

**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 2022. 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 2022.

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 2022. The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial period:-

<b>FRSs/IC Interpretations</b>	<b>Effective date</b>
MFRS 17 Insurance Contracts	1 January 2023
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 17: Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initia; Application of MFRS 17 and MFRS 9 – Comparative Information	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

**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 2022.

**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 2022.

**A4. Seasonal and cyclical factors**

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

## Notes – for the financial period ended 31 Dec 2022

**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 under review.

Details of the Private Placement are set out below:-

	<b>Number of shares issued</b>	<b>Total consideration raised RM</b>
At 1 Oct 2022	9,600,000	7,401,600
Changes this financial period	-	-
At 31 Dec 2022	<u>9,600,000</u>	<u>7,401,600</u>

Details of the Treasury Shares held are set out below:-

	<b>Number of shares purchased</b>	<b>Total consideration paid RM</b>
At 1 Oct 2022	1,000,000	941,787
Changes this financial period	-	-
At 31 Dec 2022	<u>1,000,000</u>	<u>941,787</u>

It 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**

The Company did not pay any dividends during this period under review.

## Notes – for the financial period ended 31 Dec 2022

**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 was as follows:

	9-Mth to Dec 2022				
	Manufacturing and trading RM'000	Services RM'000	Investment Holding RM'000	Others RM'000	Group RM'000
Revenue					
External	66,408	-	-	-	66,408
Inter-segment	52,325	360	-	-	52,685
	<u>118,733</u>	<u>360</u>	<u>-</u>	<u>-</u>	<u>119,093</u>
Consolidation adjustments					(52,685)
					<u>66,408</u>
Results					
Segment results	2,066	311	202	(35)	2,544
Finance costs					(1,661)
					<u>883</u>
Consolidation adjustments					(1,848)
Loss before tax					<u>(965)</u>

  

	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
	<u>104,074</u>	<u>360</u>	<u>2,000</u>	<u>-</u>	<u>104,434</u>
Consolidation adjustments					(42,844)
					<u>61,590</u>
Results					
Segment results	7,763	310	1,642	(159)	8,936
Finance costs					(902)
					<u>8,034</u>
Consolidation adjustments					(3,029)
Profit before tax					<u>5,005</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 period ended 31 Dec 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**

	<b>Current Year-To-Date 31 Dec 2022 RM' 000 Group</b>	<b>Current Year-To-Date 31 Dec 2022 RM' 000 Company</b>
Capital expenditure Approved and contracted for	<u>2,106</u>	<u>-</u>

**A15. Contingent Liabilities**

	<b>Current Year-To-Date 31 Dec 2022 RM' 000 Group</b>	<b>Current Year-To-Date 31 Dec 2022 RM' 000 Company</b>
Corporate guarantees given to licensed bank for banking facilities granted to subsidiaries	<u>38,415</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 Dec 2022 RM' 000</b>
Fixed deposits	7,662
Cash and bank balances	4,718
Money market funds	390
Overdrafts	(2,268)
Fixed deposit pledged to bank	<u>(663)</u>
	<u><u>9,839</u></u>

Notes – for the financial period ended 31 Dec 2022

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

The Group achieved revenue of RM66.41 million for the financial period ended 31 Dec 2022 with corresponding loss before tax of RM0.97 million and loss after taxation of RM1.51 million. For financial period ended 31 Dec 2021, the Group recorded revenue of RM61.59 million with corresponding profit before taxation of RM5.00 million and profit after taxation of RM3.23 million. Despite revenue being higher by approximately 7.83%, manufacturing cost and operational cost had risen significantly mainly as a results of high material cost, import cost and labour cost and hence the manufacturing margin. The Group incurred additional expenses on professional fees incurred in relation to evaluation of potential businesses and corporate exercises. To add to that, the Group also see its profit eroded due to finance expenses which had almost doubled up as compared to the same period of last financial year as well as fluctuation in foreign exchange.

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

The Group achieved revenue of RM22.04 million for the current quarter under review as compared to RM23.27 million in the previous quarter. The Group recorded loss before taxation of RM1.18 million and loss after taxation of RM1.24 million for current financial period under review as compared to loss before taxation of RM0.56 million and loss after taxation of RM0.8 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. However, the Group takes cautious approach in view of the volatile material cost affected by volatile crude oil price, freight and transportation cost, higher labour cost, higher utility bills and inflationary pressure.

**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 Dec 2022 RM' 000</b>	<b>Individual Quarter 31 Dec 2021 RM' 000</b>
Current tax expense	130	1,022
Deferred tax credit	(65)	(68)
	<u>65</u>	<u>954</u>

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

**B6. Notes to Comprehensive Income Statement**

## Notes – for the financial period ended 31 Dec 2022

	Individual Quarter		Cumulative Quarter	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	RM'000	RM'000	RM'000	RM'000
Interest income	(49)	(77)	(143)	(175)
Interest expense	568	354	1,621	902
Depreciation				
Property, plant and equipment	972	1,093	3,126	3,278
Rights-of-use assets	276	479	829	1,388
Fair value gain on property	-	-	-	16

**B7. Status of corporate proposal**

There were corporate proposals announced for the financial period under review.

The status of the utilization of proceeds from Private Placement of 9,600,000 new ordinary shares which was completed and listed on 7 January 2022 as at 31 Dec 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	4,495	2,855
Estimated expenses	Upon completion of the Private Placement	<u>52</u>	<u>52</u>	<u>-</u>
Total		<u>7,402</u>	<u>4,547</u>	<u>2,855</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 and approval obtained on 13 June 2022 with shareholders approval obtained on 27 July 2022.

Bonus Issue were credited into shareholders accounts on 23 August 2022 whereas Warrants were listed on 1 September 2022.

**B8. Group borrowings**

**Notes – for the financial period ended 31 Dec 2022**

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	2,268	-
Lease liabilities	185	547
Trust receipts and bankers’ acceptances	15,749	-
Term loans	3,158	22,878
Total	<u>21,360</u>	<u>23,425</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.

The amount due from Banjaran had been written off against the allowance for doubtful debts previously provided during this quarter under review.

**B10. Dividends**

The Company did not declare any dividends during the period under review.

**B11. Earnings per share**

Notes – for the financial period ended 31 Dec 2022

The basic earnings per share for the current quarter and cumulative year to date are computed as follow:-

	<b>Individual Current Year Quarter 31 Dec 2022 RM'000</b>	<b>Year To Date 31 Dec 2022 RM'000</b>
Loss attributable to holders of the parent for the period	<u>1,243</u>	<u>1,505</u>
Number of ordinary shares in issue	<u>145,805</u>	<u>145,805</u>
Basic loss per share based on the number of shares in issue (sen)	<u>0.85</u>	<u>1.03</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.