

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

**Condensed Consolidated Statement of Comprehensive Income for the quarter ended  
31 March 2011 (The figures have not been audited)**

	Individual Quarter		Cumulative Quarter	
	Current year Quarter 31.03.11 RM '000 (Unaudited)	Preceding Year Corresponding Quarter 31.03.10 RM '000 (Unaudited)	Current Year to date 31.03.11 RM '000 (Unaudited)	Preceding year corresponding period 31.03.10 RM '000 (Unaudited)
<b>Revenue</b>	52,430	37,547	52,430	37,547
Cost of sales	(42,723)	(29,939)	(42,723)	(29,939)
<b>Gross profit</b>	9,707	7,608	9,707	7,608
Other income	286	127	286	127
Operating expenses	(5,228)	(4,107)	(5,228)	(4,107)
<b>Profit from operations</b>	4,765	3,628	4,765	3,628
Finance costs	(35)	(42)	(35)	(42)
Profit before taxation	4,730	3,586	4,730	3,586
Taxation	(254)	(34)	(254)	(34)
<b>Profit for the period</b>	4,476	3,552	4,476	3,552
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	4,476	3,552	4,476	3,552
Total comprehensive income attributable to:				
Owners of the Parent	4,476	3,552	4,476	3,552
Non-controlling Interest	-	-	-	-
	4,476	3,552	4,476	3,552
Earning per share attributable to Equity owners of the Parent (sen):				
Basic	11.08	8.79	11.08	8.79
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 2010)**

**TECNIC GROUP BERHAD**  
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**Condensed Consolidated Statement of Financial Position**

	<b>Unaudited As at 31.03.2011 RM'000</b>	<b>Audited as at 31.12.2010 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	51,896	46,179
Land use rights	5,841	5,872
Other investments	139	139
	<u>57,876</u>	<u>52,190</u>
<b>Current Assets</b>		
Inventories	17,669	15,748
Trade and other receivables	50,112	44,696
Other current assets	80	422
Tax recoverable	103	103
Deposits, bank and cash balances	-	4,454
	<u>67,964</u>	<u>65,423</u>
<b>TOTAL ASSETS</b>	<u><u>125,840</u></u>	<u><u>117,613</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to the Owners of the Parent</b>		
Share capital	40,397	40,397
Reserves	44,477	40,001
	84,874	80,398
<b>Minority interests</b>	<u>-</u>	<u>-</u>
	84,874	80,398
<b>Non-current liabilities</b>		
Deferred tax liabilities	1,760	1,760
Long term Borrowings	-	-
	<u>1,760</u>	<u>1,760</u>
<b>Current Liabilities</b>		
Trade and other payables	36,800	32,844
Borrowings -bank overdrafts	1,218	-
- others	688	2,131
Taxation	500	480
	<u>39,206</u>	<u>35,455</u>
<b>Total liabilities</b>	<u>40,966</u>	<u>37,215</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>125,840</u></u>	<u><u>117,613</u></u>
<b>Net assets per share (RM)</b>	2.10	1.99

**(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2010)**

**Condensed Consolidated Statement of Cash Flow for the quarter ended 31 March 2011**

	<b>2011</b> <b>3 months ended</b> <b>31 March</b> <b>RM'000</b> <b>(Unaudited)</b>	<b>2010</b> <b>3 months ended</b> <b>31 March</b> <b>RM'000</b> <b>(Unaudited)</b>
<b>Cash Flows from operating activities</b>		
<b>Profit before tax</b>	4,730	3,586
<b>Adjustments for:-</b>		
Depreciation of property, plant and equipment	1,560	1,340
Amortisation of land use rights	35	35
Interest income	-	(3)
Finance costs	35	42
Property, plant and equipment written off	-	-
Gain on disposal of property, plant and equipment	(20)	(3)
Others	-	-
<b>Total adjustments</b>	<u>1,610</u>	<u>1,411</u>
<b>Operating cash flow before changes in working capital</b>	6,340	4,997
<b>Changes in working capital</b>		
Decrease/(increase) in inventories	(1,921)	(1,308)
Decrease/(increase) in receivables	(5,074)	(4,337)
(Decrease)/increase in payables	3,956	(1,434)
<b>Total changes in working capital</b>	<u>(3,039)</u>	<u>(7,079)</u>
<b>Cash flows from/(used in) in operating activities</b>	3,301	(2,082)
Tax paid	(234)	(27)
Interest paid	<u>(35)</u>	<u>(42)</u>
<b>Net cash flows from/(used in) in operating activities</b>	3,032	(2,151)
<b>Investing activities</b>		
Proceeds from disposal of property, plant and equipment	43	5
Purchase of property, plant and equipment	(7,304)	(1,222)
Interest received	-	3
<b>Net cash used in investing activities</b>	<u>(7,261)</u>	<u>(1,214)</u>
<b>Financing activities</b>		
Repayment of obligation under finance leases	(12)	(385)
Dividend Paid	-	-
Proceeds from/(repayment of) short term borrowings	(1,431)	(604)
<b>Net cash generated from/(used in) financing activities</b>	<u>(1,443)</u>	<u>(989)</u>
<b>Net (decrease)/increase in cash and bank balances</b>	(5,672)	(4,354)
<b>Cash and bank balances at beginning of financial period</b>	4,454	10,829
<b>Cash and bank balances at end of the financial period</b>	<u><u>(1,218)</u></u>	<u><u>6,475</u></u>

**(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2010)**

**TECNIC GROUP BERHAD**  
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**Condensed Consolidated Statements of Changes in Equity for the quarter ended  
 31 March 2011**

	Share capital RM'000	Share premium RM'000	Retained profits RM'000	Non- Controlling Interest RM'000	Total equity RM'000
<b>At 1 January 2011</b>	40,397	-	40,001	-	80,398
Total comprehensive income for the period	-	-	4,476	-	4,476
Dividend	-	-	-	-	-
<b>At 31 March 2011</b>	40,397	-	44,477	-	84,874
<b>At 1 January 2010</b>	40,397	-	30,376	-	70,773
Total comprehensive income for the period	-	-	3,552	-	3,552
<b>At 31 March 2010</b>	40,397	-	33,928	-	74,325

**(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction  
 with the audited financial statements for the year ended 31 December 2010)**

## 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 2010. 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 2010.

### 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 2010.

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 2011:-

Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Improvements to FRS issued in 2010	
IC Interpretation 4	Determining Whether an Arrangement contains a Lease
IC Interpretation 18	Transfer of Assets from Customers
TR i – 4	Shariah Compliant Sale Contracts

The Company has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14 Prepayments of a Minimum Funding Requirement	1 July 2011
FRS 124 Related Party Disclosures (Revised)	1 January 2012
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial period. The directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application.

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

**3. Nature and amount of unusual items**

There were no unusual items for the current interim period.

**4. 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.

**5. Debt and equity securities**

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

**6. Dividend**

There was no dividend paid during the current interim period.

**7. Segmental information**

	<-----Financial year- to- date ----->			
	Injection Moulding RM'000	Mould Making RM'000	Elimination RM'000	Consolidation RM'000
External Sales	46,373	6,057	-	52,430
Internal Sales	-	250	(250)	-
<b>Total Revenue</b>	<u>46,373</u>	<u>6,307</u>	<u>(250)</u>	<u>52,430</u>
Segment result (external)	4,844	477	-	5,321
Unallocated cost				<u>(556)</u>
Profit from operations				4,765
Financing cost				<u>(35)</u>
Profit before tax				<u>4,730</u>
<b>Other Information</b>				
Segment Assets	103,981	16,908		120,889
Unallocated Assets	-	-	-	<u>4,951</u>
<b>Total assets</b>				<u>125,840</u>
Segment Liabilities	36,122	4,131	-	40,253
Unallocated Liabilities	-	-	-	<u>713</u>
<b>Total liabilities</b>				<u>40,966</u>

**8. 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.

**9. Subsequent events**

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

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

### **10. Changes in the composition of the Group**

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

### **11. Changes in contingent liabilities**

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

### **12. 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>31.03.2011</b>
	RM'000
Approved but not provided for:	
- property, plant and equipment	<u>2,000</u>

### **13. 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.

### **14. Review of performance**

The Group registered a profit before income tax of RM4.7million and a revenue of RM52.4million in the current quarter as compared with a profit before income tax of RM3.6million and revenue of RM37.5million 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.

### **15. Quarterly results comparison**

For the current quarter, the Group recorded revenue of RM52.4million and profit before income tax of RM4.7million as compared with revenue of RM46.4million and RM5.4million profit recorded in the immediate preceding quarter. Despite higher revenue compared to last quarter, profit before tax was lower mainly due to different products mix.

### **16. Prospects for current financial year**

For the financial year ended 31 December 2011, the Group continues 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 current financial year.

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

**17. Variance of actual profit from the profit forecast and profit guarantee**

Not applicable as no profit forecast was published.

**18. Taxation**

	Current Quarter RM'000	Current year-to-date RM'000
Income Tax	(254)	(254)
Deferred Tax	-	-
	-----	-----
	(254)	(254)
	=====	=====

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.

**19. 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.

**20. Purchase or disposal of unquoted securities**

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

**21. Status of corporate proposals**

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

**22. Group borrowings**

Total Group borrowings as at 31 March 2011: -

	RM'000
Short-term – secured	1,906
Long-term – secured	-
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	1,906

There were no borrowings in foreign currency.

**23. Off balance sheet financial instruments**

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



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

**24. Changes in material litigation**

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

**25. Dividend**

On 3 March 2011, the Board of Directors had announced an interim tax-exempt dividend of 10 sen per ordinary share for the financial year ended 31 December 2010 and the dividend was paid on 8 April 2011.

On 26 April 2011, the Board of Directors has announced a proposed final tax-exempt dividend for the financial year ended 31 December 2010 of 10 sen per ordinary share, payable on 28 June 2011 subject to the approval of shareholders at the 17<sup>th</sup> Annual General Meeting to be held on Friday, 3 June 2011.

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.

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

The breakdown of the retained profits of the Group as at 31 March 2011, into realised and unrealised profits, is as follows:

	Current year Quarter 31.03.2011 RM'000 (Unauditd)	As at end of financial year 31.12.2010 RM'000 (Unaudited)
Total retained profits/(accumulated losses) of the Group		
-Realised	50,539	48,546
-Unrealised	168	(2,412)
	50,707	46,134
Less : Consolidation adjustment	(6,230)	(6,182)
	44,477	39,952
Total retained earnings as per condensed consolidated statement of changes in equity		

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

**27. Earning per shares**

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

	Individual Quarter		Cumulative Quarter	
	Current year Quarter 31.03.2011 RM'000	Preceding year corresponding quarter 31.12.2010 RM'000	Current year to date 31.03.2011 RM'000	Preceding year corresponding period 31.03.2010 RM'000
Profit for the financial period attributable to owners of the Parent	4,476	3,552	4,476	3,552
<b>a) Basic</b>				
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)	11.08	8.79	11.08	8.79
<b>b) Diluted</b>				
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  
 27 May 2011