

TECNIC GROUP BERHAD

(Company no.: 302675-A)

**Condensed consolidated interim financial statements
For the six-month period ended 30 June 2015****Condensed consolidated statements of comprehensive income**

	Note	Current quarter 3 months ended		Cumulative quarters 6 months ended	
		30-Jun-15 Unaudited RM '000	30-Jun-14 Unaudited RM '000	30-Jun-15 Unaudited RM '000	30-Jun-14 Unaudited RM '000
Continuing operations					
Revenue		-	-	-	-
Cost of sales		-	-	-	-
Gross profit		-	-	-	-
Other operating income		389	-	96,172	34
Operating expenses		(276)	(99)	(398)	(181)
Operating profit		113	(99)	95,774	(147)
Finance costs		-	-	-	-
Profit/(loss) before tax from continuing operations	8	113	(99)	95,774	(147)
Income tax expense	9	-	-	(1)	(1)
Profit/(loss) for the period from operation, net of tax		113	(99)	95,773	(148)
Discontinued operation					
Gain from discontinued operation, net of tax		-	6,199	4,274	10,499
Profit net of tax		113	6,100	100,047	10,351
Other comprehensive income		-	-	-	-
Total comprehensive income for the period, net of tax		113	6,100	100,047	10,351
Total comprehensive income for the period, net of tax attributable to:					
Owners of the parent		113	6,100	100,047	10,351
Non-controlling interests		-	-	-	-
		113	6,100	100,047	10,351
Earnings per share attributable to owners of the parent (sen per share):					
Basic	10	0.28	15.10	247.66	25.62
Diluted	10	N/A	N/A	N/A	N/A

(The condensed consolidated statements of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.)

TECNIC GROUP BERHAD

(Company no.: 302675-A)

**Condensed consolidated interim financial statements
For the six-month period ended 30 June 2015****Condensed consolidated statements of financial position**

	Note	30 June 2015 Unaudited RM'000	31 December 2014 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	-	59,513
Land use rights		-	5,369
Available-for-sale financial asset	14	-	100
		-	64,982
Current assets			
Inventories	12	-	14,165
Trade and other receivables		9,812	61,880
Other current assets		-	2,149
Cash and bank balances	13	14,122	38,818
		23,934	117,012
TOTAL ASSETS		23,934	181,994
EQUITY AND LIABILITIES			
Equity			
Share capital		4,040	40,397
Reserves		19,715	89,773
		23,755	130,170
Non-current liability			
Deferred tax liabilities		-	6,310
Current liabilities			
Trade and other payables		179	44,473
Income tax payable		-	1,041
		179	45,514
TOTAL LIABILITIES		179	51,824
TOTAL EQUITY AND LIABILITIES		23,934	181,994
Net asset per share (RM)		0.59	3.22

(The condensed consolidated statements of financial position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.)

TECNIC GROUP BERHAD

(Company no.: 302675-A)

Condensed consolidated interim financial statements**For the six-month period ended 30 June 2015****Condensed consolidated statements of changes in equity**

	Share capital RM'000	Retained earnings RM'000	Equity, total RM'000
Opening balance at 1 January 2014	40,397	72,069	112,466
Total comprehensive income	-	10,351	10,351
Closing balance at 30 June 2014	40,397	82,420	122,817
Opening balance at 1 January 2015	40,397	89,773	130,170
Total comprehensive income	-	100,047	100,047
Dividend paid	-	(170,105)	(170,105)
Disposal of subsidiaries	(36,357)	-	(36,357)
Closing balance at 30 June 2015	4,040	19,715	23,755

(The condensed consolidated statements of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.)

TECNIC GROUP BERHAD

(Company no.: 302675-A)

**Condensed consolidated interim financial statements
For the six-month period ended 30 June 2015****Condensed consolidated statements of cash flows**

	Note	6 months ended	
		30 June 2015 Unaudited RM'000	30 June 2014 Unaudited RM'000
Operating activities			
Profit/(loss) before tax from continuing operations		95,774	(147)
Profit before tax from discontinued operation		5,698	13,338
Profit before tax, total		101,472	13,191
<u>Adjustments for:</u>			
Amortisation of land use rights		31	62
Depreciation of property, plant and equipment		2,099	3,692
(Gain)/loss on disposal of property, plant and equipment		(15)	48
Gain on disposal of other investment		(199)	(13)
Gain on disposal of subsidiaries		(95,741)	-
Interest income		(307)	(127)
Property, plant and equipment written off		-	169
Provision for legal claim		357	-
Reversal of provision for claim on damaged goods		-	(859)
Unrealised foreign exchange gain		(1,070)	(154)
Total adjustments		(94,845)	2,818
Operating cash flow before changes in working capital		6,627	16,009
<u>Changes in working capital</u>			
Decrease/(increase) in inventories		188	(2,766)
Decrease/(increase) in trade and other receivables		9,219	(11,609)
(Decrease)/increase in trade and other payables		(13,260)	10,396
Total changes in working capital		(3,853)	(3,979)
Cash flows generated from operations		2,774	12,030
Income taxes paid		(1,107)	(1,518)
Net cash flows generated from operating activities		1,667	10,512
Investing activities			
Proceeds from disposal of property, plant and equipment		45	767
Proceeds from disposal of other investment		385	13
Proceeds from disposal of subsidiaries		182,074	-
Purchase of quoted shares		(186)	-
Purchase of property, plant and equipment	11	(2,526)	(8,603)
Interest received		307	127
Net cash flows from/(used in) investing activities		180,099	(7,696)
Financing activity			
Dividend paid on ordinary shares		(206,462)	-
Net cash flows used in financing activity		(206,462)	-
Net (decrease)/increase in cash and cash equivalents		(24,696)	2,816
Effects of foreign exchange rate changes		-	229
Cash and cash equivalents 1 January		38,818	22,659
Cash and cash equivalents at 30 June	13	14,122	25,704

(The condensed consolidated statements of cash flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.)

TECNIC GROUP BERHAD

(Company no: 302675-A)

Explanatory notes pursuant to MFRS 134 For the six-month period ended 30 June 2015

1. Corporate information

Tecnic Group Berhad is a public limited liability company incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad.

In relation to the completion of the disposals by Tecnic of its entire equity interest in Plastictecnic (M) Sdn. Bhd., Sun Tong Seng Mould-Tech Sdn. Bhd. and Bangi Plastics Sdn. Bhd. ("Target Companies") ("Disposals") on 30 June 2015, the Company had on 8 July 2015 received the final outstanding amount of RM9.43 million from the Target Companies.

Bursa Securities had vide its letter dated 14 July 2015 notified the Company that Tecnic is a Cash Company pursuant to Paragraph 8.03(1) of the Listing Requirements. In this respect, the Company must strictly comply with the provision and requirements in Paragraph 8.03 and Practice Note 16 of the Listing Requirements. The business plan of the Company subsequent to the Disposals is disclosed in Note 24.

2. Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2015, the Group and the Company adopted the following new and amended MFRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 July 2014.

MFRSs, Amendments to FRSs and Interpretations

Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions
Annual Improvements to MFRSs 2010-2012 Cycle
Annual Improvements to MFRSs 2011-2013 Cycle

3. Standards, amendments and interpretations issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Company's financial statements are disclosed below. The Group intends to adopt, where applicable, these standards, amendments and interpretations as and when they become effective

(a) Effective for annual periods beginning on or after 1 January 2016

Annual Improvements to MFRSs 2012-2014 Cycle
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 127: Equity Method in Separate Financial Statements
Amendments to MFRS 101: Disclosure Initiatives
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the consolidated Exception
MFRS 14 Regulatory Deferral Accounts

**Explanatory notes pursuant to MFRS 134
For the six-month period ended 30 June 2015**

3. Standards, amendments and interpretations issued but not yet effective (continued)

(b) Effective for annual periods beginning on or after 1 January 2018

MFRS 15 Revenue from Contracts with Customers
MFRS 9 Financial Instruments

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application.

4. Changes in estimates

There were no significant changes in estimates that have had a material effect in the current interim results.

5. Changes in composition of the Group

As disclosed in Note 24, the Company has completed the Disposals on 30 March 2015.

On 29 June 2015, the Company completed the disposal of its entire shareholding in Gplus Manufacturing Sdn. Bhd. for a cash consideration of RM1,000,000.

As a result, the Company has no other subsidiary and remained as a single entity as at the end of the quarter under review.

TECNIC GROUP BERHAD
(Company no: 302675-A)

Explanatory notes pursuant to MFRS 134
For the six-month period ended 30 June 2015

6. Segment information

	Injection moulding		Mould making		Total		Adjustments and eliminations		Per condensed consolidated financial statements	
	(Discontinued)		(Discontinued)		30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000						
Revenue										
External customers	49,381	130,474	9,146	18,214	58,527	148,688	-	-	58,527	148,688
Inter-segment	1,067	3,196	16	1,432	1,083	4,628	(1,083)	(4,628)	-	-
Total revenue	50,448	133,670	9,162	19,646	59,610	153,316	(1,083)	(4,628)	58,527	148,688
Segment profit (Note A)	3,980	10,949	1,718	2,366	5,698	13,315	95,774	(124)	101,472	13,191

Note A

Segment profit is reconciled to profit before tax presented in the condensed consolidated statements of comprehensive income as follows:

	30 June 2015 RM'000	30 June 2014 RM'000
Segment profit	5,698	13,315
Unallocated cost	95,774	(26)
Finance costs	-	(98)
Profit before tax	101,472	13,191

Explanatory notes pursuant to MFRS 134
For the six-month period ended 30 June 2015

6. Segment information (continued)

Prior to the Disposal as disclosed in Note 24, the Group organised into business units based on their products and services, and has two operating segments as follow:

- (a) The injection moulding segment is involved in the manufacture and supply of plastics products in the areas of automotive, consumers, industrial packaging and electronics.
- (b) The mould making segment is involved in the manufacture, fabrication and sale of moulds in the areas of electronics, automobile and plastic injection moulding.

Following the completion of the Disposals, there was no business revenue reported in the quarter under review except for the gain on disposal of other investment, interest income derived from placement of funds and gain on disposal of a dormant subsidiary. The management assesses the performance of the Group as a single operating segment.

The profit before tax of RM101.5 million (30 June 2014: RM13.2 million) was mainly due to gain on disposal of subsidiaries of RM95.7 million.

7. Seasonality of operations

The business operations of the Group are not significantly affected by any seasonal factors.

8. Profit before tax

Included in the profit before tax are the following items:

	Current quarter		Cumulative quarters	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	RM '000	RM '000	RM '000	RM '000
Interest income	(172)	(43)	(307)	(127)
Depreciation of property, plant and equipment	-	1,913	2,099	3,692
Amortisation of land use rights	-	31	31	62
(Gain)/loss on disposal of property, plant and equipment	-	(11)	(15)	48
(Gain)/loss on disposal of other investment	(199)	4	(199)	(13)
Gain on disposal of Subsidiaries	(18)	-	(95,741)	-
Property, plant and equipment written off	-	169	-	169
Provision for legal claim	-	-	357	-
Realised loss on foreign exchange	-	79	62	232
Reversal of provision for claim on damaged goods	-	(859)	-	(859)
Unrealised gain on foreign exchange	-	(18)	(1,070)	(154)

Explanatory notes pursuant to MFRS 134
For the six-month period ended 30 June 2015

9. Income tax expense

	Current quarter		Cumulative quarters	
	3 months ended		6 months ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	RM '000	RM '000	RM '000	RM '000
Current income tax – continuing operations	-	-	1	1
Income tax attributable to discontinued operations	-	1,564	1,424	2,839
	<u>-</u>	<u>1,564</u>	<u>1,425</u>	<u>2,840</u>

The effective tax rate of the Group for the financial year-to-date was lower than the Malaysian statutory rate mainly due to the gain arising from disposal of investment in subsidiaries is non-taxable, and the interest earned from the placement of fund is tax exempted.

10. Earnings Per Share

Basic earnings per share amounts are calculated by dividing profit for the period, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period held by the Company.

Diluted earnings per share amounts are calculated by dividing profit for the period, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period, plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflect the profit and share data used in the computation of basic and diluted earnings per share:

	Current quarter		Cumulative quarters	
	3 months ended		6 months ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
Profit net of tax attributable to owners of the parent used in the computation of earnings per share (RM'000)	<u>113</u>	<u>6,100</u>	<u>100,047</u>	<u>10,351</u>
Weighted average number of ordinary shares in issue ('000)	<u>40,397</u>	<u>40,397</u>	<u>40,397</u>	<u>40,397</u>
Effects of dilution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Basic earnings per share (sen per share)	<u>0.28</u>	<u>15.10</u>	<u>247.66</u>	<u>25.62</u>
Diluted earnings per share (sen per share)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

TECNIC GROUP BERHAD

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Explanatory notes pursuant to MFRS 134 For the six-month period ended 30 June 2015

11. Property, plant and equipment

During the second quarter 2015, the Group has not acquired any assets (30 June 2014: RM5,917,000).

There were no disposal and written off of assets by the Group during the second quarter 2015, and no major disposal and written off of assets by the Group during the preceding quarter.

12. Inventories

There was no write-down of inventories to net realizable value for the current quarter (30 June 2014: Nil).

13. Cash and cash equivalents

Cash and cash equivalents comprised the following amounts:

	30 June 2015 RM'000	31 December 2014 RM'000
Cash at banks and on hand	892	14,818
Short term deposits with licensed banks	13,230	24,000
Total cash and cash equivalents	14,122	38,818

As disclosed in Note 24, the Company is a Cash Company pursuant to Paragraph 8.03 and Practice Note 16 of the Listing Requirements. In view thereof, the Company has opened and placed RM22.0 million into an escrow account on 12 August 2015.

14. Fair value hierarchy

The Group uses the following hierarchy for determining the fair value of all financial instruments carried at fair value:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – Inputs that are based on observable market data, either directly or indirectly

Level 3 – Inputs that are not based on observable market data

As at the reporting date, the Group held the following financial asset that is measured at fair value:

	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
30 June 2015				
Available-for-sale financial asset				
Golf club memberships	-	-	-	-
30 June 2014				
Available-for-sale financial asset				
Golf club memberships	100	-	100	-

No transfers between any levels of the fair value hierarchy took place during the current interim period and the comparative period. There were also no changes in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

The Group does not hold credit enhancements or collateral to mitigate credit risk. The carrying amount of financial assets therefore represents the potential credit risk.

Explanatory notes pursuant to MFRS 134
For the six-month period ended 30 June 2015

15. Dividends

On 12 May 2015, the Company paid special dividend of RM2.64 and dividend in specie of 4.26 SKP shares for every one ordinary share (30 June 2014: Nil) as disclosed in Note 24.

Following the Disposals, the Board of the Company will discontinue the dividend policy.

16. Commitments

There were no capital commitments as at 30 June 2015.

17. Contingencies

There were no contingent assets and no changes in the contingent liability as at 30 June 2015.

TECNIC GROUP BERHAD

(Company no: 302675-A)

Explanatory notes pursuant to Bursa Malaysia Listing Requirement: Chapter 9, Appendix 9B, Part A for the six-month period ended 30 June 2015

18. Related party transactions

Following the Disposals, there is no recurrent related party transactions with SKP Resources Bhd.

19. Events after the reporting period

Save as disclosed under Note 24, there were no material events that have arisen subsequent to the financial period ended 30 June 2015.

20. Performance review

Explanatory comment on the performance of each of the Group's business activities is provided in Note 6.

21. Comment on material change in profit before tax

The Group recorded a marginal increase in profit before tax by RM0.1 million in the current quarter as compared to the preceding quarter. The increase in profit before taxation was due to the gain on disposal of other investment, interest income derived from placement of fund and gain on disposal of a dormant company.

22. Commentary on prospects

Bursa Securities had vide its letter dated 14 July 2015 notified Tecnic that it is a Cash Company pursuant to Paragraph 8.03(1) of the Listing Requirements. In this respect, the Company must strictly comply with the provision and requirements in Paragraph 8.03 and Practice Note 16 of the Listing Requirements.

The Company is currently in the process of identifying new businesses and/or assets that have the requisite track record and future prospects to be acquired by the Company to regularise its condition and to maintain the listing status on the Main Market of Bursa Securities. The Company has approximately eight (8) months to submit its regulation plan to the relevant authorities for approval. The Company will make the necessary announcement on the regularisation plan in accordance with the requirement of the Listing Requirements.

23. Profit forecast or profit guarantee

Not applicable as no profit forecast or profit guarantee announced as at the date of this quarterly report.

TECNIC GROUP BERHAD

(Company no: 302675-A)

Explanatory notes pursuant to Bursa Malaysia Listing Requirement: Chapter 9, Appendix 9B, Part A for the six-month period ended 30 June 2015

24. Corporate proposals

The Company has completed the disposal of its entire equity interests in Plastictecnic (M) Sdn. Bhd., Sun Tong Seng Mould-Tech Sdn. Bhd. and Bangi Plastics Sdn. Bhd. (“Target Companies”) to SKP Resources Bhd on 30 March 2015.

An order granted by the High Court of Malaya at Kuala Lumpur dated 5 February 2015 confirming the rediduction of the issued and paid up share capital of the Company via the cancellation of RM0.90 of the par value of each ordinary share in Tecnic had been lodged with the Companies Commission of Malaysia on 1 April 2015.

Subsequent thereto, distribution of the cash proceeds of RM94,933,732.55 and the repayment received from the target companies of RM11,715,226.57 which amounts to RM106,648,959.12 on the basis of RM2.64, and distribution-in-specie of 172,092,638 ordinary shares of RM0.10 each in SKP Resources Berhad (“SKP shares) held by the Company to the shareholders on the basis of 4.26 SKP shares for every one (1) ordinary share of RM0.10 each in the Company on 12 May 2015.

On 8 July 2015, the Company received the final outstanding amount of RM9.43 million from the Target Companies. In view thereof, Bursa Securities had vide its letter dated 14 July 2015 notified the Company that the Company is a Cash Company pursuant to Paragraph 8.03(1) of the Listing Requirements. In this respect, the Company must strictly comply with the provision and requirements in Paragraph 8.03 and Practice Note 16 of the Listing Requirements.

The Company is currently in the process of identifying new businesses and/or assets that have the requisite track record and future prospects to be acquired by the Company to enable the Company to regularise its condition and maintain its listing status on the Main Market of Bursa Securities.

25. Changes in material litigation

There were no material litigations as at the date of this quarterly report.

26. Dividend payable

Please refer to Note 15 for details.

27. Disclosure of nature of outstanding derivatives

There was no outstanding derivative as at the reporting period.

28. Rationale for entering into derivatives

The Group did not enter into any derivatives during the period ended 30 June 2015 or the previous financial year ended 30 June 2014.

29. Risks and policies of derivatives

The Group did not enter into any derivatives during the period ended 30 June 2015 or the previous financial year ended 30 June 2014.

30. Disclosure of gains/losses arising from fair value changes of financial liabilities

The Group did not have any financial liabilities measured at fair value through profit or loss as at 30 June 2015 and 30 June 2014.

TECNIC GROUP BERHAD

(Company no: 302675-A)

Explanatory notes pursuant to Bursa Malaysia Listing Requirement: Chapter 9, Appendix 9B, Part A for the six-month period ended 30 June 2015**31. Breakdown of realised and unrealised profits or losses**

The breakdown of the retained profits of the Group as at 30 June 2015 and 31 December 2014 into realised and unrealised profits is presented in accordance with the directives issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and 20 December 2010, prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysia Institute of Accountants.

	Current quarter ended 30 June 2015 RM'000	Previous financial year ended 31 December 2014 RM'000
Total retained profits of the Company and its subsidiaries		
-Realised	19,715	100,459
-Unrealised	-	(5,473)
	<u>19,715</u>	<u>94,986</u>
Less : Consolidation adjustment	-	(5,213)
	<u>-</u>	<u>(5,213)</u>
Total group retained profits as per financial statements	<u>19,715</u>	<u>89,773</u>

32. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2014 was not qualified.