

**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:-

<b>FRSs/IC Interpretations</b>	<b>Effective date</b>
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 year ended 31 Mar 2022**

**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 repayments of debt and equity securities during the quarter other than the followings:-

Private Placements

On 5 January 2022, the Company has issued 9,600,000 new Ordinary Shares at RM0.771 per share via private placement to eligible investors for a total cash consideration of RM7.40 millions.

Treasury Shares

On 31 December 2021, the shareholders of the Company approved general mandate for the Company to repurchase its own shares. During the quarter under review, the Company repurchased 1,000,000 of its issued ordinary shares from the open market at an average price of RM0.9373 per shares. The total consideration paid for the repurchase including transaction costs was RM941,787 and this was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

**A8. Dividend Paid**

There was no dividend payment during this 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.

## Notes – for the financial year ended 31 Mar 2022

**A9. Segment information ( continued )**

The Group's financial information analyzed by operating segment as at 31 Mar 2022 was as follows:

	12-Mth to Mar 2022				Group RM'000
	Manufacturing and trading RM'000	Services RM'000	Investment holding RM'000	Others RM'000	
Revenue					
External	82,185	-	-	-	82,185
Inter-segment	53,041	480	6,000	-	59,521
	<u>135,226</u>	<u>480</u>	<u>6,000</u>	<u>-</u>	<u>141,706</u>
Consolidation adjustments					(59,521)
					<u>82,185</u>
Results					
Segment results	11,103	84	5,442	(162)	16,467
Finance costs					(1,258)
					<u>15,209</u>
Consolidation adjustments					(7,315)
Profit before tax					<u>7,894</u>

	12-Mth to Mar 2021				Group RM'000
	Manufacturing and trading RM'000	Services RM'000	Investment holding RM'000	Others RM'000	
Revenue					
External	78,783	-	-	-	78,783
Inter-segment	49,543	480	4,600	-	54,623
	<u>128,326</u>	<u>480</u>	<u>4,600</u>	<u>-</u>	<u>133,406</u>
Consolidation adjustments					(54,623)
					<u>78,783</u>
Results					
Segment results	14,665	(422)	4,274	-	18,517
Finance costs					(1,164)
					<u>15,463</u>
Consolidation adjustments					(9,321)
Profit before tax					<u>8,032</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 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.

**A12. Changes in the composition of the Group**

There were no changes in the composition of the Group during the current quarter under review.

## Notes – for the financial year ended 31 Mar 2022

**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**

There were no capital commitments as at 31 Mar 2022.

**A15. Contingent Liabilities**

	<b>Current Year-To-Date 31 Mar 2022 RM' 000 Group</b>	<b>Current Year-To-Date 31 Mar 2022 RM' 000 Company</b>
Corporate guarantees given to licensed bank for banking facilities granted to subsidiaries	<u>37,292</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**

	<b>At 31 Mar 2022 RM' 000</b>
Fixed deposits	8,851
Cash and bank balances	11,747
Money market funds	2,001
Overdrafts	(5,476)
Fixed deposit pledged to bank	<u>(569)</u>
	<u>16,554</u>

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

The Group achieved revenue of RM82.19 million for the financial year ended 31 Mar 2022 with corresponding profit before tax of RM7.89 million and profit after taxation of RM5.09 million. For financial year ended 31 Mar 2021, the Group recorded revenue of RM78.78 million with corresponding profit before taxation of RM8.03 million and profit after taxation of RM5.87 million. Revenue is approximately 4.33% higher. However, higher manufacturing and operational cost has attributed to lower profit after taxation.

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

The Group achieved revenue of RM20.60 million for the current quarter under review as compared to RM21.63 million in the previous quarter. The Group recorded profit before taxation of RM2.89 million and profit after taxation of RM1.89 million for current financial period under review as compared to profit before taxation of RM2.65 million and profit after taxation of RM1.70 million for preceding quarter.

**B3. Current year prospects**

The domestic economy is forecast to expand in the range of 5.5% and 6.5% in 2022. The continuation and acceleration of major infrastructure projects shall have positive effect on the demand for the Group's products. The high crude palm oil price is likely to have positive spillover effect on developments in more rural areas across the country. However, the Group takes cautious approach in view of the volatile material cost, freight and transportation cost, labour shortages, and inflationary pressure. The Group will continue to improve the performance of all segments by improving the demand for its products, implementing measures to reduce expenditures as well as looking for opportunities for growth in other areas.

**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 31 Mar 2022 RM' 000</b>	<b>Individual Quarter 31 Mar 2021 RM' 000</b>
Current tax expense	1,026	1,264
Deferred tax credit	(4)	(644)
	<u>1,030</u>	<u>620</u>

Tax expense for the current period ended 31 Mar 2022 is derived based on management's best estimate.

## Notes – for the financial year ended 31 Mar 2022

## B6. Notes to Comprehensive Income Statement

	Individual Quarter		Cumulative Quarter	
	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021
	RM'000	RM'000	RM'000	RM'000
Interest income	(2)	(104)	(177)	(197)
Interest expense	269	136	1,177	1,101
Depreciation				
Property, plant and equipment	1,018	1,271	4,296	4,476
Rights-of-use assets	438	465	1,826	1,911
Fair value gain on property	222	1	222	2

## B7. Status of corporate proposal

Proceeds from Private Placements

During the financial period under review, the Company completed first tranche of its fund raising exercise via new issuance of securities through private placement of 9,600,000 new ordinary shares which was completed and listed on 7 January 2022. The exercise raised gross proceeds of approximately RM7.40 million. Balance of shares yet to be issued stood at 4,120,490 as at 31 March 2022. On the same day, the Company had announced its intention to vary the propose of the remaining placement shares of 4,000,000 towards part purchase consideration for its Proposed Acquisition of 30% equity interest in Bionutricia Holding Sdn Bhd conditional upon the Proposed Acquisition.

The status of the utilization of proceeds as at 31 March 2022 is set out below:-

Proposed utilisation	Expected timeframe for utilization from receipt of proceeds	Amount raised RM'000	Amount utilised RM'000	Balanced amount unutilised RM'000
For working capital for the manufacturing and trading segment	Within 12 months	7,350	1,217	6,133
Estimated expenses	Upon completion of the Private Placement	<u>52</u>	<u>52</u>	<u>-</u>
Total		<u><u>7,402</u></u>	<u><u>1,269</u></u>	<u><u>6,133</u></u>

Bonus Issue and Warrants

On 1 April 2022, the Company proposed bonus issue of up to 50,308,463 new ordinary shares in Resintech on the basis of 1 Bonus Share for every 3 existing Resintech Shares held on an entitlement date to be determined and announced later by the Board as well as proposed bonus issue of up to 100,616,926 free warrants in Resintech on the basis of 1 Warrant for every 2 existing Resintech Shares held by shareholders of the Company whose names appear in the Company's record of securities holders established by Bursa Malaysia Depository Sdn. Bhd. under Rules of Bursa Depository pursuant to the Securities Industry (Central Depositories) Act, 1991 on an entitlement date, to be determined and announced later by the Board. The listing application in relation to the proposals had been submitted to Bursa Malaysia Securities Berhad on 17 May 2022.

## Notes – for the financial year ended 31 Mar 2022

**B8. Group borrowings**

The Group's borrowings as at the end of the reporting quarter are as follows:

	<b>Short-Term (Secured) RM'000</b>	<b>Long-Term (Secured) RM'000</b>
Bank overdrafts	5,476	-
Lease liabilities	465	77
Trust receipts and bankers' acceptances	12,315	-
Term loans	3,934	24,386
Total	<u>22,190</u>	<u>24,463</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 wholly owned subsidiary, Resintech Plastics (M) Sdn Bhd ("RPSB"), filed a claim for goods sold and delivered in the sum of 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 ("Second Defendant"). 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 filed Notice of Application to set aside Judgement in Default and the First Defendant filed Notice of Application for stay of bankruptcy proceeding. The Defendants' application to set aside the Judgement in default was allowed and the bankruptcy proceedings against Defendants were discontinued. RPSB subsequently filed an application for Summary Judgement which was obtained on 6 August 2018.

Defendants subsequently appealed to the Shah Alam High Court against the decision of the Sessions Court on Summary Judgement but the appeal was dismissed on 21 Nov 2018. On 26 June 2019, RPSB filed an application to amend the computation of the interest payable for the Summary Judgement, which was then allowed by the Court. Amended Summary Judgement was sealed by the Court on 22 November 2019.

Subsequently, RPSB filed bankruptcy proceedings against the First Defendant and Second Defendant on 19 November 2019 and 1 December 2020 respectively. Bankruptcy Orders were obtained on 9 September 2020 and 26 October 2021 against the First Defendant and Second Defendant, respectively, with Proof of Debts filed to the Solvency Department on 18 March 2021 and 6 January 2022. The matter is pending creditors' meeting to be called upon.

**B10. Dividends**

The Board of Directors has proposed and approved for an interim dividend of 1.25 sen per ordinary share in respect of the financial year ended 31 March 2022, to be paid on 13 July 2022.

**B11. 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 31 Mar 2022 RM'000</b>	<b>Year To Date 31 Mar 2022 RM'000</b>
Profit attributable to holders of the parent for the period	1,851	5,082
Number of ordinary shares in issue	145,805	145,805
Basic earnings per share based on the number of shares in issue (sen)	1.33	3.64

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.