

TECNIC GROUP BERHAD

(Company no.: 302675-A)

Condensed interim financial statements**For the twelve-month year ended 31 December 2016****Condensed statement of comprehensive income**

	Note	Current quarter 3 months ended		Cumulative quarters 12 months ended	
		31/12/2016 Unaudited RM '000	31/12/2015 Unaudited RM '000	31/12/2016 Unaudited RM '000	31/12/2015 Audited RM '000
Other operating income		196	224	3,307	187,554
Operating expenses		(201)	(2,435)	(819)	(3,021)
(Loss)/profit before tax		(5)	(2,211)	2,488	184,533
Income tax expense	9	-	-	-	-
Total comprehensive (loss)/profit for the period, net of tax		(5)	(2,211)	2,488	184,533
Total comprehensive income/(loss) for the period, net of tax attributable to:					
Owners of the parent		(5)	(2,211)	2,488	184,533
Non-controlling interests		-	-	-	-
		(5)	(2,211)	2,488	184,533
Earnings per share attributable to owners of the parent (sen per share):					
Basic	10	(0.01)	(5.47)	6.16	456.79
Diluted	10	N/A	N/A	N/A	N/A

(The condensed statement 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 twelve-month year ended 31 December 2016****Condensed statement of financial position**

	Note	31 December 2016 Unaudited RM'000	31 December 2015 Audited RM'000
ASSETS			
Current assets			
Other receivable		3,238	1
Other investment		23,141	23,612
Tax recoverable		-	1
Cash and bank balances	13	29	331
		<u>26,408</u>	<u>23,945</u>
TOTAL ASSETS		<u><u>26,408</u></u>	<u><u>23,945</u></u>
EQUITY AND LIABILITY			
Equity			
Share capital		4,040	4,040
Reserves		19,964	17,476
		<u>24,004</u>	<u>21,516</u>
Current liability			
Other payables		2,404	2,429
		<u>2,404</u>	<u>2,429</u>
TOTAL LIABILITY		<u><u>2,404</u></u>	<u><u>2,429</u></u>
TOTAL EQUITY AND LIABILITY		<u><u>26,408</u></u>	<u><u>23,945</u></u>
Net asset per share (RM)		0.59	0.53

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

TECNIC GROUP BERHAD
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Condensed interim financial statements
For the twelve-month year ended 31 December 2016

Condensed statement of changes in equity

	Share capital RM'000	Retained earnings RM'000	Equity, total RM'000
Opening balance at 1 January 2015	40,397	3,048	43,445
Total comprehensive income	-	184,533	184,533
Transactions with owners			
Dividends on ordinary shares, representing total transaction with owners	-	(170,105)	(170,105)
Capital reduction	(36,357)	-	(36,357)
Total transactions with owners	(36,357)	(170,105)	(206,462)
Closing balance at 31 December 2015	4,040	17,476	21,516
Opening balance at 1 January 2016	4,040	17,476	21,516
Total comprehensive income	-	2,488	2,488
Closing balance at 31 December 2016	4,040	19,964	24,004

(The condensed statement 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 twelve-month year ended 31 December 2016****Condensed statement of cash flows**

	12 months ended	
	31 December 2016 Unaudited RM'000	31 December 2015 Audited RM'000
Profit before tax, total	2,488	184,533
<u>Adjustments for:</u>		
Gain on disposal of other investment	(249)	(199)
Gain on disposal of subsidiaries	-	(186,739)
Interest income	(841)	(616)
Reimbursement of professional expenses	(2,217)	-
Total adjustments	(3,307)	(187,554)
Operating cash flow before changes in working capital	(819)	(3,021)
<u>Changes in working capital</u>		
(Increase)/decrease in other receivables	(3,237)	25,652
Increase in other payables	2,192	580
Total changes in working capital	(1,045)	26,232
Cash flows (used in)/generated from operations	(1,864)	23,211
Income taxes refund/(paid)	1	(1)
Net cash flows (used in)/generated from operating activities	(1,863)	23,210
Investing activities		
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	-	(23,612)
Interest received	-	619
Net cash flows generated from investing activities	1,561	78,392
Financing activities		
Dividend paid on ordinary shares	-	(70,291)
Reduction in share capital	-	(36,357)
Net cash flows used in financing activities	-	(106,648)
Net (decrease)/increase in cash and cash equivalents	(302)	(5,046)
Cash and cash equivalents 1 January	331	5,377
Cash and cash equivalents at 31 December	29	331

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(The condensed statement 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 twelve-month year ended 31 December 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 Company intends to adopt, where applicable, these standards, amendments and interpretations as and when they become effective.

Description	Effective for annual periods beginning on or after
MFRS 107 Disclosures Initiatives (Amendments to MFRS 107)	1 January 2017
MFRS 112 Recognition of Deferred Tax for Unrealised Losses (Amendments to MFRS 112)	1 January 2017
MFRS 2 Classification of Measurement of Share-based Payment Transactions (Amendments to MFRS 2)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 9 Financial Instruments	1 January 2018
MFRS 16 Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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.

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Explanatory notes pursuant to MFRS 134 For the twelve-month year ended 31 December 2016

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 Company

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

6. Segment information

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

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 3 months ended		Cumulative quarters 12 months ended	
	31 December 2016 RM '000	31 December 2015 RM '000	31 December 2016 RM '000	31 December 2015 RM '000
Interest income	(196)	(224)	(841)	(616)
Gain on disposal of subsidiaries	-	-	-	(186,739)
Gain on disposal of other investment	-	-	(249)	(199)
Other income (*)	-	-	(2,217)	-

(*) Reimbursement of professional expenses which is no longer required.

9. Income tax expense

	Current quarter 3 months ended		Cumulative quarters 12 months ended	
	31 December 2016 RM '000	31 December 2015 RM '000	31 December 2016 RM '000	31 December 2015 RM '000
Current tax:				
Malaysian income tax	-	-	-	-

The effective tax rate of the Company for the financial year-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 reimbursement of professional expenses was not subject to tax.

TECNIC GROUP BERHAD

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Explanatory notes pursuant to MFRS 134 For the twelve-month year ended 31 December 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 3 months ended		Cumulative quarters 12 months ended	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
(Loss)/profit net of tax attributable to owners of the parent used in the computation of earnings per share (RM'000)	(5)	(2,211)	2,488	184,533
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)	(0.01)	(5.47)	6.16	456.79
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 fourth quarter 2016 (31 December 2015: Nil).

12. Inventories

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

TECNIC GROUP BERHAD

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Explanatory notes pursuant to MFRS 134 For the twelve-month year ended 31 December 2016

13. Cash and cash equivalents

Cash and cash equivalents comprised the following amounts:

	31 December 2016	31 December 2015
	RM'000	RM'000
Cash at banks and on hand	29	331
Total cash and cash equivalents	29	331

14. Fair value hierarchy

The Company 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 Company 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 December 2016				
Financial asset at fair value through profit or loss				
Investment in cash management fund in Malaysia	-	-	23,141	-
31 December 2015				
Financial asset at fair value through profit or loss				
Investment in cash management fund in Malaysia	-	-	23,612	-

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

On 13 January 2017 and 16 January 2017, the Company has announced the entitlement date of a special cash distribution of RM0.49 per share and payable on 15 February 2017.

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

16. Commitments

There were no capital commitments as at 31 December 2016.

17. Contingencies

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

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Explanatory notes pursuant to Bursa Malaysia Listing Requirement: Chapter 9, Appendix 9B, Part A for the twelve-month year ended 31 December 2016

18. Related party transactions

There were no related party transactions as at 31 December 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 year ended 31 December 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

	Current Quarter 31/12/2016	Preceding Quarter 30/09/2016	Variance
	RM'000	RM'000	%
Other operating income	196	199	(1.51%)
Loss before tax	(5)	(121)	95.87%

There was a minor reduction of 1.51% in other operating income (interest income) as compared with the preceding quarter. Loss before tax reduced 95.87% was due to accrual of operating expenses RM0.2 million being captured in the previous quarter.

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 (“SSA”).

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.

On 24 October 2016, on behalf of the Board, RHB announced the Securities Commission Malaysia (“SC”) has vide its letter dated 21 October 2016, approved the application for the Proposed Regularisation Plan (save for the Proposed Change of Name, which is not subject to the approval of SC) under Section 214(1) of the Capital Markets and Services Act 2007 subject to the term and conditions contained therein, and under the equity requirement for public companies. The approval of SC is subject to the condition that RHB and Tecnic fully comply with the requirements of the SC’s Equity Guidelines and Bursa Securities’ Listing Requirements pertaining to the implementation of the Proposed Regularisation Plan.

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Explanatory notes pursuant to Bursa Malaysia Listing Requirement: Chapter 9, Appendix 9B, Part A for the twelve-month year ended 31 December 2016

22. Commentary on prospects (Cont'd)

On 12 January 2017, on behalf on the Board, RHB announced that all the resolutions stated in the notice of extraordinary general meeting (“EGM”) in relation to the Proposed Regularisation Plan had been approved by the shareholder, resulting in the SSA has become unconditional. The Parties have agreed that the completion date of the Proposed Acquisition shall take place on 8 March 2017 or such other date as may be agreed upon between the Parties notwithstanding the provisions of the SSA.

On even date, the Company received a notice of unconditional mandatory take-over offer from Hong Leong Investment Bank Berhad, on behalf of the Joint Offerors, to acquire all the remaining ordinary shares of RM0.10 each in Tecnic not already held by the Joint Offerors for a cash consideration of RM0.63 per Offer Share.

23. Profit forecast or profit guarantee

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

24. Corporate proposals

There were no corporate proposals that have been announced but not completed as at 8 February 2017, save for those announced on 15 November 2016 and the following:-

- (a) On 18 November 2016, on behalf of the Board, RHB announced that an additional listing application for the listing of and quotation for the new Tecnic Shares to be issued pursuant to the Proposed Regularisation Plan has been submitted to Bursa Securities.
- (b) On 19 December 2016, on behalf of the Board, RHB announced that the SC has, vide its letter dated 16 December 2016, informed that the SC has no further comments on the circular to the shareholders of Tecnic to be issued in relation to the Proposed Regularisation Plan.

Further to the above, RHB has also announced that the Company proposes to change its name from “Tecnic Group Berhad” to “Rohas Tecnic Berhad” under the revised Proposed Change of Name, which forms part of the Proposed Regulariation Plan.

- (c) On 30 December 2016, on behalf of the Board, RHB announced that Bursa Securities had, vide its letter dated 29 December 2016, approved the listing of the following:-
 - 1. 317,460,318 new Tecnic Shares to be issued pursuant to the Proposed Acquisition; and
 - 2. Up to 42,000,000 new Tecnic Shares to be issued pursuant to the Proposed Public Issue.
- (d) On 12 January 2017, on behalf of the Board, RHB announced that all the resolution stated in the notice of EGM of Tecnic dated 20 December 2016 and table at the EGM of Tecnic were approved by the shareholders.

On even date, RHB announced on behalf of the Board that the SSA has become unconditional on 12 January 2017 following the fulfilment of all the conditions precedent in accordance with the terms of SSA. Further to the above, the Parties have agreed for the Offer Shares, which form part of the Consideration Shares, to be allotted and issued directly to the places under the Proposed Offer for Sale. The Parties have agreed that the completion date of the Proposed Acquisition shall take place on 8 March 2017 or such other date as may be agreed upon between the Parties notwithstanding the provisions of the SSA.

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Explanatory notes pursuant to Bursa Malaysia Listing Requirement: Chapter 9, Appendix 9B, Part A for the twelve-month year ended 31 December 2016

24. Corporate proposals (Cont'd)

- (d) The Board of the Directors announced that Tecnic has on 12 January 2017 received a notice of unconditional mandatory take-over offer (“Notice”) from Hong Leong Investment Bank Berhad, on behalf of the Joint Offerors, to acquire all the remaining ordinary shares of RM0.10 each in Tecnic not already held by the Joint Offerors (“Offer Shares”) for cash consideration of RM0.63 per Offer Share (“Offer”).

The Board has deliberated on the Offer and does not intend to seek another person to make a take-over offer for Tecnic Shares. In accordance with the Rule on Take-Overs, Mergers and Compulsory Acquisitions, the Board wishes to announce that it had on 12 January 2017, appointed Mercury Securities Sdn. Bhd. to act as the Independent Adviser to advise the non-interested directors and non-interested shareholders of Tecnic in relation to the Offer.

- (e) On 13 January 2017 and 16 January 2017, the Company has announced the entitlement date for the Proposed Distribution of RM0.49 per ordinary share to be on 27 January 2017.
- (f) On 19 January 2017, the Company announced the notification to the shareholders of Tecnic in relation to the receipt of Notice of Unconditional Mandatory Take-Over Offer dated 12 January 2017 from Hong Leong Investment Bank Berhad, on behalf of the Joint Offerors.
- (g) On 2 February 2017, the Company announced that Hong Leong Investment Bank Berhad on behalf of the Joint Offerors, informed that the offer document dated 2 February 2017, which sets out the details, terms and conditions of the Offer together with the form of acceptance and transfer enclosed therein, has been despatched to the shareholders of Tecnic on even date.

On the same date, the Board of Directors of Tecnic announced that Tecnic has received the press notice from Hong Leong Investment Bank Berhad, on behalf of the Joint Offerors, informing that the offer document dated 2 February 2017, which sets out the details, terms and conditions of the Offer together with the form of acceptance and transfer enclosed therein, has been despatched to the shareholders of Tecnic.

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 year ended 31 December 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 year ended 31 December 2016 or the previous financial year ended 31 December 2015.

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Explanatory notes pursuant to Bursa Malaysia Listing Requirement: Chapter 9, Appendix 9B, Part A for the twelve-month year ended 31 December 2016

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

The Company did not have any financial liabilities measured at fair value through profit or loss as at 31 December 2016 and 31 December 2015.

31. Breakdown of realised and unrealised profits or losses

The breakdown of the retained profits of the Company as at 31 December 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 December 2016 RM'000	Previous financial year ended 31 December 2015 RM'000
Total retained profits of the Company		
- Realised	19,964	17,476
- Unrealised	-	-
Retained profit as per financial statements	<u>19,964</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.