



**ROHAS TECNIC BERHAD**  
(formerly known as Tecnic Group Berhad)  
(302675-A)  
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY 2017 TO 31 MARCH 2017

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## **SUMMARY**

1. In the current quarter under review, the Group achieved revenue of RM53.3 million and recorded operating profit of RM7.2 million.

On completion of the Reverse Acquisition as detailed in Note A2.1 to this interim financial statements, the Group had to charge a **one-off** reverse acquisition listing expense of RM4.0 million and share-based payment expense of RM21.4 million to its consolidated statement profit or loss and other comprehensive income. As a consequence of these **one-off** non-operating expenses, the Group reported a loss after taxation of RM20.3 million for the current financial quarter and year-to-date.

2. The interim financial statements has been prepared based on the reverse acquisition method of accounting, where the consolidated financial statements represents a continuation of the historical financial statements of Rohas-Euco Industries Berhad and its subsidiaries . This method of consolidation resulted in the share-based payment expense amounting to RM21.4 million and reverse acquisition reserve arising from consolidation amounting to (RM104.8 million).

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**QUARTERLY REPORT**

Quarterly report on consolidated results for the 1st quarter ended 31 March 2017  
The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Period Quarter 31-3-2017 RM'000	Preceding Period Corresponding 31-3-2016 RM'000 (Note 1)	Current Period To date 31-3-2017 RM'000 (Note 2)	Preceding Period Corresponding 31-3-2016 RM'000 (Note 1)
Revenue	53,252	N/A	53,252	N/A
Cost of sales	(38,832)	N/A	(38,832)	N/A
<b>Gross profit</b>	<b>14,420</b>	<b>N/A</b>	<b>14,420</b>	<b>N/A</b>
Other income	961	N/A	961	N/A
Distribution expenses	(272)	N/A	(272)	N/A
Administrative expenses	(7,933)	N/A	(7,933)	N/A
<b>Operating profit</b>	<b>7,176</b>	<b>N/A</b>	<b>7,176</b>	<b>N/A</b>
Reverse acquisition listing expense	(3,978)	N/A	(3,978)	N/A
Share-based payment expense	(21,414)	N/A	(21,414)	N/A
Finance costs	(579)	N/A	(579)	N/A
Share of result of an associate	(27)	N/A	(27)	N/A
<b>Loss before tax</b>	<b>(18,822)</b>	<b>N/A</b>	<b>(18,822)</b>	<b>N/A</b>
Tax expense	(1,503)	N/A	(1,503)	N/A
<b>Loss after tax</b>	<b>(20,325)</b>	<b>N/A</b>	<b>(20,325)</b>	<b>N/A</b>
<b>Other comprehensive income:</b>				
Items that will be reclassified subsequently to profit or loss:				
Unrealised currency translation differences	(67)	N/A	(67)	N/A
Fair value of available-for-sale financial assets	183	N/A	183	N/A
<b>Total comprehensive loss</b>	<b>(20,209)</b>	<b>N/A</b>	<b>(20,209)</b>	<b>N/A</b>

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**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Period Quarter 31-3-2017 RM'000	Preceding Period Corresponding 31-3-2016 RM'000 (Note 1)	Current Period To date 31-3-2017 RM'000 (Note 2)	Preceding Period Corresponding 31-3-2016 RM'000 (Note 1)
<b>Loss after tax attributable to:</b>				
Owners of the company	(20,325)	N/A	(20,325)	N/A
Non-controlling interests	-	N/A	-	N/A
	<u>(20,325)</u>	<u>N/A</u>	<u>(20,325)</u>	<u>N/A</u>
<b>Total comprehensive loss attributable to:</b>				
Owners of the company	(20,209)	N/A	(20,209)	N/A
Non-controlling interests	-	N/A	-	N/A
	<u>(20,209)</u>	<u>N/A</u>	<u>(20,209)</u>	<u>N/A</u>
Dividends per share (sen)	<u>-</u>	<u>N/A</u>	<u>-</u>	<u>N/A</u>
Earnings per share (sen)				
Basic	(5.08)	N/A	(5.08)	N/A
Diluted	-	N/A	-	N/A

Note 1:

There are no comparative figures for the individual and cumulative preceding corresponding periods being presented due to the acquisition of Rohas Tecnic Berhad (formerly known as Tecnic Group Berhad) ("the Company") by Rohas-Euco Industries Bhd ("REIB") as explained in Note A2.1 to this interim financial statements. REIB being a non-listed public limited company had not prepared any interim financial statements prior to the acquisition.

Note 2:

The cumulative current period covers from 1 January 2017 to 31 March 2017 as explained in Note A2.1 to this interim financial statements.

(The Condensed Consolidated Statements Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements)

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**QUARTERLY REPORT**

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Unaudited As at end of Current Quarter 31-3-2017 RM'000	Audited As at Preceding Financial Year Ended 31-12-2016 RM'000 Note 1
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	32,014	32,436
Investment in an associate	4,379	4,256
Other investments	1,873	1,689
Deferred tax assets	2,786	2,786
Total non-current assets	<u>41,052</u>	<u>41,167</u>
<b>CURRENT ASSETS</b>		
Inventories	79,932	74,352
Trade and other receivables	124,054	105,251
Amount due from contract customers	19,508	20,238
Tax recoverable	2,716	2,417
Cash and bank balances, deposits and short-term placements	67,410	44,794
Total current assets	<u>293,620</u>	<u>247,052</u>
<b>TOTAL ASSETS</b>	<u>334,672</u>	<u>288,219</u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
<b>Equity attributable to owner of the Company:</b>		
Share capital	230,324	68,377
Other reserves	(103,051)	7,041
Retained earnings	97,946	118,110
	<u>225,219</u>	<u>193,528</u>
Non-controlling interests	-	-
<b>Total equity</b>	<u>225,219</u>	<u>193,528</u>
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Long term borrowings	2,794	2,873
Deferred tax liabilities	234	234
Finance lease liabilities	418	485
Retirement benefits	5,090	4,931
Total non-current liabilities	<u>8,536</u>	<u>8,523</u>

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Unaudited As at end of Current Quarter 31-3-2017 RM'000	Audited As at Preceding Financial Year Ended 31-12-2016 RM'000 Note 1
<b>CURRENT LIABILITIES</b>		
Trade and other payables	44,894	47,072
Amount due to contract customers	2,562	3,038
Borrowings	51,552	34,900
Finance lease liabilities	290	447
Tax payable	1,619	711
Total current liabilities	<u>100,917</u>	<u>86,168</u>
<b>Total liabilities</b>	<u>109,453</u>	<u>94,691</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>334,672</u>	<u>288,219</u>
Net Assets Per share attributable to equity holders of parent (RM)	<u>0.56</u>	Note 2 <u>0.61</u>

Note 1:

The audited Statements of Financial Position of REIB and its subsidiaries ("REIB Group") as at 31 December 2016 has been presented as the comparative Statements of Financial Position, following the acquisition as explained in Note A2.1 to this interim financial statements.

Note 2:

The net assets per share at 31 December 2016 was calculated based on newly issued 317,460,318 new ordinary shares of RM0.10 each in the Company issued in exchange for 68,377,306 ordinary shares of RM1.00 each in REIB following the acquisition as explained in Note A2.1 to this interim financial statements.

(The Condensed Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements)

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to owners of the parent							Non-controlling Interests RM'000	Total RM'000
	Non-distributable				Distributable		Total RM'000		
	Share Capital RM'000	Reverse acquisition reserve RM'000	Fair value adjustment reserve RM'000	Foreign Currency translation reserve RM'000	Retained earnings RM'000	Total RM'000			
Balance at 1 January 2017	73,787	-	1,126	505	118,110	193,528	-	193,528	
Issuance of shares pursuant to acquisition of REIB	200,000	-	-	-	-	200,000	-	200,000	
Adjustment arising from Reverse Acquisition	(69,748)	(104,798)	-	-	161	(174,385)	-	(174,385)	
Issuance of shares pursuant to private placement	26,285	-	-	-	-	26,285	-	26,285	
Fair value of available-for-sale financial assets	-	-	183	-	-	183	-	183	
Foreign currency translation for foreign operations	-	-	-	(67)	-	(67)	-	(67)	
Loss after taxation	-	-	-	-	(20,325)	(20,325)	-	(20,325)	
Total comprehensive income	-	-	183	(67)	(20,325)	(20,209)	-	(20,209)	
Balance at 31 March 2017	<u>230,324</u>	<u>(104,798)</u>	<u>1,309</u>	<u>438</u>	<u>97,946</u>	<u>225,219</u>	<u>-</u>	<u>225,219</u>	

Note 1:

There are no comparative figures for the preceding corresponding period being presented due to the acquisition as explained in Note A2.1 to this interim financial statements. REIB being a non-listed public limited company had not prepared any interim financial statements prior to the acquisition.

Note 2:

Pursuant to the Companies Act 2016 ("CA2016") which came into effect on 31 January 2017, the credit amounts in the share premium account has been transferred to the share capital account. The Group may exercise its right to use the credit amounts transferred from the share premium account within 24 months after the commencement of the CA2016.

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements)

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

	Current Year To date <b>31-3-2017</b> RM'000	Current Year To date <b>31-3-2017</b> RM'000 Note 1
<b>OPERATING ACTIVITIES</b>		
Net Loss for the financial period	(18,822)	N/A
Adjustments for non-cash movements:		
Share of results of an associate	27	N/A
Depreciation of property, plant and equipment	819	N/A
Provision for retirement benefits	160	N/A
Allowance for impairment losses on receivables	796	N/A
Write down of inventories	416	N/A
Unrealised loss in foreign exchange	(95)	N/A
Interest expense	579	N/A
Interest income	(372)	N/A
Share-based payment expense	21,414	N/A
Gain on disposal of property, plant and equipment	(5)	N/A
	<u>4,917</u>	<u>N/A</u>
Changes in working capital:		
Inventories	(5,996)	N/A
Bills payable	16,573	N/A
Receivables, deposits and prepayments	(16,097)	N/A
Payables	(1,706)	N/A
Cash flow from operations	(2,309)	N/A
Interest paid	(567)	N/A
Income Tax paid, net of refund	(732)	N/A
Net cash used in operating activities	<u>(3,608)</u>	<u>N/A</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(427)	N/A
Proceeds from disposal of property, plant and equipment	34	N/A
Interest received	372	N/A
Net cash flow used in investing activities	<u>(21)</u>	<u>N/A</u>



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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

	Current Year To date <b>31-3-2017</b> RM'000	Current Year To date <b>31-3-2017</b> RM'000 Note 1
<b>FINANCING ACTIVITIES</b>		
Interest paid	(12)	N/A
Repayment of hire purchase liabilities	(225)	N/A
Proceed from issuance of share capital	26,285	N/A
Net cash generated from financing activities	<u>26,048</u>	<u>N/A</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	22,419	N/A
<b>CASH AND CASH EQUIVALENTS BALANCE AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	44,794	N/A
<b>FOREIGN EXCHANGE DIFFERENCES ARISING ON OPENING BALANCE</b>	197	N/A
<b>CASH AND CASH EQUIVALENTS BALANCE AT THE END OF THE FINANCIAL PERIOD</b>	<u>67,410</u>	<u>N/A</u>
Presented by:		
Deposits with financial institution	32,009	N/A
Deposits with fund management corporation	2,727	N/A
Cash and bank balances	<u>32,674</u>	<u>N/A</u>
	<u>67,410</u>	<u>N/A</u>

Note 1:

There are no comparative figures for the preceding corresponding period being presented due to the acquisition as explained in Note A2.1 to this interim financial statements. REIB being a non-listed public limited company had not prepared any interim financial statements prior to the acquisition.

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements)

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## **QUARTERLY REPORT**

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### **A. EXPLANATORY NOTES**

#### **A1 Basis of Preparation**

This interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The audited consolidated Statement of Financial Position of REIB Group as at 31 December 2016 has been presented as the comparative Consolidated Statement of Financial Position, due to the acquisition as explained in Note A2.1 below. REIB being a non-listed public limited company had not prepared any interim financial statements prior to the acquisition.

The accounting policies, estimates and judgements adopted in this interim financial statements are consistent with those adopted in the audited financial statements of REIB Group for the year ended 31 December 2016. The interim financial statement should be read in conjunction with the Accountants' Report of REIB Group as disclosed in the Circular to the Shareholders of the Company dated 20 December 2016.

These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since year ended 31 December 2016.

#### **A2 Significant Accounting Policies**

##### **A2.1 MFRS 3: Business Combinations**

On 21 September 2015, the Company announced that it had entered into a non-binding MOU with Rohas-Euco Holdings Sdn Bhd ("Vendor") in relation to a proposed reverse take-over of the Company by the Vendor, which entailed the Company acquiring all the equity interest held by the Vendor in REIB and its subsidiaries ("REIB Group") comprising 68,377,306 ordinary shares of RM1.00 each for the sale and purchase consideration of RM200,000,000 ("Proposed Acquisition"). The Proposed Acquisition was part of the Company's Proposed Regularisation Plan to maintain its listing status on the Main Market of Bursa Securities. Upon completion of the Share Sale Agreement on 8 March 2017, the Company became the legal holding company of REIB.

The interim financial statements have been prepared in compliance with MFRS 3: Business Combinations, the aforementioned business combination between the Company and REIB is treated as a reverse acquisition whereby for accounting purposes, the accounting acquirer is REIB while the accounting acquiree is the Company. However the standard requires that the accounting acquiree must meet the definition of a business at the time of transaction to be accounted for as a reverse acquisition, which RTB was not. The Board is currently assessing the appropriateness of this accounting treatment.

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**A. EXPLANATORY NOTES**

**A2 Significant Accounting Policies (cont'd)**

**A2.1 MFRS 3: Business Combinations (cont'd)**

Under the reverse acquisition method of accounting, even though the consolidated financial statements of the combined entity are issued under the name of the legal holding company, that is, the Company, the consolidated financial statements represents a continuation of the historical financial statements of the legal subsidiary, that is, REIB.

- i) the current period-to-date of the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flow relates to the period from 1 January 2017 to 31 March 2017 of the Group.

No comparative figures are presented for these statements as REIB, a non-listed public limited company, had not prepared any interim financial statements prior to the acquisition.

- ii) the audited Consolidated Statement of Financial Position of REIB Group as at 31 December 2016 has been presented as the comparative for Consolidated Statement of Financial Position.
- iii) the share-based payment expense amounting to RM21.4 million which arose from the reverse acquisition accounting had been recognised as share-based payment expense and expensed off in the Statement of Profit or Loss and Other Comprehensive Income. This reverse acquisition listing expense is derived as follows:

The fair value of the identifiable assets and liabilities of the Company as at 8 March 2017:

	<b>RM'000</b>
Other receivables	3,956
Cash and cash equivalents	234
Other payables	(150)
Total identifiable net assets	<u>4,040</u>
Deemed purchase consideration of the Company by REIB	<u>(25,454)</u>
Share-based payment expense	<u><u>(21,414)</u></u>

- iv) The reverse acquisition reserve as at 8 March 2017 is derived as follows:

	<b>RM'000</b>
Share capital of the Company immediately before Reverse Acquisition	(4,040)
New shares issued by the Company to acquire REIB	(200,000)
Reversal of issued and paid-up share capital of REIB pursuant to Reverse Acquisition	68,378
Reversal of share premium of REIB pursuant to Reverse Acquisition	5,410
Deemed purchase consideration of the Company by REIB	<u>25,454</u>
Reverse acquisition reserve	<u><u>(104,798)</u></u>

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**A. EXPLANATORY NOTES**

**A2 Significant Accounting Policies (cont'd)**

**A2.2 Adoption of Amendments/Improvements to MFRS**

At the beginning of the current financial year, the Group adopted amendments/ improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2017.

Initial application of the amendments/improvements to MFRSs did not have material impact on the financial statements of the Group.

**Standards Issued But Not Yet Effective**

MFRS 9 Financial Instruments (effective on or after 1 January 2018)

MFRS 16 Leases (effective on or after 1 January 2019)

Early adoption of MFRS 16 is permitted, provided MFRS 15 Revenue from Contract with Customers is also applied.

MFRS 15 Revenue from Contracts with Customers (effective on or after 1 January 2019)

The Group anticipates that the adoption of above new/revised MFRS, amendments to MFRS and IC Interpretation will result in a change in accounting policy. The Group are currently assessing the financial impact.

**A3 Audit Report of Preceding Annual Financial Statements**

The auditors' report for the preceding annual financial statements was not subject to any qualification.

**A4 Seasonality or Cyclicity of Operations**

There were no seasonality or cyclicity of operations in the current quarter under review and financial year-to-date.

**A5 Unusual Items due to their Nature, Size or Incidence**

Except for the effects of the acquisition, there were no unusual items affecting assets, liabilities, equity, net income or cash flow in the current quarter under review and financial year-to-date.

**A6 Material Changes in Estimates**

There were no changes in estimates of amount reported in prior financial years that have a material effect in the current quarter under review and financial year-to-date except as disclosed in Note A2.2 - Adoption of Amendments/Improvements to MFRS above.

**A7 Debts and Equity Securities**

There were no issuance, cancellation, repurchase, resale and repayment of debts and equity securities in the current quarter under review and financial year-to-date.

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**A. EXPLANATORY NOTES**

**A8 Dividend Paid**

No dividend was paid or declared in the current quarter under review and financial year-to-date.

**A9 Segmental Reporting**

Primary reporting basis - by business segment:

	<b>Fabrication of towers</b>					
	<b>Power</b>		<b>Telecom.</b>	<b>EPCC*</b>	<b>Others</b>	<b>Group</b>
	<b>Transmission</b>	<b>Towers</b>				
	<b>Towers</b>	<b>Towers</b>	<b>EPCC*</b>	<b>Others</b>	<b>Group</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	
<b>Current Year-To-Date 31-03-2017</b>						
Revenue						
External sales	33,263	3,514	13,778	2,697	53,252	
Results						
Segment results					7,176	
Reverse acquisition listing expense					(3,978)	
Share-based payment expense					(21,414)	
Finance costs					(579)	
Share of results of an Associate					(27)	
					<u>(18,822)</u>	

\* EPCC refers to Engineering, Procurement, Construction and Commissioning.

**A10 Carrying Amount of Revalued Assets**

The Group does not have a revaluation of property, plant and equipment policy.

**A11 Material Events Subsequent to the End of the Interim Period**

On 10 April 2017, the Company entered into a heads of agreement ("HOA") with PT Safe Tower Systems Sdn Bhd and Kemuncak Agresif (M) Sdn Bhd ("KAMSB") (collectively referred to as the "Vendors") for the proposed acquisition of 4,900,068 ordinary shares in HG Power Transmission Sdn Bhd ("HGPT") ("Sale Shares"), representing 75% equity interest in HGPT for a purchase consideration of RM101,668,250 ("Purchase Consideration") ("Proposed Acquisition").

The Purchase Consideration shall be satisfied by the Company on or before the Completion Date in such manner to be stipulated in the share sale agreement ("SSA") via a combination of cash amounting to RM22,500,000 ("Cash Consideration") and 83,335,000 new ordinary shares of the Company ("Consideration Shares") which are to be allotted issued by the Company to the Vendors or their nominee(s) at an agreed issue price of RM0.95 per share, subject to any completion adjustment provided for in the SSA (if any).

**A12 Effect of changes in the Group Composition, Long Term Investments, Restructuring and Discontinued Operations**

Except for the effects of the acquisition disclosed in Note A2.1, there were no changes in the composition of the Group in the current quarter under review and financial year-to-date including business combination, acquisition or disposal of subsidiaries and long term investment, restructuring and discontinued operation.

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**A. EXPLANATORY NOTES**

**A13 Contingent Liabilities/Assets**

The following are the changes in the Group's contingent liabilities as at end of current quarter under review. The comparative is based on the audited financial statements of REIB Group as at 31 December 2016.

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at end of Current Quarter</b>	<b>As at Preceding Financial Year Ended</b>
	<b>31-3-2017</b>	<b>31-12-2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Unsecured		
Bank guarantees for design warranty given to a customer by a subsidiary	14,375	14,580
Performance bond granted to third party by a subsidiary	15,540	6,795

There were no contingent assets arising as at the end of the current quarter under review and in the audited financial statements of REIB Group as at 31 December 2016.

**A14 Capital Commitment**

There were no capital commitments as at 31 March 2017.

**A15 Significant Related Party Transactions**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	Current Period Quarter	Preceding Period Corresponding Quarter	Current Period To date	Preceding Period Corresponding Period
	31-3-2017	31-3-2016	31-3-2017	31-3-2016
	RM'000	RM'000	RM'000	RM'000
Related companies:				
- sales	11	N/A	11	N/A
- rental expenses	230	N/A	230	N/A

There are no comparative figures for the individual and cumulative preceding corresponding periods being presented due to the acquisition as explained in Note A2.1 above. REIB being a non-listed public limited company had not prepared any interim financial statements prior to the acquisition.

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The figures have not been audited.

**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B1 Review of Performance of the Company and its Principal Subsidiaries**

In the current quarter under review, the Group achieved revenue of RM53.3 million and recorded operating profit of RM7.2 million. On completion of the Reverse Acquisition as detailed in Note A2.1, the Group had to charge a one-off reverse acquisition listing expense of RM4.0 million and share-based payment expense of RM21.4 million to its consolidated statement profit or loss and other comprehensive income. As a consequence of these non-operating expenses, the Group reported a loss after taxation of RM20.3 million for the current financial quarter and year-to-date.

If not for the reverse acquisition listing expense and share-based payment expense, the Group would have achieved profit after tax of RM5.1 million for the current financial quarter and year-to-date.

No comparison of the current financial quarter's result can be made with that of the preceding financial year's corresponding quarter due to the Reverse Acquisition as explained in Note A2.1 to this interim financial statements. REIB being a non-listed public limited company had not prepared any interim financial statements prior to the Reverse Acquisition.

**B2 Material Changes in the Quarter Loss Before Tax Compared to the Results of Immediate Preceding Quarter**

No comparison of the current financial quarter's result can be made with that of the preceding financial year's corresponding quarter due to the Reverse Acquisition as explained in Note A2.1 to this interim financial statements. REIB being a non-listed public limited company had not prepared any interim financial statements prior to the Reverse Acquisition.

**B3 Group's Future Prospects**

Fluctuating metal prices and the ringgit/US dollar exchange rate remain challenges. The Group manages these fluctuations by committing the purchase of raw materials upon confirmation of orders from customers, thereby mitigating the large part of these risks. The Group expects its performance to continue to be satisfactory.

**B4 Variance of Actual Profit from Forecast Profit**

There were no profit forecasts or profit guarantees released to the public.

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**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B5 Taxation**

Tax expense comprises the following:

	<b>Current Period Quarter 31-3-2017 RM'000</b>	<b>Current Period To Date 31-3-2017 RM'000</b>
Current tax	<u>1,503</u>	<u>1,503</u>
	<u>1,503</u>	<u>1,503</u>
Effective tax rate	<u>23%</u>	<u>23%</u>

Malaysian income tax is calculated at the statutory rate of 24% of the estimated assessable profits for the financial period.

The effective tax rate for the individual and cumulative current period is calculated after excluding the reverse acquisition listing expense and share-based payment expense.

**B6 Status Of Corporate Proposals Announced But Not Completed**

**Heads of agreement entered by the Company with PT Safe Tower Systems Sdn Bhd and Kemuncak**

On 10 April 2017, the Company entered into a heads of agreement ("HOA") with PT Safe Tower Systems Sdn Bhd and Kemuncak Agresif (M) Sdn Bhd ("KAMSB") (collectively referred to as the "Vendors") for the proposed acquisition of 4,900,068 ordinary shares in HG Power Transmission Sdn Bhd ("HGPT") ("Sale Shares"), representing 75% equity interest in HGPT for a purchase consideration of RM101,668,250 ("Purchase Consideration") ("Proposed Acquisition").

The Purchase Consideration shall be satisfied by the Company on or before the Completion Date in such manner to be stipulated in the share sale agreement ("SSA") via a combination of cash amounting to RM22,500,000 ("Cash Consideration") and 83,335,000 new ordinary shares of the Company ("Consideration Shares") which are to be allotted issued by the Company to the Vendors or their nominee(s) at an agreed issue price of RM0.95 per share, subject to any completion adjustment provided for in the SSA (if any).

As provided under the terms of the HOA, the parties are given 60 days from the date of signing of HOA to finalise the terms of the SSA.

Other than disclosed above, there is no other pending corporate proposal for the current financial period under review.



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**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B7 Status of corporate proposal**

The total proceeds generated from the Issuance of Shares pursuant to private placement will be utilised as follows:-

<u>Purpose</u>	<u>Intended Timeframe for Utilisation</u>	<u>Proposed Utilisation RM'000</u>	<u>Actual Utilisation up to 24-May-17 RM'000</u>
i) Establish new facilities at Lot 5C & 5D in Bentong Pahang	12 months	5,700	-
ii) Project investment for Mini hydropower plant in Indonesia	12 months	5,000	-
iii) Establish a new fabrication facility in Indonesia	24 months	4,300	-
iv) Purchase of machinery and equipment to upgrade existing facilities in Bentong, Pahang	24 months	4,260	-
v) Working capital	24 months	3,000	-
vi) Estimated expenses for the Proposed Regularisation Plan	1 month	4,200	4,200
Total gross proceeds		26,460	4,200

**B8 Group Borrowings**

	<u>Current Quarter/Period To Date 31-3-2017 RM'000</u>
Unsecured Short Term Borrowings	
Bankers acceptance	40,424
Short term loans	8,804
Onshore foreign currency loan	2,070
	51,298
Secured Short Term Borrowings	
Term loan	254
Secured Long Term Borrowings	
Term loan	2,794
Total Group Borrowings	54,346

The above borrowings of the Group are denominated in Ringgit Malaysia except onshore foreign currency loan which is in US Dollar.

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**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B9 Changes In Material Litigations**

There has been no material litigation since the date of the last audited financial statements of REIB Group as at 31 December 2016.

**B10 Dividend**

No dividends were declared or recommended by the Group in the current quarter under review.

**B11 Earnings Per Share**

**(a) Basic earnings per share**

Basic earnings per share of the Group is calculated as follows:

	<b>Current Quarter/Period To Date 31-3-2017</b>
Loss after tax for the period (RM'000)	(20,325)
Weighted average number of ordinary shares in issue	399,857,651
Basic earnings per share (sen)	<u>(5.08)</u>

If not for the reverse acquisition listing expense and share-based payment expense, the Group would have achieved profit after tax of RM5.1 million for the current quarter as explained in Note B1 above, the basic earnings per share would have been 1.27 sen.

**(b) Diluted earnings per share**

There was no dilution of shares.

N/A

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**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA  
MALAYSIA SECURITIES BERHAD**

**B12 Loss Before Tax**

Loss before tax has been determined after charging/(crediting), amongst other items, the following:

	<b>Current Quarter/Period To Date 31-3-2017</b>
	<b>RM'000</b>
Interest income	(372)
Realised foreign exchange gain	(138)
Interest expense	579
Depreciation of property, plant and equipment	819
Allowance for impairment losses on receivables	796
Write down of inventories	416
Unrealised foreign exchange gain	(95)
Gain on disposal of property, plant and equipment	(5)

**BY ORDER OF THE BOARD**

**Laang Jhe How**  
**MIA 25193**

**Tan Kah Koon**  
**MAICSA 7066666**  
**Company Secretary**

**Dated : 24 May 2017**