

**TECNIC GROUP BERHAD**

(Company no.: 302675-A)

**Condensed interim financial statements****For the six-month period ended 30 June 2016****Condensed statements of comprehensive income**

	Note	Current quarter 3 months ended		Cumulative quarters 6 months ended	
		31/06/2016 Unaudited RM '000	31/06/2015 Unaudited RM '000	31/06/2016 Unaudited RM '000	31/06/2015 Unaudited RM '000
Other operating income		464	371	2,912	187,170
Operating expenses		(161)	(274)	(297)	(396)
Profit before tax		303	97	2,615	186,774
Income tax expense	9	-	-	(1)	(1)
<b>Total comprehensive income for the period, net of tax</b>		<b>303</b>	<b>97</b>	<b>2,614</b>	<b>186,773</b>
Total comprehensive income for the period, net of tax attributable to:					
Owners of the parent		303	97	2,614	186,773
Non-controlling interests		-	-	-	-
		<b>303</b>	<b>97</b>	<b>2,614</b>	<b>186,773</b>
Earnings per share attributable to owners of the parent (sen per share):					
Basic	10	0.75	0.24	6.47	462.34
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 six-month period ended 30 June 2016****Condensed statements of financial position**

	Note	30 June 2016 Unaudited RM'000	31 December 2015 Audited RM'000
<b>ASSETS</b>			
<b>Current assets</b>			
Trade and other receivables		1,170	1
Other investment		22,746	23,613
Cash and bank balances	13	367	331
		<u>24,283</u>	<u>23,945</u>
<b>TOTAL ASSETS</b>		<u><u>24,283</u></u>	<u><u>23,945</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		4,040	4,040
Reserves		20,090	17,476
		<u>24,130</u>	<u>21,516</u>
<b>Current liabilities</b>			
Trade and other payables		153	2,429
		<u>153</u>	<u>2,429</u>
<b>TOTAL LIABILITIES</b>		<u><u>153</u></u>	<u><u>2,429</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>24,283</u></u>	<u><u>23,945</u></u>
<b>Net asset per share (RM)</b>		0.60	0.53

(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 six-month period ended 30 June 2016****Condensed statements of changes in equity**

	Share capital RM'000	Retained earnings RM'000	Equity, total RM'000
<b>Opening balance at 1 January 2015</b>	40,397	3,048	43,445
Total comprehensive income	-	186,773	186,773
<b>Transaction with owners</b>			
Dividends on ordinary shares, representing total transaction with owners	-	(170,105)	(170,105)
Capital reduction	(36,357)	-	(36,357)
<b>Closing balance at 30 June 2015</b>	4,040	19,716	23,756
<b>Opening balance at 1 January 2016</b>	4,040	17,476	21,516
Total comprehensive income	-	2,614	2,614
<b>Closing balance at 30 June 2016</b>	4,040	20,090	24,130

**(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 six-month period ended 30 June 2016****Condensed statements of cash flows**

	6 months ended	
	30 June 2016 Unaudited RM'000	30 June 2015 Unaudited RM'000
<b>Profit before tax, total</b>	2,615	186,774
<u>Adjustments for:</u>		
Gain on disposal of other investment	(249)	(199)
Gain on disposal of subsidiaries	-	(186,739)
Interest income	(446)	(232)
Total adjustments	(695)	(187,170)
<b>Operating cash flow before changes in working capital</b>	1,920	(396)
<u>Changes in working capital</u>		
Increase in trade and other receivables	(1,169)	15,844
Decrease in other investment	(445)	-
Decrease in trade and other payables	(2,276)	(1,670)
Total changes in working capital	(3,890)	14,174
<b>Cash flows used in operations</b>	(1,970)	13,778
Income taxes paid	(1)	(1)
<b>Net cash flows (used in)/generated from operating activities</b>	(1,971)	13,777
<b>Investing activities</b>		
Proceeds from disposal of other investment	1,561	385
Proceeds from disposal of investment in subsidiaries	-	101,000
Purchase of financial asset at fair value through Profit or loss	-	(13,230)
Interest received	446	232
<b>Net cash flows generated from investing activities</b>	2,007	88,387
<b>Financing activities</b>		
Dividend paid on ordinary shares	-	(70,291)
Reduction in share capital	-	(36,358)
<b>Net cash flows used in financing activities</b>	-	(106,649)
<b>Net increase in cash and cash equivalents</b>	36	(4,485)
<b>Cash and cash equivalents 1 January</b>	331	5,377
<b>Cash and cash equivalents at 30 June</b>	367	892

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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.)

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

	<b>Current quarter</b>		<b>Cumulative quarters</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30 June 2016</b>	<b>30 June 2015</b>	<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>
Interest income	(215)	(172)	(446)	(232)
Gain on disposal of subsidiaries	-	-	-	(186,739)
Gain on disposal of Other investment	(249)	(199)	(249)	(199)
Other income (*)	-	-	(2,217)	-

(\*) The reversal for provision of professional expenses which is no longer required.

**9. Income tax expense**

	<b>Current quarter</b>		<b>Cumulative quarters</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30 June 2016</b>	<b>30 June 2015</b>	<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>
Current tax:				
Malaysian income tax	-	-	1	1

The effective tax rate of the Group for the financial period-to-date was lower than the Malaysian statutory rate mainly due to the interest income earned from short term deposits/investments was tax exempted and the reversal of provision of professional expenses was not subject to tax.

# TECNIC GROUP BERHAD

(Company no: 302675-A)

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

	<b>Current quarter 3 months ended</b>		<b>Cumulative quarters 6 months ended</b>	
	<b>30 June 2016</b>	30 June 2015	<b>30 June 2016</b>	30 June 2015
Profit net of tax attributable to owners of the parent used in the computation of earnings per share (RM'000)	303	97	2,614	186,773
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)	0.75	0.24	6.47	462.34
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 second quarter 2016 (30 June 2015: Nil).

### 12. Inventories

No inventories was reported during the second quarter, therefore, there was no write-down of inventories to net realizable value for the current quarter (30 June 2015: Nil).

# TECNIC GROUP BERHAD

(Company no: 302675-A)

## Explanatory notes pursuant to MFRS 134 For the six-month period ended 30 June 2016

### 13. Cash and cash equivalents

Cash and cash equivalents comprised the following amounts:

	<b>30 June 2016</b>	31 December 2015
	RM'000	RM'000
Cash at banks and on hand	367	331
<b>Total cash and cash equivalents</b>	<b>367</b>	<b>331</b>

### 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 2016				
<b>Financial asset at fair value through profit or loss</b>				
Investment in cash management fund in Malaysia	-	-	22,746	-
31 December 2015				
<b>Financial asset at fair value through profit or loss</b>				
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 30 June 2016 (30 June 2015 : Nil).

### 16. Commitments

There were no capital commitments as at 30 June 2016.

### 17. Contingencies

There were no contingent assets and no changes in the contingent liability as at 30 June 2016.



**Explanatory notes pursuant to Bursa Malaysia Listing Requirement: Chapter 9, Appendix 9B, Part A for the six-month period ended 30 June 2016**

**18. Related party transactions**

There were no related party transactions as at 30 June 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 30 June 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 profit before tax**

The Company recorded profit before tax of RM0.3 million in the current quarter as compared to the profit before tax of RM2.3 million for the preceding quarter. The profit before tax for the previous quarter was mainly due to the reversal for provision of professional expenses which is 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 31 May 2016, on behalf of the Board, RHB announced an application was submitted to Securities Commission Malaysia and Ministry of International Trade and Industry of Malaysia to seek their approval for the Proposed Regularisation Plan.

**23. Profit forecast or profit guarantee**

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

**Explanatory notes pursuant to Bursa Malaysia Listing Requirement: Chapter 9, Appendix 9B, Part A for the six-month period ended 30 June 2016**

**24. Corporate proposals**

There were no corporate proposals that have been announced but not completed as at 12 August 2016 being practicable date, save for those announced in 31 March 2016 and on 31 May 2016, on behalf of the Board, RHB announced an application was submitted to Securities Commission Malaysia and Ministry of International Trade and Industry of Malaysia to seek their approval for the Proposed Regularisation Plan.

**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 30 June 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 30 June 2016 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 30 June 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 six-month period ended 30 June 2016****31. Breakdown of realised and unrealised profits or losses**

The breakdown of the retained profits of the Company as at 30 June 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.

	<b>Current quarter ended 30 June 2016 RM'000</b>	<b>Previous financial year ended 31 December 2015 RM'000</b>
Total retained profits of the Company		
- Realised	20,090	17,476
- Unrealised	-	-
Retained profit as per financial statements	<u>20,090</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.