

**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 year ended 31 Mar 2016.

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 Mar 2015 except for the adoption of the followings:-

<b>FRSs/IC Interpretations</b>	<b>Effective date</b>
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IC Interpretation 15 Agreements for the Construction of Real Estate	Withdrawn on 19 November 2011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 year ended 31 Mar 2016**

**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**

No dividend was proposed during the quarter under review.

**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 Mar 2016 was as follows:

	Current Year Quarter Ended 31 Mar 2016				Consolidation adjustment RM'000	Group RM'000
	Manufacturing and Trading RM'000	Service RM'000	Investment Holding RM'000	Others RM'000		
Revenue						
- External	21,905	-	3	-		21,908
- Inter-segment	13,094	97	-	-	(13,191)	-
	<u>34,999</u>	<u>97</u>	<u>3</u>	<u>-</u>		<u>21,908</u>
Results						
Segment results	3,562	739	(999)	(285)	(2,547)	470
Finance costs	(379)	-	-	-		(379)
	<u>3,183</u>	<u>739</u>	<u>(999)</u>	<u>(285)</u>		<u>91</u>
Share of loss of associate					(100)	(100)
Income tax credit						<u>2,034</u>
Profit after taxation						<u>2,025</u>
	Current Year To-Date Ended 31 Mar 2016				Consolidation adjustment RM'000	Group RM'000
	Manufacturing and Trading RM'000	Service RM'000	Investment Holding RM'000	Others RM'000		
Revenue						
- External	76,364	-	849	-		77,213
- Inter-segment	65,472	390	-	-	(65,862)	-
	<u>141,836</u>	<u>390</u>	<u>849</u>	<u>-</u>		<u>77,213</u>
Results						
Segment results	5,029	985	398	5,077	5	4,901
Finance costs	(1,662)	-	-	-		(1,662)
	<u>3,367</u>	<u>985</u>	<u>398</u>	<u>5,077</u>		<u>3,239</u>
Share of loss of associate					(258)	(258)
Income tax credit						<u>1,371</u>
Profit after taxation						<u>4,352</u>

**A10. Valuation of property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any, other than land and building which are stated at revalued amount less accumulated depreciation or amortization or impairment loss, if any.

## Notes – for the financial year ended 31 Mar 2016

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

There were no material events subsequent to the current financial quarter ended 31 Mar 2016 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**

	<b>Current Quarter 31 Mar 2016 RM' 000 Group</b>	<b>Current Quarter 31 Mar 2016 RM' 000 Company</b>
Acquisition of machine approved and contracted for	<u>308</u>	<u>-</u>

**A15. Contingent Liabilities**

	<b>Current Quarter 31 Mar 2016 RM' 000 Group</b>	<b>Current Quarter 31 Mar 2016 RM' 000 Company</b>
Corporate guarantees given to licensed bank for banking facilities granted to subsidiaries	<u>19,338</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**

	<b>At 31 Mar 2016 RM' 000</b>
Cash and bank balances	1,657
Fixed deposits	4,625
Bank overdrafts	(4,003)
	<u>2,279</u>

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

The Group achieved revenue of RM77.21 million for the financial year ended 31 Mar 2016 as compared to RM91.93 million recorded for the financial year ended 31 Mar 2015. This is a decrease of approximately 16%. The Group recorded a profit before taxation of RM2.98 million and profit after taxation of RM1.37 million as compared to a profit before taxation of RM9.91 million and profit after taxation of RM5.86 million for previous financial year ended 31 Mar 2015. The loss was mainly due to lower demand for our goods as well as lower fair value gain by approximately RM3.2 million whereas higher profit after taxation was mainly due to deferred tax credit of approximately RM3.2 million.

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

The Group achieved revenue of RM21.90 million for the current quarter under review as compared to RM19.74 million in the previous quarter. The Group profit before tax is negligible whereas the loss after taxation is RM2.03 million as compared to profit before taxation of RM2.00 million and profit after taxation of RM1.65 million for preceding quarter. This is mainly due to higher share of loss in associate of RM0.10 million, allowance for impairment loss in trade receivables of RM0.6 million and higher tax expense. However, higher profit after taxation was mainly due to tax credit of RM3.09 million.

**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. The Group will strategize plans to expand market and products developments.

Barring any unforeseen circumstances, the Board expects the Group to continue to achieve satisfactory performance.

**B4. Variance of actual and forecast profit**

The disclosure requirements for the explanatory notes for the variance of actual profit and forecast profit and for the shortfall in profit guarantee are not applicable.

**B5. Income tax**

	<b>Current Quarter 31 Mar 2016 RM' 000</b>	<b>Preceding Year Quarter 31 Mar 2015 RM' 000</b>
Current tax expense	1,053	2,024
Deferred tax (credit)/expense	<u>(3,087)</u>	<u>1,491</u>
	<u><u>(2,034)</u></u>	<u><u>3,515</u></u>

## Notes – for the financial year ended 31 Mar 2016

Tax credit for the current period ended 31 Mar 2016 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 deferred tax credit.

**B6. Notes to Comprehensive Income Statement**

	<b>Current Quarter 31 Mar 2016 RM' 000</b>	<b>Preceding Year Quarter 31 Mar 2015 RM' 000</b>
After charging/(crediting):		
Interest income	(44)	(3)
Interest expense	379	442
Depreciation	1,513	3,726
Amortisation of intangible asset	12	12
Gain on disposal of equipment	(25)	(3)
Provision for doubtful debts written back	-	(64)
Unrealised (gain)/loss on foreign exchange	1,275	(454)
Realised (gain)/loss on foreign exchange	(8)	50
Share of loss/(gain) of associate	99	(35)

**B7. Realised and Unrealised Profits**

	<b>Current Quarter 31 Mar 2016 RM' 000</b>	<b>Preceding Year Quarter 31 Mar 2015 RM' 000</b>
Total retained profits:		
Realised	79,718	80,717
Unrealised	(12,745)	(17,057)
	<u>66,973</u>	<u>63,660</u>
Total share of results of an associate		
Unrealised	4	(2)
	<u>66,977</u>	<u>63,658</u>
Less: Consolidation adjustment	(45,634)	(43,601)
	<u>21,343</u>	<u>20,057</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:

	<b>Short-Term (Secured) RM'000</b>	<b>Long-Term (Secured) RM'000</b>
Bank overdrafts	4,003	-
Hire purchase	501	1,553
Trust receipts and bankers' acceptances	13,732	-
Term loans	1,686	371
Total	<u>19,922</u>	<u>1,924</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.

- (ii) On 4 April 2016, our subsidiary company, Resintech Plastics (M) Sdn Bhd ("RPSB") has filed a suit for RM868,740.00 together with interest against Banjaran Mendi Trading ("BMT") and its guarantors, namely Dato Mustaffa Bin Shariff and Datin Norini Binti Abdul Malek. On 9 May 2016, RPSB has obtained Judgement in Default against the Defendants. The sealed consent judgement has just been obtained and RPSB is in discussion with its legal advisor over the next course of actions.

**B11. Dividends**

The Board of Directors does not recommend any dividend for the current financial quarter 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:-

	<b>Individual Current Year Quarter 31 Mar 2016 RM'000</b>	<b>Year To Date 31 Mar 2016 RM'000</b>
Profit attributable to holders of the parent for the period	<u>2,027</u>	<u>4,354</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>1.48</u>	<u>3.17</u>

Diluted earnings per share is not disclosed herein as the options under the warrants have not been exercised as at 31 Mar 2016.

**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.