

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 2021. 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 2021.

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 2021 except for the adoption of the followings:-

FRSs/IC Interpretations	Effective date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
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 16: Covid-19 Related Rent Concessions	1 June 2020
Amendments to MFRS 16: Covid-19 Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classifications of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standard 2018 - 2020	1 January 2022

Notes – for the financial period ended 31 Dec 2021

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 2021.

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 2021.

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 issuances, cancellations, repurchases, resale and repayment of debt and equity securities for the current quarter under review.

A8. Dividend Paid

The Group paid RM1.72 million dividends during this period under review.

Notes – for the financial period ended 31 Dec 2021

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 31 Dec 2021 was as follows:

	9-Mth to Dec 2021				
	Manufacturing and trading RM'000	Services RM'000	Investment holding RM'000	Others RM'000	Group RM'000
Revenue					
External	61,590	-	-	-	61,590
Inter-segment	42,484	360	2,000	-	42,844
	104,074	360	2,000	-	104,434
Consolidation adjustments					(42,844)
					61,590
Results					
Segment results	7,763	310	1,642	(159)	8,936
Finance costs					(902)
					8,034
Consolidation adjustments					(3,029)
Profit before tax					5,005

	9-Mth to Dec 2020				
	Manufacturing and trading RM'000	Services RM'000	Investment holding RM'000	Others RM'000	Group RM'000
Revenue					
External	54,430	-	-	-	54,430
Inter-segment	34,564	360	-	-	34,924
	88,994	360	-	-	89,354
Consolidation adjustments					(34,924)
					54,430
Results					
Segment results	7,145	143	182	-	7,470
Finance costs					(965)
					5,367
Consolidation adjustments					(1,138)
Profit before tax					5,367

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 this period under review.

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

There were no material events subsequent to the current financial period ended up to the date of this report, which is likely to substantially affect the results of the operations of the Group.

Notes – for the financial period ended 31 Dec 2021

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

	Current Year-To-Date 31 Dec 2021 RM' 000 Group	Current Year-To-Date 31 Dec 2021 RM' 000 Company
Capital expenditure Approved and contracted for	22,770	-

A15. Contingent Liabilities

	Current Year-To-Date 31 Dec 2021 RM' 000 Group	Current Year-To-Date 31 Dec 2021 RM' 000 Company
Corporate guarantees given to licensed bank for banking facilities granted to subsidiaries	30,138	-

A16. Significant Related Party Transactions

There were no significant related party transactions during the financial period under review.

A17. Cash and cash equivalents

	At 31 Dec 2021 RM' 000
Fixed deposits	11,970
Cash and bank balances	3,299
Money market funds	5,863
Overdrafts	(6,215)
Fixed deposit pledged to bank	(538)
	14,379

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

The Group achieved revenue of RM61.59 million for the financial period ended 31 Dec 2021 with corresponding profit before tax of RM5.00 million and profit after taxation of RM3.23 million. For the same period in 2020, the Group recorded lower revenue of RM54.43 million with corresponding profit before taxation of RM5.37 million and profit after taxation of RM3.82 million due to disruptions from initial Movements Control Orders in the country.

B2. Variation of results against preceding quarter

The Group achieved revenue of RM21.63 million for the current quarter under review as compared to RM19.59 million in the previous quarter. Lower revenue in previous quarter was due to halt in operation during Enhanced Movement Control Order which took place during the quarter under review. The Group recorded profit before taxation of RM2.65 million and profit after taxation of RM1.70 million for current financial period under review as compared to profit before taxation of RM1.00 million and profit after taxation of RM0.64 million for preceding quarter.

B3. Current year prospects

It is a challenging time ahead as the widespread of covid-19 pandemic is negatively affecting the business operations of the Group. Economic outlook is uncertain and volatile. The Group will monitor and manage the impact therefrom as well as continue with its effort to improve the performance of all segments by improving the demand for its products as well as implementing measures to reduce expenditure. The Group will also monitor and adhere to the Standard Operating Procedure outlined by the Government.

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 31 Dec 2021 RM' 000	Individual Quarter 31 Dec RM' 000
Current tax expense	1,022	851
Deferred tax credit	(68)	(72)
	<u>954</u>	<u>779</u>

Tax expense for the current period ended 31 Dec 2021 is derived based on management's best estimate.

Notes – for the financial period ended 31 Dec 2021

B6. Notes to Comprehensive Income Statement

	Individual Quarter		Cumulative Quarter	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	RM'000	RM'000	RM'000	RM'000
Interest income	(77)	(29)	(175)	(93)
Interest expense	354	320	902	965
Depreciation				
Property, plant and equipment	1,093	1,079	3,278	3,205
Rights-of-use assets	479	484	1,388	1,446
Fair value gain on property	-	1	16	1

B7. Status of corporate proposal

There were no corporate proposals announced for the financial period under review.

B8. 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	6,215	-
Lease liabilities	471	93
Trust receipts and bankers' acceptances	23,167	-
Term loans	2,643	4,017
Total	<u>32,496</u>	<u>4,110</u>

B9. 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 applied for Summary Judgment (Order 14) where further Case Management was fixed on 6 June 2018.

B9. Material Litigations (continued)

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.

Sealed Judgement against Datin Norini and Dato' Mustaffa were obtained on 15 November 2019. Sealed Bankruptcy Notice on Datin Norini has been served. Creditors Petition hearing was held on 14 July 2020. Bankruptcy proceeding commenced against Datin Norini was heard on 9 Sep 2020. Proof of Debts had been prepared and subsequently filed accordingly at the Solvency Department.

Creditors Petition was heard on 26 Oct 2021 and The Court has granted Bankruptcy Order against Dato' Mustaffa. Proof of Debt has been files to the Insolvency Department on 6 Jan 2022.

B10. Dividends

The Company did not declare dividend during this period under review.

B11. 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 31 Dec 2021 RM'000	Year To Date 31 Dec 2021 RM'000
Profit attributable to holders of the parent for the period	<u>1,700</u>	<u>3,231</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>1.24</u>	<u>2.35</u>

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

B12. Derivative Financial Instruments

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

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.