

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 2016. 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 30 Sep 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 March 2016 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IC Interpretation 15 Agreements for the Construction of Real Estate	Withdrawn on 19 November 2011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 year ended 30 September 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 2016.

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 2016.

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

During the financial period under review, a total of 4,900 warrants were converted totaling RM2,450.00.

A8. Dividend Paid

During the financial period under review, the Company paid a single-tier interim dividend of RM1.65 million.

Notes – for the financial year ended 30 September 2016

A9. Segment informationOperating Segment

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

The Group's financial information analyzed by operating segment as at 30 Sep 2016 was as follows:

	6-Mth to Sep 2016				Consolidation adjustment RM'000	Group RM'000
	Manufacturing and trading RM'000	Services RM'000	Investment holding RM'000	Others RM'000		
Revenue						
External	40,728	-	-	-		40,728
Inter-segment	31,743	195	-	-	(31,938)	-
	<u>72,471</u>	<u>195</u>	<u>-</u>	<u>-</u>		<u>40,728</u>
Results						
Segment results	1,994	144	409	(123)	637	3,061
Finance costs	(911)	-	-	-		(911)
Profit/(loss) before tax	<u>1,083</u>	<u>144</u>	<u>409</u>	<u>(123)</u>		<u>2,150</u>
Share of profit/(loss) of associate					(138)	(138)
Income tax (expense) / credit						(589)
Profit after taxation						<u>1,423</u>

	6-Mth to Sep 2015				Consolidation adjustment RM'000	Group RM'000
	Manufacturing and trading RM'000	Services RM'000	Investment holding RM'000	Others RM'000		
Revenue						
External	34,997	-	571	-		35,568
Inter-segment	35,451	195	-	-	(35,646)	-
	<u>70,448</u>	<u>195</u>	<u>571</u>	<u>-</u>		<u>35,568</u>
Results						
Segment results	811	159	1,562	(130)	(435)	1,967
Finance costs	(855)	-	-	-		(855)
Profit/(loss) before tax	<u>(44)</u>	<u>159</u>	<u>1,562</u>	<u>(130)</u>		<u>1,112</u>
Share of profit/(loss) of associate					(125)	(125)
Income tax (expense) / credit						(307)
Profit after taxation						<u>680</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 year ended 30 September 2016

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

There were no material events subsequent to the current financial quarter ended 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

	Individual Quarter 30 Sep 2016 RM' 000 Group	Current Year To Date 30 Sep 2016 RM' 000 Company
Acquisition of plant and machineries Approved and contracted for	<u>840</u>	<u>1,542</u>

A15. Contingent Liabilities

	Individual Quarter 30 Sep 2016 RM' 000 Group	Current Quarter 30 Sep 2016 RM' 000 Company
Corporate guarantees given to licensed bank for banking facilities granted to subsidiaries	<u>19,271</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 30 Sep 2016 RM' 000
Cash and bank balances	2,312
Fixed deposits	1,409
Bank overdrafts	<u>(5,381)</u>
	<u>(1,660)</u>

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

The Group achieved revenue of RM40.73 million for the financial quarter ended 30 Sep 2016 as compared to RM35.58 million recorded for the financial quarter ended 30 Sep 2015. The Group recorded a profit before taxation of RM2.01 million and profit after taxation of RM1.42 million as compared to a profit before taxation of RM0.99 million and profit after taxation of RM0.68 million for previous financial quarter ended 30 Sep 2015. The higher profit is mainly due to higher revenue recorded during this period.

B2. Variation of results against preceding quarter

The Group achieved revenue of RM22.08 million for the current quarter under review as compared to RM18.65 million in the previous quarter. The Group recorded profit before taxation of RM0.36 million and profit after taxation of RM0.46 million for current financial period under review as compared to profit before taxation of RM1.65 million and profit after taxation of RM0.97 million for preceding quarter.

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

	Individual Quarter 30 Sep 2016 RM' 000	Individual Quarter 30 Sep 2015 RM' 000
Current tax expense	(85)	288
Deferred tax credit	(15)	(45)
	<u>(100)</u>	<u>243</u>

Tax expense for the current period ended 30 Sep 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 higher than the statutory tax rate principally due to unallowable expenses.

B6. Notes to Comprehensive Income Statement

	Individual Quarter		Cumulative Quarter	
	30 Sep 2016 RM'000	30 Sep 2015 RM'000	30 Sep 2016 RM'000	30 Sep 2015 RM'000
Interest income	(29)	(31)	(40)	(46)
Interest expense	551	273	911	855
Depreciation	1,373	1,473	2,756	2,919
Amortisation of intangible asset	1	11	23	23
Allowance for doubtful debts	-	-	-	-
Bad debts written off	1	-	122	-
Plants and machineries written off	-	-	-	-
Realised (gain)/loss on foreign exchange	109	106	246	194
Fair value gain on investment properties	-	-	-	75

B7. Realised and Unrealised Profits

	Current Quarter 30 Sep 2016 RM' 000	Preceding Year Quarter 30 Sep 2015 RM' 000
Total retained profits:		
Realised	78,429	80,034
Unrealised	(12,403)	(14,908)
	<u>66,026</u>	<u>65,126</u>
Total share of retained losses of an associate		
Realised	-	-
Unrealised	2	2
	<u>66,028</u>	<u>65,128</u>
Less: Consolidation adjustment	(44,557)	(44,224)
	<u>21,471</u>	<u>20,904</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	5,381	-
Hire purchase	531	1,257
Trust receipts and bankers' acceptances	19,313	-
Term loans	812	84
Total	<u>26,037</u>	<u>1,341</u>

Notes – for the financial year ended 30 September 2016

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. Resintech Engineering Sdn Bhd (“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.

To date, the Third Party had settled all its 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, Resintech Plastics (M) Sdn Bhd (“RPSB”), filed a claim for RM985,407.80 together with interest against Banjaran Mendi Trading owned by Datin Norini Binti Abdul Malek (“First Defendant”) and its guarantors, Dato’ Mustaffa Bin Shariff, for goods sold and delivered. Defendants did not enter appearance and/or defence. Sealed judgement in default was obtained on 31 May 2016.

B11. Dividends

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

B12. Basic earnings per share

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

	Individual Current Year Quarter 30 Sep 2016 RM’000	Year To Date 30 Sep 2016 RM’000
Profit attributable to holders of the parent for the period	<u>463</u>	<u>1,425</u>
Number of ordinary shares of RM0.50 each in issue	<u>137,205</u>	<u>137,204,</u>
Basic earnings per share based on the number of shares in issue (sen)	<u>0.34</u>	<u>1.04</u>
Diluted earnings per share based on the number of shares in issue (sen)	<u>N/A</u>	<u>N/A</u>

The diluted earnings per share is equal to the basic earnings per share as there is an anti dilutive effect arising from the conversion of warrants.

B13. Authorisation for issue

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