

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 2017. 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 March 2017.

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 2017 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IC Interpretation 15 Agreements for the Construction of Real Estate	Withdrawn on 19 November 2011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

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 2017.

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 paid during the financial period under review.

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Notes – for the financial period ended 30 June 2017

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 analyzed by operating segment as at 30 June 2017 was as follows:

	3-Mth to Jun 2017				Consolidation adjustment RM'000	Group RM'000
	Manufacturing and trading RM'000	Services RM'000	Investment holding RM'000	Others RM'000		
Revenue						
External	16,226	-	-	-		16,226
Inter-segment	10,533	98	-	-	(10,631)	-
	<u>26,759</u>	<u>98</u>	<u>-</u>	<u>-</u>		<u>16,226</u>
Results						
Segment results	655	77	55	(226)	779	1,230
Finance costs	(446)	-	-	-		(446)
Profit before tax	<u>209</u>	<u>77</u>	<u>55</u>	<u>(226)</u>		<u>784</u>
Income tax expense						(285)
Profit after taxation						<u>499</u>

	3-Mth to Jun 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	18,648	-	-	-		18,648
Inter-segment	16,038	98	-	-	(16,136)	-
	<u>34,686</u>	<u>98</u>	<u>-</u>	<u>-</u>		<u>18,648</u>
Results						
Segment results	2,190	95	(38)	177	(394)	2,030
Finance costs	(360)	-	-	-		(360)
Profit before tax	<u>1,830</u>	<u>95</u>	<u>(38)</u>	<u>177</u>		<u>1,670</u>
Share of loss of associate					(20)	(20)
Income tax expense						(689)
Profit after taxation						<u>961</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 30 June 2017

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 Jun 2017 RM' 000 Group	Current Year To Date 30 Jun 2017 RM' 000 Company
Acquisition of plant and machineries Approved and contracted for	<u>1,313</u>	<u>N/A</u>

A15. Contingent Liabilities

	Individual Quarter 30 Jun 2017 RM' 000 Group	Current Year To Date 30 Jun 2017 RM' 000 Company
Corporate guarantees given to licensed bank for banking facilities granted to subsidiaries	<u>26,076</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 Jun 2017 RM' 000
Cash and bank balances	2,203
Fixed deposits	836
Bank overdrafts	(5,830)
	<u>(2,791)</u>

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

The Group achieved revenue of RM16.23 million for the financial year ended 30 Jun 2017 as compared to RM18.65 million recorded for the financial year ended 30 Jun 2016. Revenue dropped by approximately 13% due to slower demand for its goods. The Group recorded a profit before taxation of RM0.78 million and profit after taxation of RM0.50 million as compared to a profit before taxation of RM1.65 million and profit after taxation of RM0.96 million for previous financial year ended 30 Jun 2016. Other than the lower demand for its products, the unrealized foreign exchange loss (unrealized foreign exchange gain previously) also contributed to the drop in the results.

B2. Variation of results against preceding quarter

The Group achieved revenue of RM16.23 million for the current quarter under review as compared to RM20.29 million in the previous quarter. The Group recorded profit before taxation of RM0.78 million and profit after taxation of RM0.50 million for current financial period under review as compared to profit before taxation of RM5.38 million and profit after taxation of RM6.21 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 Jun 2017 RM' 000	Individual Quarter 30 Jun 2016 RM' 000
Current tax expense	337	705
Deferred tax credit	(52)	(16)
	<u>285</u>	<u>689</u>

Tax expense for the current period ended 30 Jun 2017 is derived based on management's best estimate of the tax rate for the financial period.

B6. Notes to Comprehensive Income Statement

	Individual Quarter		Cumulative Quarter	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	RM'000	RM'000	RM'000	RM'000
Interest income	(13)	(12)	(13)	(12)
Interest expense	446	360	446	360
Depreciation	1,421	1,383	1,421	1,383
Amortisation of intangible asset	-	12	-	12
Bad debts written off	-	121	-	121
Plants and machineries written off	-	60	-	60
Realised loss/(gain) on foreign exchange	584	(706)	584	(706)

B7. Realised and Unrealised Profits

	Current Quarter 30 Jun 2017 RM' 000	Preceding Year Quarter 30 Jun 2016 RM' 000
Total retained profits:		
Realised	71,795	79,967
Unrealised	1,915	(16,529)
	<u>73,710</u>	<u>67,042</u>
Total share of retained losses of an associate		
Realised	-	-
Unrealised	-	4
	<u>73,710</u>	<u>67,046</u>
Less: Consolidation adjustment	(43,246)	(44,526)
	<u>30,464</u>	<u>22,520</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	5,830	-
Hire purchase	598	935
Trust receipts and bankers' acceptances	17,536	-
Term loans	1,516	-
Total	<u>25,480</u>	<u>935</u>

Notes – for the financial period ended 30 June 2017

B10. Material Litigations

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 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. Notice served to guarantors house address. Following Case Management for bankruptcy against First Defendant and Second Defendant in June and July 2017, both Defendants have been fixed for Bankruptcy Order on 4 January 2018. Our Solicitors will prepare the necessary papers for filing of Bankruptcy Petition at the Insolvency Departments prior to the Order Date.

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 Jun 2017 RM’000	Year To Date 30 Jun 2017 RM’000
Profit attributable to holders of the parent for the period	501	501
Number of ordinary shares of RM0.50 each in issue	137,205	137,205
Basic earnings per share based on the number of shares in issue (sen)	3.70	3.70
Diluted earnings per share based on the number of shares in issue (sen)	N/A	N/A

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.