



ROHAS TECNIC BERHAD
(302675-A)
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE PERIOD FROM
1 APRIL 2018 TO 30 JUNE 2018

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ROHAS TECNIC BERHAD (302675-A)

(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the 2nd quarter ended 30 June 2018

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Period	Preceding	Variance	Current Period	Preceding	Variance
	Quarter	Period		To date	Period	
30-06-2018	Corresponding	30-06-2017	30-06-2018	30-06-2017		
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	90,342	53,610	69%	177,297	106,862	66%
Cost of sales	(74,139)	(39,837)		(142,514)	(78,669)	
Gross profit	16,203	13,773	18%	34,783	28,193	23%
Other income	1,460	723		3,087	1,684	
Distribution expenses	(437)	(264)		(891)	(536)	
Administrative expenses	(7,032)	(6,441)		(13,778)	(14,374)	
Operating profit	10,194	7,791	31%	23,201	14,967	55%
Regularisation Plan expense	-	(8)		-	(3,986)	
Share-based payment expense	-	-		-	(21,414)	
Finance costs	(1,873)	(575)		(3,784)	(1,154)	
Share of result of an associate	(16)	(27)		3	(54)	
Profit/(Loss) before tax	8,305	7,181	16%	19,420	(11,641)	267%
Tax expense	(1,696)	(1,927)		(4,280)	(3,430)	
Profit/(Loss) after tax	6,609	5,254	26%	15,140	(15,071)	200%
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Unrealised currency translation differences	(1,099)	(67)		(1,099)	(67)	
Fair value of available-for-sale financial assets	-	183		-	183	
Total comprehensive profit/(loss)	5,510	5,370	3%	14,041	(14,955)	194%

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

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Period	Preceding	Variance	Current Period	Preceding	Variance
	Quarter	Period		To date	Period	
	30-06-2018	Corresponding 30-06-2017		30-06-2018	30-06-2017	
	RM'000	RM'000	%	RM'000	RM'000	%
Profit/(Loss) after tax attributable to:						
Owners of the company	6,039	5,254		14,276	(15,071)	
Non-controlling interests	570	-		864	-	
	<u>6,609</u>	<u>5,254</u>	26%	<u>15,140</u>	<u>(15,071)</u>	200%
Total comprehensive income/(loss) attributable to:						
Owners of the company	4,940	5,370		13,177	(14,955)	
Non-controlling interests	570	-		864	-	
	<u>5,510</u>	<u>5,370</u>	3%	<u>14,041</u>	<u>(14,955)</u>	194%
Dividends per share (sen)	-	-		-	-	
Earnings per share (sen)						
Basic	1.40	1.31		3.20	(3.77)	
Diluted	-	-		-	-	

(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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(Incorporated in Malaysia)

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at Current Period To Date 30-06-2018 RM'000	Audited As at Preceding Financial Year Ended 31-12-2017 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	45,750	46,684
Investment in an associate	3,201	4,134
Other investments	1,623	1,960
Deferred tax assets	3,856	3,856
Goodwill	7,545	7,545
Total non-current assets	<u>61,975</u>	<u>64,179</u>
CURRENT ASSETS		
Inventories	108,027	117,378
Trade and other receivables	243,741	313,797
Amount due from contract customers	114,812	93,517
Tax recoverable	3,523	3,715
Cash and bank balances, deposits and short-term placements	95,585	104,685
Total current assets	<u>565,688</u>	<u>633,092</u>
TOTAL ASSETS	<u>627,663</u>	<u>697,271</u>
EQUITY AND LIABILITIES		
EQUITY		
Equity attributable to owner of the Company:		
Share capital	299,484	299,484
Other reserves	(104,269)	(101,873)
Retained earnings	124,771	116,288
	<u>319,986</u>	<u>313,899</u>
Non-controlling interests	30,492	29,628
Total equity	<u>350,478</u>	<u>343,527</u>
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term borrowings	17,439	18,340
Deferred tax liabilities	128	212
Finance lease liabilities	209	988
Retirement benefits	2,914	5,830
Total non-current liabilities	<u>20,690</u>	<u>25,370</u>

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at Current Period To Date 30-06-2018 RM'000	Audited As at Preceding Financial Year Ended 31-12-2017 RM'000
CURRENT LIABILITIES		
Trade and other payables	167,801	205,520
Amount due to contract customers	1,028	15,817
Borrowings	85,804	105,600
Finance lease liabilities	1,190	911
Tax payable	672	526
Total current liabilities	<u>256,495</u>	<u>328,374</u>
Total liabilities	<u>277,185</u>	<u>353,744</u>
TOTAL EQUITY AND LIABILITIES	<u>627,663</u>	<u>697,271</u>
Net Assets Per share attributable to equity holders of parent (RM)	<u>0.74</u>	<u>0.73</u>

(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 Company								
	Non-distributable				Distributable		Total RM'000	Non-controlling Interests RM'000	Total RM'000
	Share Capital RM'000	Reserve upon consolidation RM'000	Fair value adjustment reserve RM'000	Foreign Currency translation reserve RM'000	Retained earnings RM'000				
Balance at 1 January 2018									
- as previously stated	299,484	(104,799)	1,297	1,629	116,288	313,899	29,628	343,527	
- effect of changes in accounting policies	-	-	(1,297)	-	1,297	-	-	-	
Balance at 1 January 2018, as restated	299,484	(104,799)	-	1,629	117,585	313,899	29,628	343,527	
Foreign currency translation for foreign operations	-	-	-	(1,099)	-	(1,099)	-	(1,099)	
Profit after taxation	-	-	-	-	14,276	14,276	864	15,140	
Total comprehensive income	-	-	-	(1,099)	14,276	13,177	864	14,041	
Dividend paid				-	(7,090)	(7,090)	-	(7,090)	
Balance at 30 June 2018	299,484	(104,799)	-	530	124,771	319,986	30,492	350,478	
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 Regularisation Plan	(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	-	-	356	-	-	356	-	356	
Foreign currency translation for foreign operations	-	-	-	(351)	-	(351)	-	(351)	
Loss after taxation	-	-	-	-	(15,071)	(15,071)	-	(15,071)	
Total comprehensive income	-	-	356	(351)	(15,071)	(15,066)	-	(15,066)	
Balance at 30 June 2017	230,324	(104,798)	1,482	154	103,200	230,362	-	230,362	

(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 30-06-2018 <u>RM'000</u>	Current Year To date 30-06-2017 <u>RM'000</u>
OPERATING ACTIVITIES		
Net Profit/(Loss) for the financial period	19,420	(11,641)
Adjustments for non-cash movements:		
Share of results of an associate	(3)	54
Depreciation of property, plant and equipment	3,479	1,561
Provision for retirement benefits	-	319
Allowance for impairment losses on receivables	(966)	1,937
Write down of inventories	(128)	518
Unrealised loss/(gain) in foreign exchange	1,736	(78)
Interest expense	3,784	1,154
Interest income	(937)	(472)
Share-based payment expense	-	21,414
Gain on disposal of property, plant and equipment	-	(5)
	<u>26,385</u>	<u>14,761</u>
Changes in working capital:		
Inventories	9,479	(14,113)
Bills payable	(24,961)	9,364
Receivables, deposits and prepayments	35,907	(19,827)
Payables	(39,454)	8,264
	<u>7,356</u>	<u>(1,551)</u>
Cash flow generated from/(used in) operations	7,356	(1,551)
Interest paid	(3,737)	(1,134)
Income Tax paid, net of refund	(4,028)	(1,673)
Provision for retirement benefits paid	(2,916)	-
Net cash used in operating activities	<u>(3,325)</u>	<u>(4,358)</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,545)	(365)
Proceeds from disposal of property, plant and equipment	-	34
Change in bank balances pledged as security	(4,069)	-
Interest received	937	472
Net cash (used in)/generated from investing activities	<u>(5,677)</u>	<u>141</u>

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Current Year To date 30-06-2018 <u>RM'000</u>	Current Year To date 30-06-2017 <u>RM'000</u>
FINANCING ACTIVITIES		
Interest paid	(47)	(20)
Repayment of hire purchase liabilities	(500)	(353)
Proceed from issuance of share capital	-	26,285
Dividends paid	(7,090)	-
Net cash (used in)/generated from financing activities	<u>(7,637)</u>	<u>25,912</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(16,639)	21,695
CASH AND CASH EQUIVALENTS BALANCE AT THE BEGINNING OF THE FINANCIAL PERIOD	67,830	44,794
FOREIGN EXCHANGE DIFFERENCES ARISING ON OPENING BALANCE	(794)	(62)
CASH AND CASH EQUIVALENTS BALANCE AT THE END OF THE FINANCIAL PERIOD	<u>50,397</u>	<u>66,427</u>
Presented by:		
Deposits with financial institution	33,957	12,572
Deposits with fund management corporation	24,696	11,576
Cash and bank balances	<u>36,932</u>	<u>42,279</u>
	95,585	66,427
Less: Bank balances pledged as security	(37,655)	-
Less: Bank overdraft	<u>(7,533)</u>	-
Cash and cash equivalents	<u>50,397</u>	<u>66,427</u>

(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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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 interim financial report should be read in conjunction with the audited financial statements for the financial period ended 31 December 2017 and the explanatory notes attached to the interim financial statements.

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial period ended 31 December 2017.

The accounting policies and methods of computation adopted in the interim financial statements are consistent with those adopted in the audited financial statements of the Group for the financial period ended 31 December 2017, except for the changes in accounting policies and presentation resulting from the adoption of new and revised MFRSs and amendments to MFRSs that are effective for financial period:

MFRS effective 1 January 2018:

MFRS 9, Financial Instruments

MFRS 15, Revenue from Contracts with Customers

A2 Significant Accounting Policies

A2.1 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 2018. The initial application of the above standards, amendments and interpretation are not expected to have any financial impacts to the financial statements, except for:-

MFRS 9, Financial Instruments

MFRS 9 replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group adopted the new standards on the required effective date and will not restate comparative information. During 2017, the Group have performed a detailed impact assessment of all three aspects of MFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2018 when the Group will adopt MFRS 9. Overall, the Group expect no significant impact on its statement of financial position and equity except for the effect of applying the impairment requirements of MFRS 9. In addition, the Group will implement changes in classification of certain financial instruments.

a. Classification and measurement of Financial Assets

The Group and the Company do not expect a significant impact on its statement of financial position or equity on applying the classification and measurement requirements of MFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value. Quoted equity shares currently held as available-for-sale (AFS) with gains and losses recorded in OCI will, instead, be measured at fair value through profit or loss, which will increase volatility in recorded profit or loss.

The fair value adjustment reserve currently presented as accumulated OCI, will be reclassified to retained earnings.

The equity shares in non-listed companies are intended to be held for the foreseeable future. The Group and the Company will apply the option to present fair value changes in OCI, and, therefore, believes the application of MFRS 9 would not have a significant impact.

QUARTERLY REPORT

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A. EXPLANATORY NOTES

A2 Significant Accounting Policies (cont'd)

A2.1 Adoption of Amendments/Improvements to MFRS (cont'd)

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group and the Company analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instruments is not required.

b. Impairment of Financial Assets

MFRS 9 requires the Group and the Company to record expected credit losses on all of its loans and receivables, either on a 12-month or lifetime basis. The Group and the Company will apply the simplified approach and record lifetime expected losses on its loans and receivables. The Group and the Company do not expect any impact on their statements of financial position or equity.

c. Hedge Accounting

The Group and the Company do not apply hedge accounting and do not expect any impact on the Group's and the Company's financial position.

Financial effects due to the adoption of MFRS9 as at 1 January 2018:

	RM'000
Fair value adjustment reserve	
Closing balance under MFRS 139 at 31 December 2017	1,297
Transfer to retained earnings	<u>(1,297)</u>
Opening balance under MFRS 9 at 1 January 2018	<u><u>-</u></u>

MFRS 15, Revenue from Contracts with Customers

MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under MFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018.

The Group adopted the new standard on the required effective date using the full retrospective method. During 2017, the Group completed a detailed analysis of MFRS 15.

a. Sale of Goods

For contracts with customers in which the sale of equipment is generally expected to be the only performance obligation, adoption of MFRS 15 is not expected to have any impact on the Group's revenue and profit or loss. The Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

In preparing to MFRS 15, the Group considers variable consideration of the sales transaction. Some contracts with customers provide a right of return, trade discounts or volume rebates. Currently, the Group recognises revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. If revenue cannot be reliably measured, the Group defers revenue recognition until the uncertainty is resolved. Such provisions give rise to variable consideration under MFRS 15 and will be required to be estimated at contract inception.

MFRS 15 requires the estimated variable consideration to be constrained to prevent over-recognition of revenue. The Group continues to assess individual contracts to determine the estimated variable consideration and related constraint.

The Group has performed an initial assessment on sales of goods and does not expect that there will be significant impact on the financial statements.

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A. EXPLANATORY NOTES

A2 Significant Accounting Policies (cont'd)

A2.1 Adoption of Amendments/Improvements to MFRS (cont'd)

b. Rendering of Services

The Group recognises service revenue by reference to the stage of completion. Under MFRS 15, allocation will be made based on relative stand-alone selling prices. As a result, the allocation of the consideration and, consequently, the timing of the amount of revenue recognised in relation to these sales may be impacted.

The Group has preliminarily assessed that the services are satisfied over time given that the customer simultaneously receives and consumes the benefits provided by the Group. Consequently, the Group would continue to recognise revenue for these service contracts/service components of bundled contracts over time rather than at a point in time.

c. Contract Project

The revenue arising from the contract project are assessed as fulfilled the criteria of sales over time under the MFRS 15. The revenue currently includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. When a claim or variation is recognised, the measured of contract progress or contract price is revised and the cumulative percentage of completion is reassessed at each reporting date.

Under MFRS 15, claims and variations will be included in the contract accounting when they are approved.

The Group has performed an initial assessment on contract project and do not expect that there will be significant impact on financial statements.

d. Commission

For commissions earned by the Group, the Group has determined that it acts in the capacity of an agent for certain transactions. Under MFRS 15, the assessment will be based on whether the Group controls the specific goods before transferring to the end customer, rather than whether it has exposure to significant risks and rewards associated with the sale of goods.

The Group has performed an initial assessment on these transactions and do not expect that there will be significant impact on its financial statements.

e. Presentation and Disclosure Requirements

MFRS 15 provides presentation and disclosure requirements, which are more detailed than under current MFRS. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in the Group's financial statements. Many of the disclosure requirements in MFRS 15 are completely new. The Group is in the progress of developing of appropriate systems, internal controls, policies and procedures necessary to collect and disclose the required information.

Standards Issued But Not Yet Effective

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.

The Group anticipates that the adoption of above new MFRS, may 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 period to date.

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A. EXPLANATORY NOTES**A5 Unusual Items due to their Nature, Size or Incidence**

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.

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.

A8 Dividend Paid

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

The Company has declared a final single tier dividend of 1.5 sen per share in respect of the financial year ending 31 December 2017 amounting to RM7,089,865 and was paid on 27 June 2018.

A9 Segmental Reporting

Primary reporting basis - by business segment:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Period	Preceding	Current Period	Preceding
	Quarter	Period	To date	Period
	30-06-2018	Corresponding	30-06-2018	30-06-2017
	RM'000	30-06-2017	RM'000	RM'000
Group Revenue (External Sales)				
Tower fabrication				
- Power Transmission	27,359	35,271	59,482	68,534
- Telecommunication	13,350	7,894	19,854	11,408
EPCC*	42,166	9,356	88,516	23,134
Other business activities	7,467	1,089	9,445	3,786
	<u>90,342</u>	<u>53,610</u>	<u>177,297</u>	<u>106,862</u>
Results				
Segment results	10,194	7,791	23,201	14,967
Reverse acquisition listing expense	-	(8)	-	(3,986)
Share-based payment expense	-	-	-	(21,414)
Finance costs	(1,873)	(575)	(3,784)	(1,154)
Share of results of an Associate	(16)	(27)	3	(54)
	<u>8,305</u>	<u>7,181</u>	<u>19,420</u>	<u>(11,641)</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.

QUARTERLY REPORT

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A. EXPLANATORY NOTES

A11 Material Events Subsequent to the End of the Interim Period

There is no material events subsequent to the current financial period under review.

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

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.

A13 Contingent Liabilities/Assets

The following are the changes in the Group's contingent liabilities as at end of current quarter under review.

	Unaudited As at Current Period To Date 30-06-2018 RM'000	Audited As at Preceding Financial Year Ended 31-12-2017 RM'000
Unsecured		
Bank guarantees for design warranty given to a customer by a subsidiary	452	13,154
Performance bond granted to third party by a subsidiary	5,395	11,091
Secured		
Bank guarantees issued in favour of third parties	85,743	90,165

A14 Capital Commitment

Capital expenditure of the Group not provided for as at 30 June 2018 in relation to property, plant and equipment were as follows:

	Unaudited As at Current Period To Date 30-06-2018 RM'000	Audited As at Preceding Financial Year Ended 31-12-2017 RM'000
Authorised and contracted for	-	453

A15 Significant Related Party Transactions

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Period Quarter 30-06-2018 RM'000	Preceding Period Corresponding 30-06-2017 RM'000	Current Period To date 30-06-2018 RM'000	Preceding Period Corresponding 30-06-2017 RM'000
Related companies:				
- sales	-	1	1	12
- rental expenses	228	227	456	457

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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 compared to preceeding corresponding period, the Group achieved a higher revenue by 68.5% at RM90.3 million and recorded an increase in operating profit by 30.8% at RM10.2 million. The Group reported a profit after taxation of RM6.6 million.

The Group's EPCC segment contributed to a revenue of RM42.2 million in the current quarter, an increase by RM32.8 million or 351% from the preceding corresponding period of RM9.4 million, which was mainly contributed from EPCC works done in Bangladesh and Malaysia that contributed to 46.7% of total Group revenue. Revenue from other business activities of RM7.5 million also increased by RM6.4 million or 585.7% from the preceding corresponding period of RM1.1 million, mainly from fabrication of electrical substation structure. Revenue from tower fabrication segment of RM40.7 million, decreased by RM2.5 million or 5.7% from the preceding corresponding period of RM43.2 million, due to decrease in deliveries of power transmission towers.

In the current period to date compared to preceeding corresponding period, the Group achieved a higher revenue by 65.9% at RM177.3 million and recorded an increase in operating profit by 55.0% at RM23.2 million. The Group reported a profit after taxation of RM 15.1 million.

The Group's EPCC segment contributed to revenue of RM88.5 million, an increase by RM65.4 million or 282.6% from the preceding corresponding period of RM23.1 million, which was mainly contributed from EPCC works done in Bangladesh and Malaysia that contributed to 49.9% of total Group revenue. Revenue from other business activities of RM9.4 million also increased by RM5.6 million or 149.5% from the preceding corresponding period of RM3.8 million mainly from fabrication of electrical substation structure. Revenue from tower fabrication segment of RM79.3 million, decreased by RM0.6 million or 0.8% from the preceding corresponding period of RM79.9 million, due to decrease in deliveries of power transmission towers.

B2 Review of Performance of the Company and its Principal Subsidiaries Compared to the Results of Immediate Preceding Quarter

	Current Period Quarter	Immediate Preceding Period Quarter	Variance
	30-06-2018	31-03-2018	
	RM'000	RM'000	%
Revenue	90,342	86,955	4%
Operating Profit	10,194	13,007	-22%
Profit Before Tax	8,305	11,115	-25%
Profit After Tax	6,609	8,531	-23%

The Group recorded revenue of RM90.3 million in the current quarter, an increase of RM3.4 million or 3.9%, compared to its immediate preceding quarter's revenue of RM86.9 million. The increase in group revenue were mainly contributed by increased in other business activities segment by RM5.5 million or 277.5% mainly from fabrication of electrical substation structure. Revenue from tower fabrication segment also increased specifically in the telecommunication segment by RM2.1 million or 66.5% due to higher deliveries. The EPCC segment had a lower revenue recognised by RM4.2 million or 9.0%.

B3 Group's Future Prospects

With the change in government, it is expected there will be an impact on timing of projects particularly in the infrastructure sector due to review and reassessment. Nevertheless, we are generally optimistic the Group will show healthy growth this year, subject to the dollar exchange rate and metal price trends not deteriorating significantly from expectations.

B4 Variance of Actual Profit from Forecast Profit

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

ROHAS TECNIC BERHAD (302675-A)

(Incorporated in Malaysia)

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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**B5 Taxation**

Tax expense comprises the following:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Period Quarter 30-06-2018	Preceding Period Corresponding 30-06-2017	Current Period To date 30-06-2018	Preceding Period Corresponding 30-06-2017
	RM'000	RM'000	RM'000	RM'000
Current tax	1,696	1,927	4,280	3,430
	<u>1,696</u>	<u>1,927</u>	<u>4,280</u>	<u>3,430</u>
Effective tax rate	<u>20%</u>	<u>27%</u>	<u>22%</u>	<u>25%</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 current quarter and current period to date were lower than statutory tax rate mainly due to deductible losses made by subsidiaries. The individual and cumulative preceding period corresponding is calculated after excluding the Regularisation Plan expense and share-based payment expense.

B6 Status Of Corporate Proposals Announced But Not Completed

On 1 August 2018, RBC Water Sdn Bhd ("RBC"), an indirect wholly owned subsidiary, had entered into a non-binding term sheet ("Term Sheet") with the shareholders of PHU MY VINH CONSTRUCTION AND INVESTMENT CORPORATION ("PMV") namely, Nguyen Vu Hien, Tran Thi Mai Tram, Le Van Xin, Nguyen Thi Thanh, Vo Minh Thanh, Nguyen Vu Vinh and Minh Thong Company (collectively referred to as the "Vendors") in respect of a proposed sale and purchase of shares of PMV ("Proposed Sale and Purchase"). RBC and the Vendors are collectively referred to as the "Parties".

The Term Sheet is intended to form a basis for further discussions and negotiation between the Parties in respect of the Proposed Sale and Purchase of eight million (8,000,000) ordinary shares representing 40% of the Total Shares of PMV by RBC from the Vendors. Subject to the due diligence findings and outcomes, the Parties will further negotiate with each other on the detailed terms of the sale and purchase and enter into the following definitive agreements:-

- Sale and Purchase Agreement for the sale and purchase of eight million (8,000,000) ordinary shares presenting 40% of the Total Shares of PMV between RBC (or its nominated purchaser) and the Vendors of the said shares for an indicative total purchase price of two hundred thirty two billion Vietnam Dong (VND 232,000,000,000) approximately Ringgit Malaysia Forty Million Six Hundred Thousand (RM40,600,000*) based on an unit price twenty nine thousand Vietnam Dong (VND 29,000) approximately Ringgit Malaysia Five and Eight cents (RM5.08*) per ordinary share of PMV. The mode of consideration of the Proposed Sale and Purchase will be set out in the Sale and Purchase Agreement later.
- Shareholders Agreement between the Parties together with PMV among others to govern the relationship of the Parties and to regulate the way the business between the Parties shall be conducted.
- Any other contractual documents deemed necessary by RBC to the complete the Proposed Sale and Purchase.

With the execution of the Term Sheet, RBC has commenced due diligence work on PMV as well as commenced negotiations with the Vendors to agree and finalize the terms of the definitive agreements for the Proposed Sale and Purchase within the exclusivity period of 120 days or such other period as may be mutually agreed between the Parties in writing. The Term Sheet is not intended in any way to create or constitute a contractually binding agreement between the Parties except for the provisions of confidentiality, exclusivity, governing law and dispute resolution.

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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

B7 Status of corporate proposal

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

Purpose	Intended Timeframe for Utilisation	Proposed Utilisation (previous)	Proposed Utilisation (revised)	Actual Utilisation up to 28-Aug-18
		RM'000	RM'000	RM'000
i) Establish new facilities at Lot 5C & 5D in Bentong Pahang	12 months	5,700	5,700	22
ii) Project investment for Mini hydropower plant in Indonesia	12 months	5,000	5,000	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	4,260	101
v) Working capital	24 months	3,000	3,000	3,000
vi) Estimated expenses for the Proposed Regularisation Plan	1 month	4,200	4,200	4,200
vii) Partial funding of the cash consideration for the purchase of HGPT	24 months	-	* 4,300	* 4,300
Total gross proceeds		26,460	26,460	16,623

* On 27 October 2017, the Company announced to vary the utilisation of establishment of a new fabrication facility in Indonesia to partial funding of the cash consideration for the purchase of a subsidiary.

B8 Group Cash and bank balances, deposits and short-term placements

	Unaudited As at Current Period To Date 30-06-2018 RM'000	Audited As at Preceding Financial Year Ended 31-12-2017 RM'000
Cash and bank balances, deposits and short-term placements		
- Islamic	56,912	67,443
- Conventional	38,673	37,242
	95,585	104,685
Total assets	627,663	697,271
Percentage of Conventional Cash and bank balances, deposits and short-term placements over Total Assets	6%	5%

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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

B9 Group Borrowings

	Unaudited			Audited		
	As at Current Period To Date			As at Preceding Financial Year Ended		
	30-06-2018	30-06-2018	30-06-2018	31-12-2017	31-12-2017	31-12-2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
	USD	RM		USD	RM	
Unsecured Short Term Borrowings						
Bankers acceptance	4,366	29,200	33,566	-	90,722	90,722
Short term loans	-	43,592	43,592	-	11,184	11,184
Bank overdraft	3,656	3,877	7,533	-	3,269	3,269
	8,022	76,669	84,691	-	105,175	105,175
Secured Short Term Borrowings						
Term loan	-	1,113	1,113	-	425	425
Secured Long Term Borrowings						
Term loan	-	17,439	17,439	-	18,340	18,340
Total Group Borrowings	8,022	95,221	103,243	-	123,940	123,940

The above borrowings of the Group are denominated in Ringgit Malaysia equivalent analysed by currencies.

	Unaudited As at Current Period To Date 30-06-2018 RM'000	Audited As at Preceding Financial Year Ended 31-12-2017 RM'000
Borrowings		
- Islamic	44,925	69,944
- Conventional	58,318	53,996
	103,243	123,940
Total Assets	627,663	697,271
Percentage of Conventional Borrowings over Total Assets	9%	8%

B10 Changes In Material Litigations

There has been no material litigation since the date of the last audited financial statements of Group as at 31 December 2017.

B11 Dividend

There is no dividend declared or recommended 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

B12 Earnings Per Share

(a) Basic earnings per share

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Period Quarter 30-06-2018	Preceding Period Corresponding 30-06-2017	Current Period To date 30-06-2018	Preceding Period Corresponding 30-06-2017
Profit/(Loss) after tax for the period (RM'000)	6,609	5,254	15,140	(15,071)
Weighted average number of ordinary shares in issue	472,657,651	399,857,651	472,657,651	399,857,651
Basic earnings per share (sen)	<u>1.40</u>	<u>1.31</u>	<u>3.20</u>	<u>(3.77)</u>

For the individual and cumulative preceding period corresponding, if not for the regularisation plan expense and share-based payment expense, the Group would have achieved profit after tax of RM5.2 million and RM10,329 million respectively, the basic earnings per share would have been 1.32 sen and 2.58 sen respectively.

(b) Diluted earnings per share

There was no dilution of shares.

N/A

B13 Profit/(Loss) Before Tax

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Period Quarter 30-06-2018	Preceding Period Corresponding 30-06-2017	Current Period To date 30-06-2018	Preceding Period Corresponding 30-06-2017
	RM'000	RM'000	RM'000	RM'000
Interest income	(345)	(100)	(937)	(472)
Realised foreign exchange gain	(873)	273	(1,557)	135
Interest expense	1,873	575	3,784	1,154
Depreciation of property, plant and equipment	1,790	742	3,479	1,561
Allowance for impairment losses on receivables	(966)	1,141	(966)	1,937
(Reversal)/Write down of inventories	(198)	102	(128)	518
Unrealised foreign exchange loss/(gain)	1,525	17	1,736	(78)
Gain on disposal of property, plant and equipment	-	-	-	(5)

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

B14 Realised and unrealised profit/(loss)

	Unaudited As at Current Period To Date 30-06-2018 RM'000	Audited As at Preceding Financial Year Ended 31-12-2017 RM'000
Total retained earnings of the Group		
- Realised	130,235	121,045
- Unrealised	(5,464)	(4,757)
	<u>124,771</u>	<u>116,288</u>

BY ORDER OF THE BOARD

Laang Jhe How
MIA 25193

Tan Kah Koon
MAICSA 7066666
Company Secretaries

Dated : 28 August 2018