

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:-

FRSs/IC Interpretations	Effective date
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 year ended 31 Mar 2023

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:-

	Number of shares issued	Total consideration raised RM
At 1 Jan 2023	9,600,000	7,401,600
Changes this financial period	-	-
At 31 Mar 2023	<u>9,600,000</u>	<u>7,401,600</u>

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

	Number of shares purchased	Total consideration paid RM
At 1 Jan 2023	1,000,000	941,787
Changes this financial period	-	-
At 31 Mar 2023	<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 year ended 31 Mar 2023

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 was as follows:

	12-Mth to Mar 2023				
	Manufacturing and trading RM'000	Services RM'000	Investment Holding RM'000	Others RM'000	Group RM'000
Revenue					
External	89,811	-	-	-	89,811
Inter-segment	70,264	480	-	-	70,744
	<u>160,075</u>	<u>480</u>	<u>-</u>	<u>-</u>	<u>160,555</u>
Consolidation adjustments					(70,744)
					<u>89,811</u>
Results					
Segment results	6,528	2,803	70	(1,142)	8,259
Finance costs					(2,280)
					<u>5,979</u>
Consolidation adjustments					(4,522)
Profit before tax					<u>1,457</u>

	12-Mth to Mar 2022				
	Manufacturing and trading RM'000	Services RM'000	Investment holding RM'000	Others RM'000	Group RM'000
Revenue					
External	80,585	-	-	-	80,585
Inter-segment	53,041	480	6,000	-	59,521
	<u>133,626</u>	<u>480</u>	<u>6,000</u>	<u>-</u>	<u>140,106</u>
Consolidation adjustments					(59,521)
					<u>80,585</u>
Results					
Segment results	10,558	84	5,442	(162)	15,922
Finance costs					(1,244)
					<u>14,678</u>
Consolidation adjustments					(7,315)
Profit before tax					<u>7,363</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 2023

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 Mar 2023 RM' 000 Group	Current Year-To-Date 31 Mar 2023 RM' 000 Company
Capital expenditure Approved and contracted for	<u>2,241</u>	<u>-</u>

A15. Contingent Liabilities

	Current Year-To-Date 31 Mar 2023 RM' 000 Group	Current Year-To-Date 31 Mar 2023 RM' 000 Company
Corporate guarantees given to licensed bank for banking facilities granted to subsidiaries	<u>57,389</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 31 Mar 2023 RM' 000
Fixed deposits	8,870
Cash and bank balances	3,627
Money market funds	375
Overdrafts	(2,924)
Fixed deposit pledged to bank	(694)
	<u>9,254</u>

Notes – for the financial year ended 31 Mar 2023

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

The Group achieved revenue of RM89.81 million for the financial year ended 31 March 2023 with corresponding profit before tax of RM1.46 million and profit after taxation of RM1.02 million. For financial period ended 31 Mar 2022, the Group recorded revenue of RM80.59 million with corresponding profit before taxation of RM7.36 million and profit after taxation of RM5.11 million. Despite higher revenue, manufacturing cost and operational cost had risen significantly mainly as a results of high material cost, utility cost, other operating costs as well as finance costs.

B2. Variation of results against preceding quarter

The Group achieved revenue of RM23.40 million for the current quarter under review as compared to RM22.04 million in the previous quarter. The Group recorded profit before taxation of RM2.42 million and profit after taxation of RM2.52 million for current financial period under review as compared to loss before taxation of RM1.18 million and loss after taxation of RM1.24 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 highly volatile home currency against other major foreign currencies and crude oil price, freight and transportation cost, labour shortages, and inflationary pressure.

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 31 Mar 2023 RM' 000	Individual Quarter 31 Mar 2022 RM' 000
Current tax (credit)/expense	(329)	1,026
Deferred tax expense	231	4
	<u>(98)</u>	<u>1,030</u>

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

Notes – for the financial year ended 31 Mar 2023

B6. Notes to Comprehensive Income Statement

	Individual Quarter		Cumulative Quarter	
	31 Mar 2023 RM'000	31 Mar 2022 RM'000	31 Mar 2023 RM'000	31 Mar 2022 RM'000
Interest income	(64)	(2)	(207)	(177)
Interest expense	588	269	2,209	1,177
Depreciation				
Property, plant and equipment	1,063	1,018	4,189	4,296
Rights-of-use assets	311	438	1,140	1,826
Net fair value gain on property	(2,697)	(238)	(2,697)	(238)

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 Mar 2023 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	7,350	-
Estimated expenses	Upon completion of the Private Placement	<u>52</u>	<u>52</u>	<u>-</u>
Total		<u>7,402</u>	<u>2,808</u>	<u>-</u>

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	2,924	-
Lease liabilities	179	501
Trust receipts and bankers' acceptances	21,144	-
Term loans	<u>2,943</u>	<u>22,548</u>
Total	<u>27,190</u>	<u>23,049</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. Creditors’ meeting was heard on 17 May 2023 with no positive outcomes. The debts had been written off from the book of the Company during the quarter under review.

B10. Dividends

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

Notes – for the financial year ended 31 Mar 2023

B11. 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 Mar 2023 RM'000	Year To Date 31 Mar 2023 RM'000
Profit attributable to holders of the parent for the period	<u>2,520</u>	<u>1,015</u>
Number of ordinary shares in issue	<u>145,805</u>	<u>145,805</u>
Basic earnings per share based on the number of shares in issue (sen)	<u>1.73</u>	<u>0.70</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.