

**RESINTECH BERHAD (341662-X)**

**Notes – for the financial period ended 30 Jun 2018**

**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 2018. 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 2018.

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 2018 except for the adoption of the followings:-

<b>FRSs/IC Interpretations</b>	<b>Effective date</b>
MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23 Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 ‘Revenue from Contracts with Customers’	1 January 2018
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018

**RESINTECH BERHAD (341662-X)**

**Notes – for the financial period ended 30 Jun 2018**

<b>Basis of preparation (continues)</b>	<b>Effective date</b>
<b>FRSs/IC Interpretations</b>	
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters	
• Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019
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

**A1. 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 2018.

**A2. Qualification of Annual Financial Statements**

There were no audit qualifications on the financial statements of the Company for the financial year ended 31 March 2018.

**A3. Seasonal and cyclical factors**

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

**A4. 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.

**A5. Material changes in estimates**

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

**A6. 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.

**RESINTECH BERHAD (341662-X)****Notes – for the financial period ended 30 Jun 2018****A7.A8. Dividend Paid**

No dividend was paid during the financial period under review.

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**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 Jun 2018 was as follows:

	3-Mth to Jun 2018				Consolidation adjustment RM'000	Group RM'000
	Manufacturing and trading RM'000	Services RM'000	Investment holding RM'000	Others RM'000		
Revenue						
External	20,010	-	-	-		20,010
Inter-segment	11,178	120	-	-	(11,298)	-
	<u>31,188</u>	<u>120</u>	<u>-</u>	<u>-</u>		<u>20,010</u>
Results						
Segment results	583	106	134	15	(31)	807
Finance costs	(556)	-	-	-		(556)
	<u>27</u>	<u>106</u>	<u>134</u>	<u>15</u>		<u>251</u>
Profit before tax						251
Income tax expense						(57)
Profit after taxation						<u>194</u>

	3-Mth to Mar 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)
	<u>209</u>	<u>77</u>	<u>55</u>	<u>(226)</u>		<u>10,417</u>
Profit before tax						10,417
Income tax expense						(285)
Profit after taxation						<u>499</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.

**RESINTECH BERHAD (341662-X)****Notes – for the financial period ended 30 Jun 2018****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**

	<b>Individual Quarter 30 Jun 2018 RM' 000 Group</b>	<b>Current Year To Date 30 Jun 2018 RM' 000 Company</b>
Acquisition of fleet Approved and contracted for	328	N/A

**A15. Contingent Liabilities**

	<b>Individual Quarter 30 Jun 2018 RM' 000 Group</b>	<b>Current Year To Date 30 Jun 2018 RM' 000 Company</b>
Corporate guarantees given to licensed bank for banking facilities granted to subsidiaries	21,598	-

**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 30 Jun 2018 RM' 000</b>
Cash and bank balances	4,643
Fixed deposits	3,128
Bank overdrafts	(5,662)
	<u>2,109</u>

**RESINTECH BERHAD (341662-X)**

**Notes – for the financial period ended 30 Jun 2018**

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

**B1. Review of performance**

The Group achieved revenue of RM20.01 million for the financial period ended 30 Jun 2018 as compared to RM16.22 million recorded for the financial period ended 30 Jun 2017. Revenue increased by 23.37%. The Group recorded a profit before taxation of RM0.25 million and profit after taxation of RM0.19 million as compared to a profit before taxation of RM0.78 million and profit after taxation of RM0.50 million for previous financial period ended 30 Jun 2017. Current year's performance is largely affected by the higher operating cost.

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

The Group achieved revenue of RM20.51 million for the current quarter under review as compared to RM21.87 million in the previous quarter. Revenue dropped by 8.50% during the period under reviewed. The Group recorded profit before taxation of RM0.25 million and profit after taxation of RM0.19 million for current financial period under review as compared to profit before taxation of RM2.22 million and profit after taxation of RM0.51 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~~**

	<b>Individual Quarter 30 Jun 2018 RM' 000</b>	<b>Individual Quarter 30 Jun 2018 RM' 000</b>
Current tax expense	106	337
<del>Current</del> Deferred tax credit	<u>(49)</u>	<u>(52)</u>
	<u>57</u>	<u>285</u>

Tax expense for the current period ended 30 Jun 2018 is derived based on management's best estimate.

**RESINTECH BERHAD (341662-X)****Notes – for the financial period ended 30 Jun 2018****B6. Notes to Comprehensive Income Statement**

	Individual Quarter		Cumulative Quarter	
	30 Jun 2018	30 Jun 2017	30 Jun 2018	30 Jun 2017
	RM'000	RM'000	RM'000	RM'000
Interest income	(18)	(13)	(18)	(13)
Interest expense	556	446	556	446
Depreciation	1,406	5,421	5,668	5,421
Bad debts written off	28	-	28	-
Realised loss/(gain) on foreign exchange	2	584	2	584

**B7. Realised and Unrealised Profits**

	Current Quarter 30 Jun 2018 RM' 000	Preceding Year Quarter 30 Jun 2017 RM' 000
Total retained profits:		
Realised	73,491	71,795
Unrealised	3,732	1,915
	<u>77,223</u>	<u>73,710</u>
Less: Consolidation adjustment <del>Current</del>	<u>(44,181)</u>	<u>(43,246)</u>
	<u><u>33,042</u></u>	<u><u>30,464</u></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	5,662	-
Hire purchase	792	1,008
Trust receipts and bankers' acceptances	16,590	-
Term loans	887	3,400
Total	<u>23,931</u>	<u>4,408</u>

## RESINTECH BERHAD (341662-X)

### Notes – for the financial period ended 30 Jun 2018

#### 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. Bankruptcy Order took place in January 2018.

Defendants files Notice of Application to set aside judgement in default and notice of application for stay of bankruptcy proceeding. We have filed Affidavit in Reply and defendants have served Defendant’s Affidavit in Reply on 23 April 2018. On 4 May 2018, the judge allowed the defendant’s application and case management took place on 23 May 2018. We had had applied for Summary Judgment (Order 14) where further Case Management was fixed on 6 June 2018.

On 6 June 2018, the Court instructed us to file Affidavit in Support and Defendants to file their Affidavit in Reply by 11 June 2018 and 25 June 2018 respectively and set the matter for further case management on 27 June 2018. Thereafter, the Court on 27 June 2018 fixed 12 July 2018 for us to file our Affidavit in Reply and 27 July 2018 for both parties to file Written Submissions and Bundle of Authorities. The Court on 6 August 2018 granted Summary Judgment (Order 14) and cost of RM3,000.00 in favour of us and against Defendants.

#### 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:-

	<b>Individual Current Year Quarter 30 Jun 2018 RM’000</b>	<b>Year To Date 30 Jun 2018 RM’000</b>
Profit attributable to holders of the parent for the period	195	195
<del>N</del> Weighted average number of ordinary shares in issue	137,205	137,205
Basic <del>e</del> Earnings <del>p</del> Per <del>s</del> Share based on the <del>weighted average n</del> umber of shares in issue (sen)	0.14	0.14
Diluted <del>e</del> Earnings <del>p</del> Per <del>s</del> Share based on the <del>weighted</del>		

**RESINTECH BERHAD (341662-X)**

**Notes – for the financial period ended 30 Jun 2018**

~~average 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.



**RESINTECH BERHAD (341662-X)**

**Notes – for the financial period ended 30 Jun 2018**

**B13. Derivative Financial Instruments**

The Group did not entered into any derivative financial instruments which were outstanding during the financial period under reviewed.

**B14. 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.