

RESINTECH BERHAD (341662-X)

CONDENSED CONSOLIDATED PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For The Period Ended 30 Sep 2018

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year 30 Sep 2018 RM'000 (Unaudited)	Preceding Year Corresponding Quarter 30 Sep 2017 RM'000 (Audited)	Current Year To Date 30 Sep 2018 RM'000 (Unaudited)	Preceding Year Corresponding Period 30 Sep 2017 RM'000 (Audited)
Revenue		22,647	20,478	42,657	36,704
Cost of sales		(18,595)	(16,879)	(35,285)	(29,423)
Gross profit		4,052	3,599	7,372	7,281
Other operating income		(38)	296	371	937
Selling and distribution expenses		(779)	(547)	(1,391)	(1,011)
Administrative expenses		(2,101)	(1,819)	(4,024)	(3,511)
Other operating expenses		(452)	(741)	(838)	(1,678)
Finance costs		(297)	(275)	(853)	(721)
Profit before taxation		385	513	637	1,297
Income tax credit/(expense)	B5	(175)	(291)	(232)	(576)
Profit after taxation		210	222	405	721
Total comprehensive income for the period					
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Equity holders of the parent		211	223	406	723
Minority interests		(1)	(1)	(1)	(2)
		210	222	405	721
Earnings per share (sen):					
Basic	B12	0.15	0.16	0.30	0.53
Diluted	B12	N/A	N/A	N/A	N/A

This is prepared based on consolidated results of the Group for the financial period ended 30 Sep 2018 and is to be read in conjunction with the Notes to the Interim Financial Report and the audited consolidated results of the Group for the financial year ended 31 March 2018.

RESINTECH BERHAD (341662-X)**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****For The Period Ended****30 Sep 2018**

(The figures have not been audited)

	Current year quarter 30 Sep 2018 RM'000 (Unaudited)	As at 31 Mar 2018 RM'000 (Audited)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	79,086	80,916
Other investment	1,799	1,799
Investment properties	30,433	28,595
	<u>111,318</u>	<u>111,310</u>
NON-CURRENT ASSET HELD FOR SALE	5,600	5,600
CURRENT ASSETS		
Inventories	26,107	22,454
Short-term investment	101	101
Trade receivables	21,500	21,988
Other receivables, deposits and prepayments	13,755	10,668
Tax refundable	1,740	189
Fixed deposits with a licensed bank	3,302	4,227
Cash and bank balances	4,266	5,865
	<u>70,771</u>	<u>65,492</u>
TOTAL ASSETS	<u>187,689</u>	<u>182,402</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	68,602	68,602
Revaluation reserves	28,217	28,529
Reserves relating to non-current asset held for sale	3,857	3,857
Foreign exchange translation reserve	(645)	(924)
Retained profits	33,409	32,692
TOTAL ATTRIBUTABLE TO THE OWNER OF THE COMPANY	<u>133,440</u>	<u>132,756</u>
Non-controlling interests	<u>(23)</u>	<u>(21)</u>
TOTAL EQUITY	<u>133,417</u>	<u>132,735</u>
NON-CURRENT LIABILITIES		
Long-term borrowings	4,148	3,676
Deferred tax liabilities	13,134	13,303
	<u>17,282</u>	<u>16,979</u>

RESINTECH BERHAD (341662-X)**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****For The Period Ended****30 Sep 2018**

(The figures have not been audited)

	Current year quarter 30 Sep 2018 RM'000 (Unaudited)	Current year quarter 31 Mar 2018 RM'000 (Audited)
CURRENT LIABILITIES		
Trade payables	6,262	5,806
Other payables and accruals	3,344	3,186
Provision for taxation	2,231	873
Short-term borrowings	18,327	18,844
Bank overdrafts	5,785	2,938
	<u>35,949</u>	<u>31,647</u>
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSET HELD FOR SALE	1,041	1,041
TOTAL LIABILITIES	<u>54,272</u>	<u>49,667</u>
TOTAL EQUITY AND LIABILITIES	<u>187,689</u>	<u>182,402</u>
Net Assets per share based on number of shares in issue (sen)	<u>97.27</u>	<u>96.76</u>

Note:

The unaudited condensed consolidated statement of financial position should be read in conjunction with the Notes to the Interim Financial Report and the Group's audited financial statements for the financial year ended 31 March 2018.

Net assets per share is arrived at based on the Group's Net Assets over the number of ordinary shares in issue of 137,204,900 shares.

RESINTECH BERHAD (341662-X)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Period Ended 30 Sep 2018

(The figures have not been audited)

	Share Capital RM'000	Revaluation Reserve RM'000	Non-Current Asset Held For Sale Reserve RM'000	Exchange Translation Reserve RM'000	Distributable Retained Profits RM'000	Sub-total RM'000	Non - Controlling Interests RM'000	Total RM'000
Financial year ended 31 March 2017								
At 1 April 2017	68,600	32,008	3,857	(975)	29,762	133,252	(21)	133,231
Profit after taxation for the financial year	-	-	-	-	1,879	1,879	-	1,879
<u>Other comprehensive income, net of tax</u>								
Foreign currency translation	-	-	-	51	-	51	-	51
Realisation of revaluation surplus	-	(760)	-	-	760	-	-	-
Recycle to retained earnings arising from disposal of freehold land	-	(291)	-	-	291	-	-	-
Revaluation surplus during the year	-	1,429	-	-	-	1,429	-	1,429
Relating to NCAHFS	2	(3,857)	-	-	-	(3,855)	-	(3,855)
At 31 Mar 2018 (audited)	68,602	28,529	3,857	(924)	32,692	132,756	(21)	132,735
Financial year ended 31 Mar 2018								
At 30 Sep 2018	68,602	28,529	3,857	(924)	32,692	132,756	(21)	132,735
Profit after taxation for the financial period	-	-	-	-	405	405	(2)	403
<u>Other comprehensive income, net of tax</u>								
Foreign currency translation	-	-	-	279	-	279	-	279
Realisation of revaluation surplus	-	(312)	-	-	312	-	-	-
Recycle to retained earnings arising from disposal of freehold land	-	-	-	-	-	-	-	-
Revaluation surplus during the year	-	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	-	-
Relating to NCAHFS	-	-	-	-	-	-	-	-
At 30 Sep 2018 (unaudited)	68,602	28,217	3,857	(645)	33,409	133,440	(23)	133,417

This is prepared based on consolidated results of the Group for the financial period ended 30 Sep 2018 and is to be read in conjunction with the Notes to the Interim Financial Report and the audited consolidated results of the Group for the financial year ended 31 March 2018.

RESINTECH BERHAD (341662-X)**CONDENSED CONSOLIDATED CASH FLOW STATEMENT****For The Period Ended 30 Sep 2018**

(The figures have not been audited)

	Current Year To Date 30 Sep 2018 RM'000 (Unaudited)	Preceding Year To Date 30 Sep 2017 RM'000 (Audited)
CASH FLOWS FOR OPERATING ACTIVITIES		
Profit before taxation	637	1,297
Adjustments for:		
Depreciation	3,140	2,805
Gain on disposal of plant and equipment	(36)	(38)
Equipment written off	1	-
Impairment loss on trade receivables	2	-
Interest income	(45)	(46)
Interest expense	853	721
Unrealised (gain)/loss on foreign exchange	(230)	976
Operating profit before working capital changes	<u>4,322</u>	<u>5,715</u>
Inventories	(3,653)	544
Receivables	(2,601)	(5,193)
Payables	<u>614</u>	<u>(1,718)</u>
Cash from operations	(1,318)	(652)
Interest paid	(853)	(721)
Tax paid	<u>(524)</u>	<u>(558)</u>
Net cash for operating activities	<u>(2,695)</u>	<u>(1,931)</u>
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	45	46
Proceed from disposal of property, plant and equipment	36	38
Proceed from disposal of investment property	-	1,530
Purchase of investment property	(1,291)	-
Purchase of property, plant and equipment	(9)	(1,662)
Net cash for investing activities	<u>(1,219)</u>	<u>(48)</u>
CASH FLOWS FOR FINANCING ACTIVITIES		
Bill payables	(915)	(1,291)
Net decrease in hire purchase obligations	(331)	(325)
Net decrease in term loans	(379)	1,511
Net cash for financing activities	<u>(1,625)</u>	<u>(105)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(5,539)	(2,084)
Effects of foreign exchange translation	270	925
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	7,054	1,604
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	<u><u>1,785</u></u>	<u><u>445</u></u>

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This is prepared based on the consolidated results of the Group for the financial period ended 30 Sep 2018 and is to be read in conjunction with the audited financial results for the financial year ended 31 March 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:-

FRSs/IC Interpretations	Effective date
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

Basis of preparation (continues)	Effective date
FRSs/IC Interpretations	
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 Sep 2018

A8. Dividend Paid

No dividend was paid during the financial period 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 analyzed by operating segment as at 30 Sep 2018 was as follows:

	6-Mth to Sep 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	42,657	-	-	-		42,657
Inter-segment	24,916	240	-	-	(25,156)	-
	<u>67,573</u>	<u>240</u>	<u>-</u>	<u>-</u>		<u>42,657</u>
Results						
Segment results	1,333	196	32	473	(544)	1,490
Finance costs	(853)	-	-	-		(853)
	<u>480</u>	<u>196</u>	<u>32</u>	<u>473</u>		<u>637</u>
Profit before tax						637
Income tax expense						(232)
Profit after taxation						<u>405</u>

	6-Mth to Sep 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	36,704	-	-	-		36,704
Inter-segment	24,910	195	-	-	(25,105)	-
	<u>61,614</u>	<u>195</u>	<u>-</u>	<u>-</u>		<u>36,704</u>
Results						
Segment results	2,195	143	(145)	(306)	131	2,018
Finance costs	(721)	-	-	-		(721)
	<u>1,474</u>	<u>143</u>	<u>(145)</u>	<u>(306)</u>		<u>1,297</u>
Profit before tax						1,297
Income tax expense						(576)
Profit after taxation						<u>721</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 Sep 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

	Individual Quarter 30 Sep 2018 RM' 000 Group	Current Year To Date 30 Sep 2018 RM' 000 Company
Capital expenditure Approved and contracted for	<u>N/A</u>	<u>N/A</u>

A15. Contingent Liabilities

	Individual Quarter 30 Sep 2018 RM' 000 Group	Current Year To Date 30 Sep 2018 RM' 000 Company
Corporate guarantees given to licensed bank for banking facilities granted to subsidiaries	<u>19,695</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 2018 RM' 000
Cash and bank balances	4,266
Fixed deposits	3,302
Bank overdrafts	(5,785)
	<u>1,783</u>

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

The Group achieved revenue of RM42.66 million for the financial period ended 30 Sep 2018 as compared to RM36.70 million recorded for the financial period ended 30 Sep 2017. Revenue increased by 16.24%. The Group recorded a profit before taxation of RM0.64 million and profit after taxation of RM0.41 million as compared to a profit before taxation of RM1.30 million and profit after taxation of RM0.72 million for previous financial period ended 30 Sep 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 RM22.65 million for the current quarter under review as compared to RM20.01 million in the previous quarter. Revenue increased by 13.19% during the period under reviewed. The Group recorded profit before taxation of RM0.39 million and profit after taxation of RM0.21 million for current financial period under review as compared to profit before taxation of RM0.25 million and profit after taxation of RM0.19 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 2018 RM' 000	Individual Quarter 30 Sep 2017 RM' 000
Current tax expense	225	337
Deferred tax credit	(50)	(46)
	<u>175</u>	<u>291</u>

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

Notes – for the financial period ended 30 Sep 2018

B6. Notes to Comprehensive Income Statement

	Individual Quarter		Cumulative Quarter	
	30 Jun 2018 RM'000	30 Sep 2017 RM'000	30 Jun 2018 RM'000	30 Sep 2017 RM'000
Interest income	(27)	(34)	(45)	(46)
Interest expense	297	275	853	721
Depreciation	1,734	1,384	3,140	2,805
Bad debts written off	1	-	29	-
Impairment loss of property and equipment	1	-	1	-
Realised loss/(gain) on foreign exchange	78	(118)	80	(506)

B7. Realised and Unrealised Profits

	Current Quarter 30 Sep 2018 RM' 000	Preceding Year Quarter 30 Sep 2017 RM' 000
Total retained profits:		
Realised	74,463	72,974
Unrealised	3,821	1,590
	<u>77,284</u>	<u>74,564</u>
Less: Consolidation adjustment	(44,875)	(43,851)
	<u>33,409</u>	<u>30,713</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	5,785	-
Hire purchase	904	927
Trust receipts and bankers' acceptances	16,558	-
Term loans	865	3,221
Total	<u>24,112</u>	<u>4,148</u>

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 Defendeants 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 Judgement (Order 14) and cost of RM3,000.00 in favour of us and against Defendants.

Defendants subsequently appealed to the Shah Alam High Court. On 21 Nov 2018, the Honourable Judge of Shah Alam High Court has struck out the Appellants application to set aside our Summary Judgement with cost of RM2,000.00.

RPSB lawyer is now preparing to proceed with bankruptcy proceeding against Defendants.

B11. Dividends

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

Notes – for the financial period ended 30 Sep 2018

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 2018 RM'000	Year To Date 30 Sep 2018 RM'000
Profit attributable to holders of the parent for the period	<u>211</u>	<u>406</u>
Number of ordinary shares in issue	<u>137,205</u>	<u>137,205</u>
Basic earnings per share based on the number of shares in issue (sen)	<u>0.15</u>	<u>0.30</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. 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.