

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

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

|                                                                         | Individual Quarter                                            |                                                                                  | Cumulative Quarter                                            |                                                                               |
|-------------------------------------------------------------------------|---------------------------------------------------------------|----------------------------------------------------------------------------------|---------------------------------------------------------------|-------------------------------------------------------------------------------|
|                                                                         | Current year<br>Quarter<br>31/12/10<br>RM '000<br>(Unaudited) | Preceding Year<br>Corresponding<br>Quarter<br>31/12/09<br>RM '000<br>(Unaudited) | Current Year<br>to date<br>31/12/10<br>RM '000<br>(Unaudited) | Preceding year<br>corresponding<br>period<br>31/12/09<br>RM '000<br>(Audited) |
| <b>Revenue</b>                                                          | 46,405                                                        | 37,040                                                                           | 172,234                                                       | 137,543                                                                       |
| Cost of sales                                                           | (37,952)                                                      | (30,472)                                                                         | (138,297)                                                     | (110,581)                                                                     |
| <b>Gross profit</b>                                                     | 8,453                                                         | 6,568                                                                            | 33,937                                                        | 26,962                                                                        |
| Other income                                                            | 304                                                           | 139                                                                              | 861                                                           | 393                                                                           |
| Operating expenses                                                      | (3,298)                                                       | (3,573)                                                                          | (16,351)                                                      | (13,716)                                                                      |
| <b>Profit from operations</b>                                           | 5,459                                                         | 3,134                                                                            | 18,447                                                        | 13,639                                                                        |
| Finance costs                                                           | (75)                                                          | (70)                                                                             | (253)                                                         | (280)                                                                         |
| Profit before taxation                                                  | 5,384                                                         | 3,064                                                                            | 18,194                                                        | 13,359                                                                        |
| Taxation                                                                | (1,521)                                                       | (80)                                                                             | (2,154)                                                       | (234)                                                                         |
| <b>Profit for the period</b>                                            | 3,863                                                         | 2,984                                                                            | 16,040                                                        | 13,125                                                                        |
| Other comprehensive income                                              | -                                                             | -                                                                                | -                                                             | -                                                                             |
| <b>Total comprehensive income for the period</b>                        | 3,863                                                         | 2,984                                                                            | 16,040                                                        | 13,125                                                                        |
| Total comprehensive income attributable to:                             |                                                               |                                                                                  |                                                               |                                                                               |
| Owners of the Parent                                                    | 3,863                                                         | 2,984                                                                            | 16,040                                                        | 13,125                                                                        |
| Non-controlling Interest                                                | -                                                             | -                                                                                | -                                                             | -                                                                             |
|                                                                         | 3,863                                                         | 2,984                                                                            | 16,040                                                        | 13,125                                                                        |
| Earning per share attributable to<br>Equity owners of the Parent (sen): |                                                               |                                                                                  |                                                               |                                                                               |
| Basic                                                                   | 9.56                                                          | 7.39                                                                             | 39.70                                                         | 32.49                                                                         |
| 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**  
(formerly known as STS Tecnic Berhad)  
(Company no: 302675-A)

**Condensed Consolidated Statement of Financial Position**

|                                                            | <b>Unaudited<br/>As at<br/>31.12.2010<br/>RM'000</b> | <b>Audited<br/>as at<br/>31.12.2009<br/>RM'000</b> |
|------------------------------------------------------------|------------------------------------------------------|----------------------------------------------------|
| <b>ASSETS</b>                                              |                                                      |                                                    |
| <b>Non-current assets</b>                                  |                                                      |                                                    |
| Property, plant and equipment                              | 48,111                                               | 45,459                                             |
| Prepaid land lease payment                                 | 3,927                                                | 4,025                                              |
| Other investments                                          | 139                                                  | 65                                                 |
|                                                            | <u>52,177</u>                                        | <u>49,549</u>                                      |
| <b>Current Assets</b>                                      |                                                      |                                                    |
| Inventories                                                | 15,748                                               | 12,243                                             |
| Trade and other receivables                                | 43,440                                               | 33,173                                             |
| Tax recoverable                                            | 284                                                  | 224                                                |
| Deposits, bank and cash balances                           | 4,463                                                | 10,829                                             |
|                                                            | <u>63,935</u>                                        | <u>56,469</u>                                      |
| <b>TOTAL ASSETS</b>                                        | <u>116,112</u>                                       | <u>106,018</u>                                     |
| <b>EQUITY AND LIABILITIES</b>                              |                                                      |                                                    |
| <b>Equity attributable to the<br/>Owners of the Parent</b> |                                                      |                                                    |
| Share capital                                              | 40,397                                               | 40,397                                             |
| Reserves                                                   | 39,952                                               | 30,376                                             |
|                                                            | 80,349                                               | 70,773                                             |
| <b>Minority interests</b>                                  | <u>-</u>                                             | <u>-</u>                                           |
|                                                            | 80,349                                               | 70,773                                             |
| <b>Non-current liabilities</b>                             |                                                      |                                                    |
| Deferred tax liabilities                                   | 1,760                                                | 512                                                |
| Long term Borrowings                                       | -                                                    | 18                                                 |
|                                                            | <u>1,760</u>                                         | <u>530</u>                                         |
| <b>Current Liabilities</b>                                 |                                                      |                                                    |
| Trade and other payables                                   | 31,269                                               | 29,302                                             |
| Borrowings -bank overdrafts                                | -                                                    | -                                                  |
| - others                                                   | 2,131                                                | 5,230                                              |
| Taxation                                                   | 603                                                  | 183                                                |
|                                                            | <u>34,003</u>                                        | <u>34,715</u>                                      |
| <b>Total liabilities</b>                                   | <u>35,763</u>                                        | <u>35,245</u>                                      |
| <b>TOTAL EQUITY AND LIABILITIES</b>                        | <u>116,112</u>                                       | <u>106,018</u>                                     |
| <b>Net assets per share (RM)</b>                           | 1.99                                                 | 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**  
(formerly known as STS Tecnic Berhad)  
(Company no: 302675-A)

**Condensed Consolidated Statement of Cash Flow for the quarter ended 31 December 2010**

|                                                                   | <b>2010</b><br><b>12 months ended</b><br><b>31 December</b><br><b>RM'000</b><br><b>(Unaudited)</b> | <b>2009</b><br><b>12 months ended</b><br><b>31 December</b><br><b>RM'000</b><br><b>(Audited)</b> |
|-------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| <b>Cash Flows from operating activities</b>                       |                                                                                                    |                                                                                                  |
| <b>Profit before tax</b>                                          | 18,194                                                                                             | 13,359                                                                                           |
| Adjustments for:-                                                 |                                                                                                    |                                                                                                  |
| Depreciation of property, plant and equipment                     | 5,474                                                                                              | 5,021                                                                                            |
| Amortisation of prepaid land lease payment                        | 144                                                                                                | 145                                                                                              |
| Interest income                                                   | (49)                                                                                               | (4)                                                                                              |
| Property, plant and equipment written off                         | -                                                                                                  | 198                                                                                              |
| Gain on disposal of property, plant and equipment                 | (445)                                                                                              | (32)                                                                                             |
| Others                                                            | -                                                                                                  | 484                                                                                              |
|                                                                   | 5,124                                                                                              | 5,812                                                                                            |
| <b>Finance Costs:</b>                                             |                                                                                                    |                                                                                                  |
| Continuing operations                                             | 253                                                                                                | 280                                                                                              |
| <b>Operating Profit before working capital changes</b>            | 23,571                                                                                             | 19,451                                                                                           |
| Changes in working capital                                        |                                                                                                    |                                                                                                  |
| Decrease/(increase) in inventories                                | (3,505)                                                                                            | (2,249)                                                                                          |
| Decrease /(increase) in receivables                               | (10,267)                                                                                           | (6,691)                                                                                          |
| (Decrease)/increase in payables                                   | 1,876                                                                                              | 8,718                                                                                            |
|                                                                   | (11,896)                                                                                           | (222)                                                                                            |
| <b>Cash flows generated from operating activities</b>             | 11,675                                                                                             | 19,229                                                                                           |
| Tax paid                                                          | (547)                                                                                              | (103)                                                                                            |
| Interest paid                                                     | (253)                                                                                              | (280)                                                                                            |
| <b>Net cash generated from operating activities</b>               | 10,875                                                                                             | 18,846                                                                                           |
| <b>Investing activities</b>                                       |                                                                                                    |                                                                                                  |
| Proceeds from disposal of property, plant and equipment           | 939                                                                                                | 32                                                                                               |
| Purchase of property, plant and equipment                         | (8,666)                                                                                            | (10,323)                                                                                         |
| Interest received                                                 | 49                                                                                                 | 4                                                                                                |
| <b>Net cash used in investing activities</b>                      | (7,678)                                                                                            | (10,287)                                                                                         |
| <b>Financing activities</b>                                       |                                                                                                    |                                                                                                  |
| Repayment of term loans                                           | -                                                                                                  | -                                                                                                |
| Repayment of hire purchase creditors                              | (727)                                                                                              | (1,553)                                                                                          |
| Dividend Paid                                                     | (6,446)                                                                                            | -                                                                                                |
| Proceeds from/(repayment of) short term borrowings                | (2,390)                                                                                            | 1,540                                                                                            |
| <b>Net cash generated from/(used in) financing activities</b>     | (9,563)                                                                                            | (13)                                                                                             |
| <b>Net change in cash and cash equivalents</b>                    | (6,366)                                                                                            | 8,546                                                                                            |
| <b>Cash and cash equivalents at beginning of financial period</b> | 10,829                                                                                             | 2,283                                                                                            |
| <b>Cash and cash equivalents at end of the financial period</b>   | <b>4,463</b>                                                                                       | <b>10,829</b>                                                                                    |

(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  
31 December 2010**

|                                              | Share<br>capital<br>RM'000 | Share<br>premium<br>RM'000 | Retained<br>profits<br>RM'000 | Non-<br>Controlling<br>Interest<br>RM'000 | Total<br>equity<br>RM'000 |
|----------------------------------------------|----------------------------|----------------------------|-------------------------------|-------------------------------------------|---------------------------|
| <b>At 1 January 2010</b>                     | 40,397                     | -                          | 30,376                        | -                                         | 70,773                    |
| Total comprehensive income for<br>the period | -                          | -                          | 16,040                        | -                                         | 16,040                    |
| Dividend                                     | -                          | -                          | (6,464)                       | -                                         | (6,464)                   |
| <b>At 31 December 2010</b>                   | 40,397                     | -                          | 39,952                        | -                                         | 80,349                    |
| <b>At 1 January 2009</b>                     | 40,397                     | -                          | 17,251                        | -                                         | 57,648                    |
| Total comprehensive income for<br>the period | -                          | -                          | 13,125                        | -                                         | 13,125                    |
| <b>At 31 December 2009</b>                   | 40,397                     | -                          | 30,376                        | -                                         | 70,773                    |

**(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<br>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 certain 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 :-

|                                  | <b>Consolidated<br/>Balance Sheet<br/>As previously<br/>Reported<br/>RM'000</b> | <b>Effects on<br/>Adoption of<br/>FRS 117<br/>RM'000</b> | <b>Consolidated<br/>Statement of<br/>Financial Position<br/>As stated<br/>RM'000</b> |
|----------------------------------|---------------------------------------------------------------------------------|----------------------------------------------------------|--------------------------------------------------------------------------------------|
| Property, plant<br>and equipment | 41,968                                                                          | 3,491                                                    | 45,459                                                                               |
| Prepaid lease payment            | 7,516                                                                           | (3,491)                                                  | 4,025                                                                                |
|                                  | <u>49,484</u>                                                                   | <u>-</u>                                                 | <u>49,484</u>                                                                        |

**Notes to the interim financial reports (cont'd)**

**2. Changes in Accounting Policies ( Cont'd)**

**( d ) FRS 139, Financial Instruments: Recognition and Measurement**

Prior to the adoption of FRS 139, financial derivatives are recognised on their settlement dates. Outstanding derivatives at the balance sheet date were not recognised. 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.

**( e ) 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.

**( f ) 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 |

**Notes to the interim financial reports (cont'd)**

**2. Changes in Accounting Policies ( Cont'd)**

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.

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.



**Notes to the interim financial reports (cont'd)**

**2. Changes in Accounting Policies ( Cont'd)**

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.

**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**

There were no dividends paid during the current interim period.

**9. Segmental information**

|                           | <-----Financial year- to- date -----> |                           |                       |                         |
|---------------------------|---------------------------------------|---------------------------|-----------------------|-------------------------|
|                           | Injection<br>Moulding<br>RM'000       | Mould<br>Making<br>RM'000 | Elimination<br>RM'000 | Consolidation<br>RM'000 |
| External Sales            | 145,564                               | 26,670                    | -                     | 172,234                 |
| Internal Sales            | -                                     | 1,042                     | (1,042)               | -                       |
| <b>Total Revenue</b>      | <u>145,564</u>                        | <u>27,712</u>             | <u>(1,042)</u>        | <u>172,234</u>          |
| Segment result (external) | 15,763                                | 2,969                     | -                     | 18,732                  |
| Unallocated cost          |                                       |                           |                       | <u>(285)</u>            |
| Profit from operations    |                                       |                           |                       | 18,447                  |
| Financing cost            |                                       |                           |                       | <u>(253)</u>            |
| Profit before tax         |                                       |                           |                       | <u>18,194</u>           |
| <b>Other Information</b>  |                                       |                           |                       |                         |
| Segment Assets            | 95,002                                | 20,313                    |                       | 115,315                 |
| Unallocated Assets        | -                                     | -                         | -                     | <u>797</u>              |
| <b>Total assets</b>       |                                       |                           |                       | <u>116,112</u>          |
| Segment Liabilities       | 29,839                                | 5,091                     | -                     | 34,930                  |
| Unallocated Liabilities   | -                                     | -                         | -                     | <u>833</u>              |
| <b>Total liabilities</b>  |                                       |                           |                       | <u>35,763</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:

|                                 | <b>As at</b>      |
|---------------------------------|-------------------|
|                                 | <b>31/12/2010</b> |
|                                 | RM'000            |
| Approved but not provided for:  |                   |
| - property, plant and equipment | <u>6,000</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 RM18.2 million and a revenue of RM172.2 million in the accumulated quarter to date as compared with a profit before income tax of RM13.3 million and revenue of RM137.5 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 year.

### 17. Quarterly results comparison

For the current quarter, the Group recorded revenue of RM46.4 million and profit before income tax of RM5.4 million as compared with revenue of RM45.3 million and RM5.1 million profit recorded in the immediate preceding quarter. Volume growth and the 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 next financial year**

During the financial year ended 31 December 2010, the Group continued 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 next financial year ending 31 December 2011.

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

In the Group's reply to Bursa Malaysia Securities Bhd's query on 27 April 2010, the Group had then targeted 20% growth in both top and bottom lines in tandem with growing demand from its customers for the financial year ended 31 December 2010. The growth rate was made strictly based on the management's aspirations, financial performance of the Group, 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 has achieved the turnover growth of 25% and profit after tax growth of 21% for the financial year ended 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<br>RM'000 | Current year-to-date<br>RM'000 |
|--------------|---------------------------|--------------------------------|
| Income Tax   | (345)                     | (831)                          |
| Deferred Tax | (1,176)                   | (1,323)                        |
|              | -----                     | -----                          |
|              | (1,521)                   | (2,154)                        |
|              | =====                     | =====                          |

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.

**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.

**Notes to the interim financial reports (cont'd)**

**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 31 December 2010: -

|                      |              |
|----------------------|--------------|
|                      | RM'000       |
| Short-term – secured | 2,131        |
| Long-term – secured  | -            |
|                      | <u>2,131</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 Board of Directors has declared a 10% interim tax-exempt dividend (10 sen per ordinary share) for the financial year ended 31 December 2010.

The date of the entitlement and date of payment in respect of the aforesaid interim dividend will be determined and announced in due course.

The Company endeavour to maintain a dividend policy of paying 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.

**28. Disclosure of realised and unrealised profits**

The breakdown of the retained profits of the Group as at 31 December 2010, into realised and unrealised profits, is as follows:

|                                                                                      |                                       |
|--------------------------------------------------------------------------------------|---------------------------------------|
|                                                                                      | Current financial<br>period<br>RM'000 |
| Total retained profits/(accumulated losses) of the Group                             |                                       |
| -Realised                                                                            | 48,546                                |
| -Unrealised                                                                          | <u>(2,412)</u>                        |
|                                                                                      | 46,134                                |
| Less : Consolidation adjustment                                                      | <u>(6,182)</u>                        |
| Total retained earnings as per condensed consolidated statement of changes in equity | <u>39,952</u>                         |

**Notes to the interim financial reports (cont'd)**

**29. Earning per shares**

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

|                                                                         | Individual Quarter                              |                                                                    | Cumulative Quarter                              |                                                                   |
|-------------------------------------------------------------------------|-------------------------------------------------|--------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------------------------|
|                                                                         | Current year<br>Quarter<br>31.12.2010<br>RM'000 | Preceding year<br>corresponding<br>quarter<br>31.12.2009<br>RM'000 | Current year<br>to date<br>31.12.2010<br>RM'000 | Preceding year<br>corresponding<br>period<br>31.12.2009<br>RM'000 |
| Profit for the financial period<br>attributable to owners of the Parent | 3,863                                           | 2,984                                                              | 16,040                                          | 13,125                                                            |
| <b>a) Basic</b>                                                         |                                                 |                                                                    |                                                 |                                                                   |
| Issued ordinary shares at the<br>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<br>shares                              | 40,397,333                                      | 40,397,333                                                         | 40,397,333                                      | 40,397,333                                                        |
| Basic earnings per share (sen)                                          | 9.56                                            | 7.39                                                               | 39.70                                           | 32.49                                                             |
| <b>b) Diluted</b>                                                       |                                                 |                                                                    |                                                 |                                                                   |
| Weighted average no. of ordinary<br>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<br>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 February 2011