

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 Malaysian Financial Reporting Standard (“MFRS”) 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 2023. 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 2023.

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 2023.

During the current financial period, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs/IC Interpretations (including the Consequential Amendments)

Amendments to MFRS 3: Reference to the Conceptual Framework

Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use

Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract Annual Improvements to MFRS Standards 2018 - 2020

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group’s financial statements.

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:-

MFRSs/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 16: Lease Liability in s Sale and Leaseback	1 January 2024
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 101: Classifications of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024

Notes – for the financial period ended 31 Dec 2023

Basis of preparation (continued)

MFRSs/IC Interpretations	Effective date
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
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 112: International Tax Reform – Pillar Two Model Rules	1 January 2023
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025

A2. Changes in Accounting Policies

The accounting policies and methods of computation adopted in this interim financial statements are consistent with those adopted for the annual financial statements of the Group for the financial year ended 31 March 2023.

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 2023.

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

	Number of shares purchased	Total consideration paid RM
At 1 Apr 2023	1,333,333	941,787
Changes this financial period	-	-
At 31 Dec 2023	<u>1,333,333</u>	<u>941,787</u>

Notes – for the financial period ended 31 Dec 2023

Issuances and repayment of debt and equity securities (continued)

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

There were no dividend payment during this period under review.

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:

	9-Mth to Dec 2023				Group RM'000
	Manufacturing and trading RM'000	Services RM'000	Investment holding RM'000	Others RM'000	
Revenue					
External	79,117	-	-	-	79,117
Inter-segment	52,879	360	-	-	53,239
	<u>132,005</u>	<u>360</u>	<u>-</u>	<u>-</u>	<u>132,365</u>
Consolidation adjustments					(52,239)
					<u>79,117</u>
Results					
Segment results	8,584	358	723	5	9,670
Finance costs	(1,049)	(884)	-	(163)	(2,096)
Consolidation adjustments					(2,097)
Profit before tax					<u>5,477</u>

	3-Mth to Dec 2023				Group RM'000
	Manufacturing and trading RM'000	Services RM'000	Investment holding RM'000	Others RM'000	
Revenue					
External	26,382	-	-	-	26,382
Inter-segment	16,099	120	-	-	16,219
	<u>42,481</u>	<u>120</u>	<u>-</u>	<u>-</u>	<u>42,601</u>
Consolidation adjustments					(16,219)
					<u>26,382</u>
Results					
Segment results	2,607	18	(73)	16	2,568
Finance costs	(359)	(296)	-	(65)	(720)
Consolidation adjustments					(528)
Profit before tax					<u>1,320</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.

Notes – for the financial period ended 31 Dec 2023

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.

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 2023 RM' 000 Group	Current Year-To-Date 31 Dec 2023 RM' 000 Company
Capital expenditure		
Approved and contracted for	2,388	
Approved but not contracted for	<u>6,500</u>	<u>-</u>

A15. Contingent Liabilities

	Current Year-To-Date 31 Dec 2023 RM' 000 Group	Current Year-To-Date 31 Dec 2023 RM' 000 Company
Corporate guarantees given to licensed bank for banking facilities granted to subsidiaries	<u>58,850</u>	<u>-</u>

A16. Significant Related Party Transactions

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

Notes – for the financial period ended 31 Dec 2023

A17. Cash and cash equivalents

	At 31 Dec 2023
	RM' 000
Fixed deposits	8,574
Cash and bank balances	5,260
Money market funds	219
Overdrafts	(1,465)
Fixed deposits pledged to bank	(788)
Fixed deposits more than 3 months	(20)
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	11,780
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Notes – for the financial period ended 31 Dec 2023

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

The Group achieved revenue of RM79.12 million for the financial period ended 31 Dec 2023 with corresponding profit before tax of RM5.48 million and profit after taxation of RM4.18 million. For financial period ended 31 Dec 2022, the Group recorded revenue of RM66.41 million with corresponding loss before taxation of RM0.97 million and loss after taxation of RM1.51 million. Revenue improved by approximately 19.1% mostly due to increase in demand with corresponding improvement in margin attributed to higher productivity and efficiency.

B2. Variation of results against preceding quarter

The Group recorded minimal decrease of revenue by approximately 4.6% with RM26.38 million for the current quarter under review as compared to RM27.58 million in the previous quarter. The Group recorded lower profit before taxation of RM1.32 million and profit after taxation of RM1.18 million for current financial period under review as compared to profit before taxation of RM2.32 million and profit after taxation of RM1.69 million for preceding quarter, due to higher operating cost during the quarter under review.

B3. Current year prospects

The Group will continue to improve the performance of all the segments by improving the demand for its products thus achieving better economies of scales whilst continue implementing measures to reduce expenditure. However, the Group takes cautious approach in view of the weakening local currency as well as continuous rising costs.

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 Dec 2023 RM' 000	Individual Quarter 31 Dec 2022 RM' 000
Current tax expense	232	130
Deferred tax credit	(87)	(65)
	<u>145</u>	<u>65</u>

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

Notes – for the financial period ended 31 Dec 2023

B6. Notes to Comprehensive Income Statement

	Individual Quarter		Cumulative Quarter	
	31 Dec 2023 RM'000	31 Dec 2022 RM'000	31 Dec 2023 RM'000	31 Dec 2022 RM'000
Interest income	(88)	(49)	(219)	(143)
Interest expense	696	568	2,042	1,621
Depreciation				
Property, plant and equipment	1,310	972	3,390	3,126
Rights-of-use assets	425	276	857	829

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
Hire purchase	103	218
Term loan	2,746	24,319
Overdrafts	1,465	-
Bill payables	22,445	-
Total	<u>26,759</u>	<u>24,537</u>

B9. Material Litigations

There were no material litigations for the period under review.

B10. Dividends

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

Notes – for the financial period ended 31 Dec 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 Dec 2023 RM'000	Year To Date 31 Dec 2023 RM'000
Profit attributable to holders of the parent for the period	<u>1,175</u>	<u>4,178</u>
Number of ordinary shares in issue	<u>194,407</u>	<u>194,407</u>
Basic earnings per share based on the number of shares in issue (sen)	<u>0.60</u>	<u>2.15</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.