

TECNIC GROUP BERHAD
(formerly known as STS Tecnic Berhad)
(Company no: 302675-A)

**Condensed Consolidated Statement of Comprehensive Income for the quarter ended
30 June 2010 (The figures have not been audited)**

	Individual Quarter		Cumulative Quarter	
	Current year Quarter 30/06/10 RM '000 (Unaudited)	Preceding Year Corresponding Quarter 30/06/09 RM '000 (Unaudited)	Current Year to date 30/06/10 RM '000 (Unaudited)	Preceding year corresponding period 30/06/09 RM '000 (Unaudited)
Revenue	42,956	32,820	80,503	61,443
Cost of sales	(34,747)	(26,268)	(64,687)	(48,492)
Gross profit	8,209	6,552	15,816	12,951
Other income	213	77	340	169
Operating expenses	(4,240)	(3,058)	(8,347)	(6,558)
Profit from operations	4,182	3,571	7,809	6,562
Finance costs	(72)	(63)	(114)	(135)
Profit before taxation	4,109	3,508	7,695	6,427
Taxation	(32)	(76)	(66)	(206)
Profit for the period	4,077	3,432	7,629	6,221
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	4,077	3,432	7,629	6,221
Total comprehensive income attributable to:				
Owners of the Parent	4,077	3,432	7,629	6,221
Non-controlling Interest	-	-	-	-
	4,077	3,432	7,629	6,221
Earning per share attributable to Equity owners of the Parent (sen):				
Basic	10.09	8.50	18.89	15.40
Diluted	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2009)

TECNIC GROUP BERHAD
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Condensed Consolidated Statement of Financial Position

	Unaudited As at 30.06.2010 RM'000	Audited as at 31.12.2009 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	49,766	49,484
Other investments	139	65
	<u>49,905</u>	<u>49,549</u>
Current Assets		
Inventories	15,384	12,243
Trade and other receivables	39,917	33,173
Tax recoverable	224	224
Deposits, bank and cash balances	7,864	10,829
	<u>63,389</u>	<u>56,469</u>
TOTAL ASSETS	<u><u>113,294</u></u>	<u><u>106,018</u></u>
EQUITY AND LIABILITIES		
Equity attributable to the Owners of the Parent		
Share capital	40,397	40,397
Reserves	31,541	30,376
	71,938	70,773
Minority interests	<u>-</u>	<u>-</u>
	71,938	70,773
Non-current liabilities		
Deferred tax liabilities	512	512
Long term Borrowings	-	18
	<u>512</u>	<u>530</u>
Current Liabilities		
Trade and other payables	34,391	29,302
Borrowings -bank overdrafts	-	-
- others	6,255	5,230
Taxation	198	183
	<u>40,844</u>	<u>34,715</u>
Total liabilities	<u><u>41,356</u></u>	<u><u>35,245</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>113,294</u></u>	<u><u>106,018</u></u>
Net assets per share (RM)	1.78	1.75

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2009)

TECNIC GROUP BERHAD
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Condensed Consolidated Statement of Cash Flow for the quarter ended 30 June 2010

	2010 6 months ended 30 June RM'000 (Unaudited)	2009 6 months ended 30 June RM'000 (Unaudited)
Cash Flows from operating activities		
Profit before tax	7,695	6,427
Adjustments for:-		
Depreciation	2,633	2,526
Interest income	(17)	(1)
Property, plant and equipment written off	-	-
Gain on disposal of property, plant and equipment	(3)	-
Others	-	-
	2,613	2,526
Finance Costs:		
Continuing operations	114	135
Operating Profit before working capital changes	10,422	9,087
Changes in working capital		
Decrease/(increase) in inventories	(3,141)	39
Decrease/(increase) in receivables	(6,744)	(6,152)
(Decrease)/increase in payables	4,899	4,165
	(4,986)	(1,948)
Cash flows generated from operating activities	5,436	7,139
Tax paid	(51)	(55)
Interest paid	(114)	(135)
Net cash generated from operating activities	5,271	6,949
Investing activities		
Proceeds from disposal of property, plant and equipment	5	-
Purchase of property, plant and equipment	(2,917)	(4,944)
Interest received	17	1
Net cash used in investing activities	(2,895)	(4,943)
Financing activities		
Repayment of term loans	-	-
Repayment of hire purchase creditors	(693)	(769)
Dividend Paid	(6,347)	54
Proceeds from/(repayment of) short term borrowings	1,699	-
Net cash generated from/(used in) financing activities	(5,341)	(715)
Net change in cash and cash equivalents	(2,965)	1,291
Cash and cash equivalents at beginning of financial period	10,829	2,283
Cash and cash equivalents at end of the financial period	7,864	3,574

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2009)

TECNIC GROUP BERHAD
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**Condensed Consolidated Statements of Changes in Equity for the quarter ended
 30 June 2010**

	Share capital RM'000	Share premium RM'000	Retained profits RM'000	Non- Controlling Interest RM'000	Total equity RM'000
At 1 January 2010	40,397	-	30,376	-	70,773
Total comprehensive income for the period	-	-	7,629	-	7,629
Dividend	-	-	(6,464)	-	(6,464)
At 30 June 2010	40,397	-	31,541	-	71,938
At 1 January 2009	40,397	-	17,252	-	57,649
Total comprehensive income for the period	-	-	6,221	-	6,221
At 30 June 2009	40,397	-	23,472	-	63,869

**(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction
 with the audited financial statements for the year ended 31 December 2009)**

Notes to the interim financial reports

1. Basis of Preparation

The interim financial statements have been prepared under the historical cost convention except for derivatives financial instruments, available for sale investments and investment property which have been stated at fair value.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2009. These 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 year ended 31 December 2009.

2. Changes in Accounting Policies

The significant accounting policies adopted in these interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2009

The Group has adopted the following new and revised Financial Reporting Standards (“FRS”), Issues Committee (“IC”) Interpretations and amendments to FRSs and IC interpretations which are relevant to the Group’s operations with effect from 1 January 2010:-

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101 (revised)	Presentation of Financial Statements
FRS 123	Borrowing Costs
FRS 132	Financial Instruments: Presentation
FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Impairment and Interim Financial Reporting.
Amendment to IC Interpretation 9	Reassessment of Embedded Derivatives
Amendment to FRS 5	Non-Current Assets Held for Sale and Discontinued Operations
Amendment to FRS 7	Financial Instruments: Disclosures
Amendment to FRS 8	Operating Segments
Amendment to FRS 107	Statement of Cash Flows
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendment to FRS 110	Events after the Reporting Period
Amendment to FRS 116	Property, Plant and Equipment
Amendment to FRS 117	Leases
Amendment to FRS 118	Revenue
Amendment to FRS 119	Employee Benefits
Amendment to FRS 123	Borrowing Costs
Amendment to FRS 127	Consolidated and Separate Financial Statements
Amendment to FRS 128	Investments in Associates
Amendment to FRS 132	Financial Instruments: Presentation
Amendment to FRS 134	Interim Financial Reporting
Amendment to FRS 136	Impairment of Assets
Amendment to FRS 138	Intangible Assets
Amendment to FRS 139	Financial Instruments: Recognition and Measurement
Amendment to FRS 140	Investment Property

Notes to the interim financial reports (cont'd)

2. Changes in Accounting Policies (Cont'd)

The principal effects of the changes in presentation, changes in methods of computation and in accounting policies resulting from the adoption of the new and revised FRSs, IC Interpretations and Amendments are set out below:

(a) FRS 8, Operating Segments

Prior to the adoption of FRS 8, the Group's segment reporting was based on two business segments: Plasticwares Segment and Moulds Segment.

With the adoption of FRS 8, Segment Reporting requires a 'management approach', under which segment information is presented on a similar basis to that used for internal reporting purposes. As a result, the Group's external segmental reporting will be based on the internal reporting to the chief operating decision maker, who makes decisions on the allocation of resources and assesses the performance of the reportable segments.

The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified, there will be no impact on the financial position or results of the Group.

(b) FRS 101(revised), Presentation of Financial Statements

Prior to 1 January 2010, the components of the financial statements presented consisted of a balance sheet, an income statement, a statement of changes in equity, a cash flow statement and notes to the financial statements.

Upon the adoption of the revised FRS 101, the components of the interim financial statements shall now comprise of a statement of comprehensive income, a statement of financial position, a statement of changes in equity, a statement of cash flows and notes to the financial statements.

(c) Amendment to FRS 117, Leases

Prior to the adoption of the Amendment to FRS 117, leasehold lands were treated as operating leases. The considerations paid were classified and presented as prepaid lease payments on the statement of financial position.

Upon adoption of the Amendment to FRS 117, the classification of a leasehold land as a finance lease or an operating lease is based on the extent to which risks and rewards incident to ownership lie.

The Group has determined that all leasehold land of the Group are in substances as finance lease and has reclassified its leasehold land from prepaid lease payments to property , plant and equipment.

The effects of the reclassification on the consolidated statement of financial position as at 31 December 2009 are as follows :-

	Consolidated Balance Sheet As previously Reported RM'000	Effects on Adoption of FRS 117 RM'000	Consolidated Statement of Financial Position As stated RM'000
Property, plant and equipment	41,968	7,516	49,484
Prepaid lease payment	7,516	(7,516)	-
	49,484	-	49,484

Notes to the interim financial reports (cont'd)

2. Changes in Accounting Policies (Cont'd)

(d) FRS 123(revised), Borrowing Costs

Prior to the adoption of the revised FRS 123, the Group expensed all borrowing costs as and when they were incurred.

With the adoption of the revised FRS 123, this policy has been removed the option of expensing borrowing costs and requires capitalization of such costs that are directly attributable to the acquisition, construction or production of qualifying assets as part of the cost of that asset. All other borrowing costs are recognised as an expense as and when they are incurred.

The new policy is applied prospectively for which the commencement date for capitalisation of borrowing costs on qualifying assets is on or after 1 January 2010.

(e) FRS 139, Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items.

Upon the adoption of FRS 139 , the details of the changes in accounting policies are summarised below :-

(i) Initial recognition and measurement

With the adoption of FRS 139, all financial assets and financial liabilities, including derivatives, are recognised at contract dates when, and only when, the Company or any subsidiary becomes a party to the contractual provisions of the instruments.

Upon initial recognition, the financial assets and financial liabilities, if any, recognized and unrecognized in prior financial year are classified as following instruments:

	Pre FRS 139	Post FRS 139
1	Other investment	Financial assets at fair value through profit and loss
2	Trade and other receivables	Loans and receivables
3	Cash and bank balance	Loans and receivables
4	Trade and other payables	Loans and receivables
5	Short term borrowing	Loans and receivables
6	Long term borrowings	Financial liabilities at amortised cost
7	Unrecognised derivative assets	Financial assets at fair value through profit and loss
8	Unrecognised derivative liabilities	Financial liabilities at fair value through profit and loss

At initial measurement, all financial assets and financial liabilities are measured at their fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability.

Notes to the interim financial reports (cont'd)

2. Changes in Accounting Policies (Cont'd)

Subsequent to their initial recognition, the financial assets and financial liabilities are measured as below:-

	Instrument	Measurement Basis
1	Financial assets at fair value through profit and loss	At fair value through profit and loss
2	Held to maturity investment	At amortised cost using effective interest method
3	Loans and Receivables	At amortised cost using effective interest method
4	Financial liabilities at amortised cost	At amortised cost using effective interest method
5	Financial liabilities at fair value through profit and loss	At fair value through profit and loss

(ii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The company has provided various financial guarantees to banks or financial institutions for the guarantee of credit facilities granted to its subsidiaries.

On top of there is no interest differentiates as other physical securities had been given and there is no upfront payment for the guarantee contract that may arrive at the fair value is likely to be zero.

The Company also monitors the performance of its subsidiaries closely to ensure they meet all their financial obligations on time. In view of the minimal risk of default, the Company has derecognized the guarantee as financial liability.

(iii) Derivative financial instruments

Prior to the adoption of FRS 139, financial derivatives are recognised on their settlement dates and outstanding derivatives at the balance sheet date were not recognized in the financial report.

After the adoption of FRS 139, derivative financial instruments are recognized in the financial statements when and only when the Group becomes a party to the contractual provision of those instruments. A derivative financial instrument is categorized as fair value through profit or loss and measured at the fair value with gain or loss recognized in profit or loss.

(iv) Inter company Advances or Loans

Prior to 1 January 2010, the loans or advances granted from the Company to its subsidiaries are at interest free and were recorded at cost.

Upon the adoption of FRS 139, the advances or loans are classified as Loan and Receivables assets. As the loan is interest free and not to call repayment of loan at least 2 years and were only payable at demand, the difference between the fair value and amortised cost of the loan or advance is derecognised.

Notes to the interim financial reports (cont'd)

3. Declaration of audit qualification

The annual audit report of the financial statements for the year ended 31 December 2009 was not qualified.

4. Seasonal or cyclical factors

The business operations of the Group are not materially affected by any seasonal and cyclical factors.

5. Nature and amount of unusual items

There were no unusual items for the current interim period.

6. Nature and amount of changes in estimates

There were no significant changes in estimates of amounts which have a material effect in the current interim period.

7. Debt and equity securities

There were no issuances, cancellation, repurchases, resale and repayments of debts and equity securities.

8. Dividend

Final tax exempted dividend of 16% amounting to RM6,463,573.28 based on 40,397,333 ordinary shares in respect of financial year ending 31 December 2009 was paid on 18 May 2010.

9. Segmental information

	<-----Financial year- to- date ----->			
	Injection Moulding RM'000	Mould Making RM'000	Elimination RM'000	Consolidation RM'000
External Sales	67,605	12,898	-	80,503
Internal Sales	-	577	(577)	-
Total Revenue	<u>67,605</u>	<u>13,475</u>	<u>(577)</u>	<u>80,503</u>
Segment result (external)	7,694	1,188	-	8,882
Unallocated cost				<u>(1,073)</u>
Profit from operations				7,809
Financing cost				<u>(114)</u>
Profit before tax				<u>7,695</u>
Other Information				
Segment Assets	93,245	19,105		112,350
Unallocated Assets	-	-	-	<u>944</u>
Total assets				<u>113,294</u>
Segment Liabilities	35,459	4,858	-	40,317
Unallocated Liabilities	-	-	-	<u>1,039</u>
Total liabilities				<u>41,356</u>

Notes to the interim financial reports (cont'd)

10. Valuation of property, plant and equipment

The valuation of property plant and equipment have been brought forward and without amendment from the previous annual financial statements.

11. Subsequent events

There were no material events subsequent to the end of the current quarter.

12. Changes in the composition of the Group

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

13. Changes in contingent liabilities

There were no contingent liabilities for the Group for the current financial period to date.

14. Capital commitment

Approved capital expenditures for property, plant and equipment not provided for in the condensed consolidated financial statements as follows:

	As at
	30/06/2010
	RM'000
Approved but not provided for:	
- property, plant and equipment	<u>3,300</u>

15. Significant related party transactions

Transactions that have been entered into are in the normal course of business and have been established under mutually agreed terms that are not materially different from those obtainable in transactions with unrelated parties.

16. Review of performance

The Group registered a profit before income tax of RM7.7 million and a revenue of RM80.5 million in the accumulated quarter to date as compared with a profit before income tax of RM6.4 million and revenue of RM61.4 million recorded in the preceding year's corresponding period. The overall improvement was primarily contributed by the increase of revenue in both Injection Moulding as well as the Mould Making segment during the current quarter.

17. Quarterly results comparison

For the current quarter, the Group recorded revenue of RM42.9 million and profit before income tax of RM4.1 million as compared with revenue of RM37.5 million and RM3.6 million profit recorded in the immediate preceding quarter. Changes in product mix during the quarter contributed to the higher turnover and margin.

Notes to the interim financial reports (cont'd)

18. (a) Prospects for the current financial year

For the financial year ending 31 December 2010, the Group will continue to improve overall efficiency and product quality to maintain its competitive edge. The Group will also capitalise on its expanded production facility to diversify customer base, grow revenue and improve profit margins. Prospects remain promising and the Directors are cautiously optimistic of improving the overall performance of the Group for the financial year ending 31 December 2010.

(b) Status of Profit Estimate, Forecast or Internal Targets

In the Group's reply to Bursa Malaysia Securities Berhad's query on 27 April 2010, the Group had targeted 20% growth in both top and bottom lines in tandem with growing demand from its customers for the financial year ending 31 December 2010. The growth rate was made strictly based on the management's aspirations, financial performance of the Group as at todate, internal as well as annual targets and assumption that the current business conditions and operations remain unchanged. In this respect, with the new market penetration, competitive edge enhancement, internal cost management and prudent risk management policies adopted, the Group are cautiously optimistic of achieving the target of 20% growth for the financial year ending 31 December 2010.

19. Variance of actual profit from the profit forecast and profit guarantee

Not applicable as no profit forecast was published.

20. Taxation

	Current Quarter RM'000	Current year-to-date RM'000
Income Tax	(32)	(66)
Deferred Tax	-	-
	-----	-----
	(32)	(66)
	=====	=====

The effective tax rate of the Group for the current quarter and financial year-to-date is lower than the statutory tax rate due to the utilisation of unabsorbed losses brought forward and capital allowances and reinvestment allowances of subsidiaries.

21. Profit/(loss) on sale of unquoted investments and/or properties

There was no sale of unquoted investments and/or properties during the current quarter under review.

Notes to the interim financial reports (cont'd)

22. Purchase or disposal of unquoted securities

There were no purchase or disposal of unquoted securities for the current quarter and financial year-to-date.

23. Status of corporate proposals

There were no corporate proposals announced but not completed as at to date.

24. Group borrowings

Total Group borrowings as at 30 June 2010: -

	RM'000
Short-term – secured	6,255
Long-term – secured	-
	<u>6,255</u>

There were no borrowings in foreign currency.

25. Off balance sheet financial instruments

There were no financial instruments with off balance sheet risk as at the date of this quarterly report.

26. Changes in material litigation

There were no material litigations as at the date of this quarterly report.

27. Dividend

The Company has adopted a dividend policy and endeavour to maintain a minimum 50% dividend payout of its profit after tax annually to shareholders with effect from the financial year 2010. The Company will endeavour to maintain the policy in the future subject to a number of factors such as the availability of distributable reserves as well as the Company's future cash flow or capital expenditure requirements, investment opportunities, regulations and market conditions.

Notes to the interim financial reports (cont'd)

28. Earning per shares

The Group's earnings per share are calculated as follows:

	Individual Quarter		Cumulative Quarter	
	Current year Quarter 30.06.2010 RM'000	Preceding year corresponding quarter 30.06.2009 RM'000	Current year to date 30.06.2010 RM'000	Preceding year corresponding period 30.06.2009 RM'000
Profit for the financial period attributable to owners of the Parent	4,077	3,432	7,629	6,221
a) Basic				
Issued ordinary shares at the beginning of the period	40,397,333	40,397,333	40,397,333	40,397,333
Effect of shares issued	-	-	-	-
Weighted average no. of ordinary shares	40,397,333	40,397,333	40,397,333	40,397,333
Basic earnings per share (sen)	10.09	8.50	18.89	15.40
b) Diluted				
Weighted average no. of ordinary shares	40,397,333	40,397,333	40,397,333	40,397,333
Effect of shares options	N/A	N/A	N/A	N/A
Weighted average no. of ordinary shares(diluted)	N/A	N/A	N/A	N/A
Diluted earnings/(loss) per share (sen)	N/A	N/A	N/A	N/A

There is no diluted earnings per share as there was no dilutive potential ordinary shares.

By Order of the Board

Ho Meng Chan
Wu Siew Hong
Company Secretaries

Petaling Jaya
25 August 2010