asset retirement obligation for landfill post-closure costs was $84,000 and $91,000 for the three months ended March 31, 2008 and 2007, respectively.

Operating Loss

The Company's consolidated operating loss for the three months ended March 31, 2008 increased to $545,000 from a loss of $445,000 reported for the period in 2007.

Other Income (Expense)

Consolidated investment income was $35,000 for the three months ended March 31, 2008 versus $36,000 reported for the period in 2007.

Consolidated investment income earned on the restricted escrow accounts dedicated to the funding of the Company's landfill post-closure costs was $77,000 for the three months ended March 31, in both 2008 and 2007.

Consolidated interest expense was $1,000 for the three months ended March 31, in both 2008 and 2007.

Consolidated rental income, net of related expenses, was $6,000 and $1,000 for the three months ended March 31, 2008 and 2007, respectively. Income included in this category consists of royalty payments, reported net of commission, received from the lessee of certain of the Company's real property situated beneath the lessee's landfill and income earned from the rental of certain of the Company's property.

Proceeds from insurance claims of $2,000 reported for the three months ended March 31, 2008 represents proceeds received from claims filed against certain of the Company's insolvent excess insurance carriers. See "Liquidity and Capital Resources - Insurance Claims for Past Remediation Costs" for further discussion of this issue.

Consolidated net miscellaneous income for the three months ended March 31, 2008 and 2007 was $2,000 and $1,000, respectively.

Loss before Income Tax Benefit

The consolidated loss before income tax benefit was $424,000 for the three months ended March 31, 2008, compared to a loss of $331,000 for the period in 2007.

Income Tax Benefit

The provision for federal and state income tax benefit for the three months ended March 31, 2008 and 2007 equaled $144,000 and $110,000, respectively. The Company recognized federal income tax benefit for the periods due to its ability to carry-back net operating losses to 2006 and 2005, respectively, for credit against federal income taxes paid with respect to such years.

Net Income (Loss)

Net loss for the three months ended March 31, 2008 was $280,000 or $.09 per share, compared to a net loss of $221,000 or $.07 per share, for the three months ended March 31, 2007.

Liquidity and Capital Resources

General

As discussed herein, the Company faces significant short-term and long-term cash requirements for (i) funding its professional and administrative costs, (ii) federal income taxes payable, and (iii) funding post-closure costs and other expenses associated with sites of past operations. The Company's past participation in the waste handling, treatment and disposal industries subjects the Company to additional claims that may be made against the Company for the remediation of sites in which the Company is deemed a potentially responsible party. In addition, future events or changes in environmental laws or regulations, which cannot be predicted at this time, could result in material increases in post-closure costs, and other potential liabilities, that may ultimately result in costs and liabilities in excess of the Company's available financial resources. In addition, the Company cannot ascertain if its operations and funding sources will be adequate to satisfy its future cash requirements.

Statement of Cash Flow

Net cash used in operating activities for the three months ended March 31, 2008 was $210,000 versus a use of $421,000 reported for the period in 2007. The primary sources of cash from operating activities for the period in both 2008 and 2007 was cash received from customers of $143,000 and $111,000, respectively. The primary use of cash from operating activities for the period in both 2008 and 2007 were payments totaling $182,000 and $386,000, respectively, made to suppliers and employees. A significant use of cash in operating activities for the period in both 2008 and 2007 were installments totaling $55,000 paid pursuant to the Company's Offer in Compromise discussed below. The payments made in 2008 are reported net of income tax refunds received in the period of $49,000. Payments of landfill post-closure costs related to the Kinsley's Landfill and the Mac Landfill were $208,000 and $211,000 for the period in 2008 and 2007, respectively. The payments made in 2007 are reported net of reimbursements of $84,000 received from the Kinsley Escrow. Certain post-closure maintenance costs of the Kinsley's Landfill are initially paid by the Company, such as personnel costs and other necessary materials or services for which credit terms are limited. The Company seeks reimbursement for such payments from the restricted escrow accounts dedicated to fund the post-closure costs of the Kinsley's Landfill. Post-closure costs of the Mac Landfill are funded from the Company's general funds, and equaled $2,000 for the period in both 2008 and 2007. See "Post-Closure Costs" below for further discussion of the Company's landfill post-closure cost obligations.

Net cash flow used in investing activities equaled $32,000 for the period in 2008. The Company re-invested all proceeds from maturing investments during the period since it held sufficient funds in the form of cash and cash equivalents to meet cash requirements in the period for operating and financing activities. Net cash provided by investing activities of $1,887,000 was reported for the period for 2007. Funds provided by investing activities for the period in 2007 were primarily utilized to fund operating activities. Financing activities used $2,000 and $4,000 of cash for the period in 2008 and 2007, respectively, for payment of vehicle financing.

As a result of these activities, funds held by the Company in the form of cash and cash equivalents decreased $244,000 for the three months ended March 31, 2008 from December 31, 2007, versus an increase of $1,462,000 in cash and cash equivalents reported for the period in the prior year. The sum of cash, cash equivalents and marketable securities as of March 31, 2008 decreased to $4,009,000 from $4,228,000 reported as of December 31, 2007.

Working capital equaled $3,659,000 and $4,184,000 as of March 31, 2008 and December 31, 2007, respectively, and the ratio of current assets to current liabilities was 2.8 to 1 as of March 31, 2008 versus 3.3 to 1 as of December 31, 2007.

Taxes

As of March 31, 2008, the Company owes the United States Internal Revenue Service (the "Service") $878,000 for income taxes pertaining to taxable years 1980-88 and certain issues from taxable years 1989-91. This amount is payable in installments pursuant to the Offer in Compromise (the "Offer") proposed by the Company and accepted by the Service during July 2004. The Offer committed the Company to pay a total of $2,490,000 in satisfaction of the assessed federal income taxes and interest of approximately $4,800,000. A payment of $810,000 was made during October 2004 and the balance due is being paid in monthly installments over nine years as follows: (a) $18,230 per month for each of the forty-eight months beginning August 2004, and (b) $13,416 per month for each of the sixty months beginning August 2008. The total of the installments paid from inception through March 31, 2008 equals approximately $802,000. The approximate amounts due for the five years subsequent to March 31, 2008 are as follows: $180,000; $161,000; $161,000; $161,000 and $161,000. The Service does not impose interest on amounts payable pursuant to the Offer. The Company is permitted to receive refunds of prior tax overpayments and from the carry-back of losses. Should the Company default in any of the terms of the Offer, the Service may initiate suit to impose one or more remedies available to it, including the reinstatement of the total amount previously assessed and/or impose interest.

Post-Closure Costs

As of March 31, 2008, the Company has accrued approximately $8.6 million for its estimated share of post-closure costs related to two of the Company's former landfill operations; the Kinsley's Landfill and Mac Landfill. Approximately $7.7 million is held in a restricted escrow account to provide funding of the post-closure costs of the Kinsley's Landfill (see Note 3 to the Company's Consolidated Financial Statements). All disbursements from such escrow must be approved by the NJDEP. The timing of future approvals of outstanding reimbursement requests is uncertain. See Note 5 to the Company's Consolidated Financial Statements for further discussion of the Company's landfill post-closure cost obligations.

Contingent Environment Liabilities

During November 2004, the Company along with fourteen other potentially responsible parties were named as respondents to an Unilateral Administrative Order issued by the United States Environmental Protection Agency ("EPA")regarding the Scientific Chemical Processing Superfund Site (the "SCP Site") located in Carlstadt, New Jersey, which has been undergoing remediation pursuant to Unilateral Administrative Order issued in 1990. The November 2004 Unilateral Administrative Order seeks contribution toward the remediation of an area designated Operable Unit 2, estimated to cost $7.5 million, and $2.0 million of past oversight and administrative costs, from the fifteen respondents and a group of sixty nine other potentially responsible parties under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"). The Company ceased operations of a solvents recovery facility at the site in 1970. The Company, together with the property owner, have contributed cash and proceeds from insurance settlements toward the remediation of the SCP Site. Such contributions total $16.4 million through March 31, 2008, plus interest earned thereon, which the Company believes should satisfy the share of remediation costs which could be found attributable to the Company for the SCP Site and any contamination or damage caused offsite. During October 2007 the Company filed a motion in a previously reported action requesting the Court to compel the group of potentially responsible parties controlling the remediation of the SCP Site to provide the Company with an accounting of the use of the $16.4 million contributed by the Company toward the remediation of the SCP Site. The motion was denied by the Court during January 2008, and in response the Company filed an appeal of the Court's decision. The Company awaits a decision on its appeal.

The Company was one of 158 recipients of a Notice of Potential Liability and Request to Perform Remedial Investigation/Feasibility Study (the "Notice"), issued by the EPA on March 9, 2006, regarding the contamination of the Berry's Creek Study Area (the "Creek Area") located in Bergen County, N.J. A tributary adjacent to the SCP Site in Carlstadt, N.J. flows into Berry's Creek. The Creek Area includes the approximately seven mile long water body known as Berry's Creek, a canal, all tributaries to Berry's Creek and related wetlands. Tidal areas of the river into which Berry's Creek empties are also subject to the Notice. Each recipient of the Notice is designated as a potentially responsible party under CERCLA, and may be held liable for the cleanup of the Creek Area and costs the EPA has incurred with regard to the Creek Area. The investigation and feasibility study regarding the scope of the contamination of the Creek Area is ongoing. The selection of the ultimate remediation methodology from alternative approaches is projected to be made by the EPA in 2010. Since no discovery has taken place concerning allegations against the Company, it is not possible to estimate the Company's ultimate liability, if any, with respect to the Creek Area.

The Kin-Buc Landfill, located in Edison, New Jersey, was operated on property both owned and leased by the Company's subsidiary, Kin-Buc, Inc. ("Kin-Buc"). Operations at the Kin-Buc Landfill ceased in 1977. The operation and maintenance of remedial measures implemented at the Kin-Buc Landfill continue pursuant to the provisions of Administrative Orders issued by the EPA to the Company and other respondents, including SCA Services, Inc. ("SCA"), an affiliate of Waste Management, Inc. ("WMI"). During December 1997, the Company entered into four agreements which settled lawsuits related to the allocation of costs of remediation of the Kin-Buc Landfill and substantially relieved the Company from certain future obligation with respect to the site. As part of the settlement, SCA agreed to defend and indemnify Transtech, Kin-Buc and another subsidiary, Filcrest

Realty, Inc. ("Filcrest") from claims by non-settling non-municipal waste and municipal waste potentially responsible parties in the litigation. SCA also agreed to defend and indemnify the Company from certain liabilities in connection with the remediation of the Kin-Buc Landfill. However, the Company remains a responsible party under the Administrative Orders issued by the EPA discussed above, and continues to incur administrative and legal costs for issues and activities related to the site.

The impact of future events or changes in environmental laws and regulations, which cannot be predicted at this time, could result in material increases in remediation and closure costs related to these sites, possibly in excess of the Company's available financial resources. A significant increase in such costs could have a material adverse effect on the Company's financial position, results of operations and net cash flows. The costs of litigation associated with a site are expensed as incurred.

Real Property

On October 19, 2006, the Company completed the sale of approximately 60 acres of real property located in the Township of Deptford, N.J. (the "Township") pursuant to the contract with BWF Development, Inc. ("BWF"). The property adjoins the Kinsley's Landfill. The real estate sold consists of approximately 45 acres of usable land and 15 acres of wetlands upon which two metal buildings and two private residences are situated. The Company continues to own approximately 364 contiguous acres in the Township, adjacent to the property sold, of which approximately 110 acres is occupied by the closed Kinsley's Landfill.

On December 10, 2007 the Township's Mayor and Town Council approved a resolution designating an area, including approximately 342 acres of the Company's property, and the 60 acres sold pursuant to the BWF contract, as an area in need of redevelopment in accordance with New Jersey Statute 40A:12A-5. This action follows the Township's Planning Board's August 8, 2007 approval of the study prepared by the Township's planner entitled "Five Points Study Area, Preliminary Investigation: Determination of an Area in Need of Redevelopment" (the "Five Points Study"). The Five Points Study concluded that the subject area (the "Five Points Study Area") should be designated a redevelopment area pursuant to the New Jersey Local Housing and Redevelopment Law. During September 2007, two subsidiaries of Transtech commenced litigation entitled Kinsley's Landfill, Inc., and Birchcrest, Inc. v. Planning Board of the Township of Deptford (No. L-001536-07) in the Superior Court of New Jersey, Law Division, Gloucester County. During December 2007, the complaint was amended to include The Township of Deptford, Benderson Properties, Inc. and certain of its affiliates as defendants. The suit seeks, among other remedies, to reverse and set aside the Township's Planning Board approval of the 2007 study prepared by the Township's planner. See Part II, Item 1. Legal Proceedings, Five Points Redevelopment Zone, for a discussion of this matter.

The Company is pursuing the disposition of its remaining property through the sale of individual parcels and/or groups of parcels. The Company is unable to determine when sale(s) of the remaining parcels will ultimately be consummated and proceeds received given the location of the properties, access issues and the location of wetlands on certain portions of the property.

The Company's wholly owned subsidiary, Filcrest Realty, Inc. owns approximately 53 acres of undeveloped property in Edison Township, N.J. Edison Township has begun condemnation proceedings in order to install a shoreline walkway on certain Filcrest Realty, Inc. lots situated along the Raritan River. See Part II, Item 1. Legal Proceedings, Edison Township

Property, for a discussion of this matter.

Insurance Claims for Past Remediation Costs

In February 2002, the Company consummated an October 2001 settlement of litigation it had commenced in 1995 against its excess insurers who provided coverage during the period of 1965 through 1986 (the "Lloyds Suit"). Many of the non-settling insurance companies are insolvent, however the estates of some of these insolvent companies have sufficient assets to make a partial contribution toward claims filed by the Company. During the quarter ended March 31, 2008, the Company received $2,000 of proceeds related to claims filed against the estates of insolvent insurers. As of March 31, 2008, the Company has resolved claims against its excess insurers representing approximately 98% of the value assigned to the coverage provided under the policies that were the subject of the Lloyds Suit. The October 2001 Settlement Agreement, released and terminated all rights, obligations and liabilities of the settling excess insurers and the Company with respect to the subject insurance policies. The Company had previously reached settlement of claims made against the majority of its primary insurers for the period of 1965 through 1986 as well, agreeing to forego future claims against the policies in conjunction with the settlements.

TRANSTECH INDUSTRIES, INC.
AND SUBSIDIARIES

PART I - FINANCIAL INFORMATION, Cont'd

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not Applicable.

Item 4. CONTROLS AND PROCEDURES

Not Applicable.

Item 4T. CONTROLS AND PROCEDURES

The Company's management evaluated, with the participation of its principal executive officer and principal financial officer, the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based on such evaluation, the principal executive officer and the principal financial officer of the Company concluded that its disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and regulations of the Securities and Exchange Commission and is operating in an effective manner.

No change in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15(d)-15(f) under the Securities Exchange Act of 1934) occurred during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

TRANSTECH INDUSTRIES, INC.

AND SUBSIDIARIES

PART II - OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

SCA & SC Holdings, Inc.

In conjunction with the 1997 settlement of the litigation related to the Kin-Buc Landfill previously disclosed, the Company agreed to allow SCA to claim against a portion of the proceeds, arising from its lawsuit against its excess insurance carriers, discussed above. The maximum amount which could be found to be payable to SCA from the Lloyds Suit settlement proceeds, $3.5 million, was placed directly into escrow until the amount of such obligation is determined in accordance with the terms of the 1997 settlement. A calculation of the amount due pursuant to the 1997 Agreement was presented to SCA during March 2002. SCA subsequently notified the Company of its objection to values utilized in that calculation, contending it was owed $3.5 million. Unable to resolve the disputed issues, during August 2002 the Company and SCA submitted the dispute regarding the amount due to binding arbitration for resolution in accordance with the terms of the 1997 Agreement. On February 6, 2004 the arbitrator issued the final of three conflicting rulings, finding in favor of SCA awarding it $3.5 million.

The Company commenced an action during February 2004 to either vacate or modify the arbitrator's award in the existing case in the United States District Court for the District of New Jersey under which claims related to the 1997 Agreement had been addressed. The arbitrator's ruling was affirmed by the District Court on October 28, 2005. In December, 2005 the Company filed an appeal of the District Court's ruling with the United States Court of Appeals for the Third Circuit (No. 05-5246), and oral arguments were made before the Court during January 2008. The Court rendered its decision on March 24, 2008 affirming the District Court's decision. The Company filed an appeal of this decision on April 9, 2008 and awaits a decision on its appeal.

The $3.5 million, plus accumulated interest, held in escrow is not reflected on the Company's financial statements; therefore the Court's decision will not adversely impact the Company's financial statements. The Company will recognize income equal to the amount of the escrow remaining after payment of amounts due SCA, if any, in the period such funds are released from escrow.

Five Points Redevelopment Zone

The Company owns approximately 364 contiguous acres in the Township of Deptford, N.J. (the "Township"). Approximately 110 of the 364 acres are occupied by the closed Kinsley's Landfill, which is owned by the Company's wholly owned subsidiary, Kinsley's Landfill, Inc. On December 10, 2007 the Township's Mayor and Town Council approved a resolution designating an area, including approximately 342 acres of the Company's property, as an area in need of redevelopment in accordance with New Jersey Statute 40A:12A-5.

This action follows the Township's Planning Board's August 8, 2007 approval of the study prepared by the Township's planner entitled "Five Points Study Area, Preliminary Investigation: Determination of an Area in Need of Redevelopment" (the "Five Points Study"). The Five Points Study concluded that the subject area (the "Five Points Study Area") should be designated a redevelopment area pursuant to the New Jersey Local Housing and Redevelopment Law. The Company had notified both the Township's Planning Board and the Township's Town Council of the Company's objections to certain errors and mischaracterizations contained within the Five Points Study, as well as the Planning Board's conclusion to approve the Five Points Study and recommend that the Township declare the Five Points Study Area a redevelopment area pursuant to the Local Housing and Redevelopment Law.

During September 2007, two subsidiaries of Transtech commenced litigation entitled Kinsley's Landfill, Inc., and Birchcrest, Inc. v. Planning Board of the Township of Deptford (No. L-001536-07) in the Superior Court of New Jersey, Law Division, Gloucester County. During December 2007, the complaint was amended to include The Township of Deptford, Benderson Properties, Inc. and certain of its affiliates as defendants. The suit seeks, among other remedies, to reverse and set aside the Township's Planning Board approval of the 2007 study prepared by the Township's planner.

Edison Township Property

The Company's wholly owned subsidiary, Filcrest Realty, Inc. owns approximately 53 acres of undeveloped property in Edison Township, N.J. Edison Township has requested that Filcrest Realty, Inc. grant it an easement on a portion of this property to install a shoreline walkway on certain lots situated along the Raritan River. The Company denied the Township's request believing the structure and location proposed by the Township will adversely impact the value of that tract which totals approximately 15 acres. This property was included in the area remediated pursuant to Administrative Orders issued by the EPA (see discussion of Contingent Environmental Liabilities in Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Operations, Liquidity). The Company offered to sell the 15 acres to the Township. The Township conveyed an appraisal setting the value of the easement at $15,000 which the Company regards as too low. During April 2008 the Township of Edison brought suit against the Company in the Superior Court of New Jersey entitled Township of Edison v. Filcrest Realty, Inc. (No. MID-L-02173-08) to commence condemnation proceeding on the 0.48 acres for which the easement is sought. The Company intends to challenge and defend its interests.

Other

No material developments have occurred with respect to the other litigation, or the other pending legal proceedings involving the Company, subsequent to that reported in the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007. Reference is made thereto for a description of such litigation and to the discussion contained in Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources of this Form 10-Q.

In the ordinary course of conducting its business, the Company becomes involved in certain lawsuits and administrative proceedings (other than those referred herein), some of which may result in fines, penalties or judgments being assessed against the Company. The management of the Company is of the opinion that these proceedings, if determined adversely individually or in the aggregate, are not material to its business or consolidated financial position.

Item 1A. RISK FACTORS

Not applicable.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

Item 3. DEFAULTS UPON SENIOR SECURITIES

None.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

Item 5. OTHER INFORMATION

None.

Item 6. EXHIBITS

Exhibit 31(a) Certification Pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934 and Section 302 of the Sarbanes-Oxley Act of 2002 by Chief Executive Officer

Exhibit 31(b) Certification Pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934 and Section 302 of the Sarbanes-Oxley Act of 2002 by Chief Financial Officer

Exhibit 32(a) Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by Chief Executive Officer

Exhibit 32(b) Certification Pursuant to 18 U.S.C. Section 1350,as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by Chief Financial Officer

TRANSTECH INDUSTRIES, INC.
AND SUBSIDIARIES

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TRANSTECH INDUSTRIES, INC.
(Registrant)

Date: May 15, 2008 By: /s/ Robert V. Silva
Robert V. Silva, President
and Chief Executive Officer
(Principal Executive Officer)

and

Date: May 15, 2008 By: /s/ Andrew J. Mayer, Jr.
Andrew J. Mayer, Jr.
Vice President-Finance, Chief
Financial Officer and Secretary
(Principal Financial and
Accounting Officer)