

TECNIC GROUP BERHAD

(Company no.: 302675-A)

Condensed interim financial statements**For the three-month period ended 31 March 2016****Condensed statements of comprehensive income**

	Note	Current quarter 3 months ended		Cumulative quarters 3 months ended	
		31-Mar-16 Unaudited RM '000	31-Mar-15 Unaudited RM '000	31-Mar-16 Unaudited RM '000	31-Mar-15 Unaudited RM '000
Other operating income		2,448	186,799	2,448	186,799
Operating expenses		<u>(136)</u>	<u>(122)</u>	<u>(136)</u>	<u>(122)</u>
Profit before tax		2,312	186,677	2,312	186,677
Income tax expense	9	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>
Total comprehensive income for the period, net of tax		<u><u>2,311</u></u>	<u><u>186,676</u></u>	<u><u>2,311</u></u>	<u><u>186,676</u></u>
Total comprehensive income for the period, net of tax attributable to:					
Owners of the parent		2,311	186,676	2,311	186,676
Non-controlling interests		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u><u>2,311</u></u>	<u><u>186,676</u></u>	<u><u>2,311</u></u>	<u><u>186,676</u></u>
Earnings per share attributable to owners of the parent (sen per share):					
Basic	10	5.72	462.10	5.72	462.10
Diluted	10	N/A	N/A	N/A	N/A

(The condensed 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 interim financial statements
For the three-month period ended 31 March 2016****Condensed statements of financial position**

	Note	31 March 2016 Unaudited RM'000	31 December 2015 Audited RM'000
ASSETS			
Current assets			
Trade and other receivables		547	1
Other investment		23,343	23,613
Cash and bank balances	13	221	331
		<u>24,111</u>	<u>23,945</u>
TOTAL ASSETS		<u><u>24,111</u></u>	<u><u>23,945</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital		4,040	4,040
Reserves		19,787	17,476
		<u>23,827</u>	<u>21,516</u>
Current liabilities			
Trade and other payables		284	2,429
		<u>284</u>	<u>2,429</u>
TOTAL LIABILITIES		<u><u>284</u></u>	<u><u>2,429</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>24,111</u></u>	<u><u>23,945</u></u>
Net asset per share (RM)		0.59	5.33

(The condensed 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 interim financial statements**For the three-month period ended 31 March 2016****Condensed statements of changes in equity**

	Share capital RM'000	Retained earnings RM'000	Equity, total RM'000
Opening balance at 1 January 2015	40,397	72,069	112,466
Total comprehensive income	-	186,676	186,676
Closing balance at 31 March 2015	40,397	256,725	297,122
Opening balance at 1 January 2016	4,040	17,476	21,516
Total comprehensive income	-	2,311	2,311
Closing balance at 31 March 2016	4,040	19,787	23,827

(The condensed 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 interim financial statements
For the three-month period ended 31 March 2016****Condensed statements of cash flows**

	3 months ended	
	31 March 2016 Unaudited RM'000	31 March 2015 Unaudited RM'000
Profit before tax, total	2,312	186,677
<u>Adjustments for:</u>		
Gain on disposal of subsidiaries	-	(186,739)
Interest income	(231)	(60)
Total adjustments	(231)	(186,799)
Operating cash flow before changes in working capital	2,081	(122)
<u>Changes in working capital</u>		
Increase in trade and other receivables	(546)	(186,250)
Decrease in other investment	(230)	-
Decrease in trade and other payables	(2,145)	(1,253)
Total changes in working capital	(2,921)	(187,503)
Cash flows used in operations	(840)	(187,625)
Income taxes paid	(1)	(1)
Net cash flows used in operating activities	(841)	(187,626)
Investing activities		
Proceeds from disposal of other investment	500	200,000
Interest received	231	60
Net cash flows generated from investing activities	731	200,060
Net (decrease)/increase in cash and cash equivalents	(110)	12,434
Cash and cash equivalents 1 January	331	5,377
Cash and cash equivalents at 31 March	221	17,811

Note

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(The condensed 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 three-month period ended 31 March 2016

1. Corporate information

Tecnic Group Berhad (“Tecnic” or “Company”) is a public limited liability company incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad (“Bursa”).

Currently the Company is a Cash Company pursuant to Paragraph 8.03(1) of the Listing Requirements.

2. Changes in accounting policies

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

On 1 January 2016, the Company adopted the following new and amended MFRS.

MFRSs, Amendments to MFRSs and IC Interpretations

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 11: Accounting for Acquisitions of Interests in Joint Operation

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 Consolidation Exception

MFRS 14 Regulatory Deferral Accounts

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 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

There were no changes in composition of the Group for the current financial quarter.

6. Segment information

No segment reporting was prepared as the Company derived its revenue from interest income only.

Explanatory notes pursuant to MFRS 134
For the three-month period ended 31 March 2016

7. Seasonality of operations

As disclosed in Note 6, the income derived 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	
	3 months ended		3 months ended	
	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	RM '000	RM '000	RM '000	RM '000
Interest income	(231)	(60)	(231)	(60)
Gain on disposal of subsidiaries	-	(186,739)	-	(186,739)
Other income (*)	(2,217)	-	(2,217)	-

(*) The reversal of provision of professional expenses which are no longer required.

9. Income tax expense

	Current quarter		Cumulative quarters	
	3 months ended		3 months ended	
	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	RM '000	RM '000	RM '000	RM '000
Current tax:				
Malaysian income tax	1	1	1	1

The effective tax rate of the Group for the financial year-to-date was lower than the Malaysian statutory rate mainly due to interest income earned from short term deposits/investments was tax exempted.

Explanatory notes pursuant to MFRS 134
For the three-month period ended 31 March 2016

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	
	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
Profit net of tax attributable to owners of the parent used in the computation of earnings per share (RM'000)	2,311	186,676	2,311	186,676
Weighted average number of ordinary shares in issue ('000)	40,397	40,397	40,397	40,397
Effects of dilution	-	-	-	-
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	N/A	N/A	N/A	N/A
Basic earnings per share (sen per share)	5.72	462.10	5.72	462.10
Diluted earnings per share (sen per share)	N/A	N/A	N/A	N/A

11. Property, plant and equipment

No acquisition, disposal and written off assets by the Company during the first quarter 2016 (31 March 2015: Nil).

12. Inventories

No inventories was reported during the first quarter, therefore, there was no write-down of inventories to net realizable value for the current quarter (31 March 2015: Nil).

**Explanatory notes pursuant to MFRS 134
For the three-month period ended 31 March 2016**

13. Cash and cash equivalents

Cash and cash equivalents comprised the following amounts:

	31 March 2016	31 December 2015
	RM'000	RM'000
Cash at banks and on hand	221	331
Total cash and cash equivalents	<u>221</u>	<u>331</u>

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	Level 1	Level 2	Level 3
	RM'000	RM'000	RM'000	RM'000
31 March 2016				
Financial asset at fair value through profit and loss				
Investment in cash management fund in Malaysia	-	-	23,343	-
31 December 2015				
Financial asset at fair value through profit and loss				
Investment in cash management fund in Malaysia	-	-	23,613	-

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 Company is exposed to financial risk arising from their operations and use of financial instruments. The key financial risk includes credit risk.

15. Dividends

No interim dividend has been declared for the period ended 31 March 2016 (31 March 2015 : Nil).

16. Commitments

There were no capital commitments as at 31 March 2016.

17. Contingencies

There were no contingent assets and no changes in the contingent liability as at 31 March 2016.

Explanatory notes pursuant to Bursa Malaysia Listing Requirement: Chapter 9, Appendix 9B, Part A for the three-month period ended 31 March 2016

18. Related party transactions

There were no related party transactions as at 31 March 2016.

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 31 March 2016.

20. Performance review

The Company is a Cash Company pursuant to Paragraph 8.03(1) of the Listing Requirements, with no business activities save for interest income and administrative expenses.

21. Comment on material change in loss before tax

The Company recorded profit before tax of RM2.3 million in the current quarter as compared to the loss before tax of RM2.2 million for the preceding quarter was mainly due to the reversal of provision of professional expenses which are no longer required.

22. Commentary on prospects

On 30 March 2015, 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.

On 21 September 2015, RHB Investment Bank Berhad (“RHB”) on behalf of the Board announced that the Company has on 21 September 2015 entered into a non-binding Memorandum of Understanding (“MOU”) with Rohas-Euco Holdings Sdn. Bhd. (“Vendor”) in relation to a proposed reverse take-over of the Company by the Vendor, which entails the Company acquiring all the equity interest held by the Vendor in Rohas-Euco Industries Berhad comprising of 68,377,306 ordinary shares of RM1.00 each for RM200,000,000.

On 29 January 2016, on behalf of the Board, RHB announced that the Parties had on 28 January 2016 entered into the Definitive Agreement.

On behalf of the Board of Directors of the Company, RHB is currently finalising the submission of Proposed Regularisation Plan to Securities Commission Malaysia no later than 31 May 2016.

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 three-month period ended 31 March 2016

24. Corporate proposals

There were no corporate proposals that have been announced but not completed as at 23 May 2016 being practicable date, except and save for those announced in 29 February 2016 and the following:-

- (a) On 25 February 2016, on behalf of the Board of Directors of the Company, RHB announced that the Company has submitted an application to Bursa Securities for a proposed extension of time from 9 April 2016 to 31 May 2016 to submit the Proposed Regularisation Plan.
- (b) On 14 March 2016, on behalf of the Board, RHB announced that Bursa Securities has granted the Company an extension of time up to 31 May 2016 to submit the Proposed Regularisation Plan to Securities Commission Malaysia.

On behalf of the Board of Directors of the Company, RHB is currently finalising the submission of Proposed Regularisation Plan to Securities Commission Malaysia no later than 31 May 2016.

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 Company did not enter into any derivatives during the period ended 31 March 2016 or the previous financial year ended 31 December 2015.

29. Risks and policies of derivatives

The Company did not enter into any derivatives during the period ended 31 March 2015 or the previous financial year ended 31 December 2015.

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 31 March 2016 and 31 December 2015.

TECNIC GROUP BERHAD

(Company no: 302675-A)

Explanatory notes pursuant to Bursa Malaysia Listing Requirement: Chapter 9, Appendix 9B, Part A for the three-month period ended 31 March 2016

31. Breakdown of realised and unrealised profits or losses

The breakdown of the retained profits of the Company as at 31 March 2016 and 31 December 2015 into realised and unrealised profits is presented in accordance with the directives issued by Bursa 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 31 March 2016 RM'000	Previous financial year ended 31 December 2015 RM'000
Total retained profits of the Company		
- Realised	19,787	17,476
- Unrealised	-	-
Retained profit as per financial statements	<u>19,787</u>	<u>17,476</u>

32. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2015 was not qualified.