

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 31 March 2015. 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 period ended 31 Dec 2015.

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 31 April 2015 except for the adoption of the followings:-

FRSs/IC Interpretations	Effective date
FRS 9 Financial Instruments	1 January 2015
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 12 Disclosure of Interests in Other Entities	1 January 2013
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 (Revised) Employee Benefits	1 January 2013
FRS 124 (Revised) Related Party Disclosures	1 January 2012
FRS 127 (2011) Separate Financial Statements	1 January 2013
FRS 128 (2011) Investment in Associates and Joint Ventures	1 January 2013
Amendments to FRS 1 (Revised): Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 1 (Revised): Government Loans	1 January 2013
Amendments to FRS 7: Disclosures - Transfers of Financial Assets	1 January 2010 1 January 2012
Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 9: Mandatory Effective Date of FRS 9 And Transition Disclosures	1 January 2015
Amendments to FRS 101 (Revised): Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to FRS 112: Recovery of Underlying Assets	1 January 2012
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 15 Agreements for the Construction of Real Estate	Withdrawn on 19 November 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
IC Interpretation 20 Stripping Costs in the Production Phase Of a Surface Mine	1 January 2013
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011

Notes – for the financial period ended 31 Dec 2015

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 31 March 2015.

A3. Qualification of Annual Financial Statements

There were no audit qualifications on the financial statements of the Company for the financial year ended 31 March 2015.

A4. Seasonal and cyclical factors

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

A5. 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.

A6. Material changes in estimates

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

A7. 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.

A8. Dividend Paid

During the financial period under review, the Company paid a single-tier interim dividend of RM3.43 million out of which RM0.02 million dividend warrants have yet to be presented for payment.

Notes – for the financial period ended 31 Dec 2015

A9. Segment information

Operating Segment

In determining the operating segments of the Group, segment revenue is based on the products and services provided.

The Group's financial information analysed by operating segment as at 31 Dec 2015 was as follows:

	Current Year Quarter Ended 31 Dec 2015				Consolidation adjustment RM'000	Group RM'000
	Manufacturing and Trading RM'000	Service RM'000	Investment Holding RM'000	Others RM'000		
Revenue						
- External	19,462	-	275	-		19,737
- Inter-segment	16,927	98	-	-	(17,025)	-
	<u>36,389</u>	<u>98</u>	<u>275</u>	<u>-</u>		<u>19,737</u>
Results						
Segment results	2,111	87	(165)	(8)	439	2,464
Finance costs	(428)	-	-	-		(428)
Profit before taxation	<u>1,683</u>	<u>87</u>	<u>(165)</u>	<u>(8)</u>		<u>2,036</u>
Share of loss of associate					(33)	(33)
Income tax expense						<u>(356)</u>
Profit after taxation						<u>1,647</u>
	Current Year To-Date Ended 31 Dec 2015				Consolidation adjustment RM'000	Group RM'000
	Manufacturing and Trading RM'000	Service RM'000	Investment Holding RM'000	Others RM'000		
Revenue						
- External	54,459	-	846	-		55,305
- Inter-segment	52,378	293	-	-	(52,671)	-
	<u>106,837</u>	<u>293</u>	<u>846</u>	<u>-</u>		<u>55,305</u>
Results						
Segment results	2,922	246	1,397	(138)	4	4,431
Finance costs	(1,283)	-	-	-		(1,283)
Profit before taxation	<u>1,639</u>	<u>246</u>	<u>1,397</u>	<u>(138)</u>		<u>3,148</u>
Share of loss of associate					(158)	(158)
Income tax expense						<u>(663)</u>
Profit after taxation						<u>2,327</u>

A10. 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.

Notes – for the financial period ended 31 Dec 2015

A11. Material events subsequent to the end of the interim period

There were no material events subsequent to the current financial quarter ended 31 Dec 2015 up to the date of this report, which is likely to substantially affect the results of the operations of the Group.

A12. Changes in the composition of the Group

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

A13. 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.

A14. Capital Commitments

	Current Quarter 31 Dec 2015 RM' 000 Group	Current Quarter 31 Dec 2015 RM' 000 Company
Acquisition of machine approved and contracted for	<u>644</u>	<u>-</u>

A15. Contingent Liabilities

	Current Quarter 31 Dec 2015 RM' 000 Group	Current Quarter 31 Dec 2015 RM' 000 Company
Corporate guarantees given to licensed bank for banking facilities granted to subsidiaries	<u>22,175</u>	<u>-</u>

A16. Significant Related Party Transactions

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

A17. Cash and cash equivalents

	At 31 Dec 2015 RM' 000
Cash and bank balances	4,455
Fixed deposits	5,644
Bank overdrafts	<u>(5,963)</u>
	<u>4,136</u>

PART B: ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS

B1. Review of performance

The Group achieved revenue of RM55.35 million for the financial quarter ended 31 Dec 2015 as compared to RM71.13 million recorded for the financial quarter ended 31 Dec 2014. This is a decrease of approximately 22.18%. The Group recorded a profit before taxation of RM3.00 million and profit after taxation of RM2.33 million as compared to a profit before taxation of RM2.10 million and profit after taxation of RM1.55 million for previous financial quarter ended 31 Dec 2014. The drop in the revenue was mainly due to lower demand for our goods whereas the higher profit is mainly due to higher unrealised forex gain.

B2. Variation of results against preceding quarter

The Group achieved revenue of RM19.74 million for the current quarter under review as compared to RM25.73 million in the previous quarter. The Group recorded profit before taxation of RM2.00 million and profit after taxation of RM1.65 million for current financial period under review as compared to profit before taxation of RM0.90 million and profit after taxation of RM0.73 million for preceding quarter. The drop in the revenue was mainly due to lower demand for our goods whereas the higher profit is mainly due to higher unrealised forex gain.

B3. Current year prospects

The Group will continue to improve the performance of all the segments by improving the demand for its products as well as implementing measures to reduce expenditure. As for the food and beverage segment, the Group will strategize effective plans to turnaround the business so as to improve the overall Group's performance.

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 2015 RM' 000	Preceding Year Quarter 31 Dec 2014 RM' 000
Current tax expense	393	184
Deferred tax credit	(86)	(27)
	<u>356</u>	<u>157</u>

Tax expense for the current period ended 31 Dec 2015 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 higher than the statutory tax rate principally due to disallowable expenses.

B6. Notes to Comprehensive Income Statement

	Current Quarter 31 Dec 2015 RM' 000	Preceding Year Quarter 31 Dec 2014 RM' 000
After charging/(crediting):		
Interest income	(63)	(20)
Interest expense	428	476
Depreciation	1,472	1,048
Amortisation of intangible asset	12	12
Gain on disposal of equipment	(17)	(2)
Provision for doubtful debts written back	-	(64)
Unrealised (gain)/loss on foreign exchange	(325)	359
Realised loss on foreign exchange	120	222
Share of loss/(gain) of associate	33	(177)

B7. Realised and Unrealised Profits

	Current Quarter 31 Dec 2015 RM' 000	Preceding Year Quarter 31 Dec 2014 RM' 000
Total retained profits:		
Realised	39,372	27,971
Unrealised	(18,944)	(9,072)
	<u>20,428</u>	<u>18,899</u>
Total share of retained losses of an associate		
Realised	-	(124)
Unrealised	(318)	-
	<u>20,110</u>	<u>18,506</u>
Less: Consolidation adjustment	2,589	37
	<u>22,699</u>	<u>17,709</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	5,963	-
Hire purchase	428	1,758
Trust receipts and bankers' acceptances	21,428	-
Term loans	2,104	615
Total	<u>26,151</u>	<u>2,373</u>

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 had filed its Third Party proceedings against the Third Party to pay the arrears claimed by TNB as the Third Party were occupying the property at the material time.

In August 2013, the Third Party had agreed and forwarded installment payments to TNB. At this juncture, RESB is awaiting for the sealed consent judgement from TNB's lawyer.

B11. Dividends

During the financial period under review, the Company declared a single-tier interim dividend of RM3.43 million.

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 2015 RM'000	Year To Date 31 Dec 2015 RM'000
Profit attributable to holders of the parent for the period	<u>1,648</u>	<u>2,328</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>1.20</u>	<u>1.70</u>

Diluted earnings per share is not disclosed herein as the options under the warrants have not been exercised as at 31 Dec 2015.

B13. Authorisation for issue

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