

TECNIC GROUP BERHAD

(Company no: 302675-A)

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

	Individual Quarter		Cumulative Quarter	
	Current year Quarter 31.12.11 RM '000 (Unaudited)	Preceding year Corresponding Quarter 31.12.10 RM '000 (Unaudited)	Current Year to date 31.12.11 RM '000 (Unaudited)	Preceding year corresponding period 31.12.10 RM '000 (Audited)
Revenue	48,055	46,405	210,300	172,734
Cost of sales	(38,044)	(37,952)	(165,400)	(138,031)
Gross profit	10,011	8,453	44,900	34,704
Other income	50	304	790	1,055
Operating expenses	(5,574)	(3,298)	(21,126)	(17,219)
Profit from operations	4,487	5,459	24,564	18,539
Finance costs	(63)	(75)	(371)	(239)
Profit before taxation	4,424	5,384	24,193	18,300
Taxation	(2,075)	(1,521)	(4,063)	(2,212)
Profit for the period	2,349	3,863	20,130	16,088
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	2,349	3,863	20,130	16,088
Total comprehensive income attributable to:				
Owners of the Parent	2,349	3,863	20,130	16,088
Non-controlling interest	-	-	-	-
	2,349	3,863	20,130	16,088
Earnings per share attributable to Equity owners of the Parent (sen):				
Basic	5.81	9.56	49.83	39.82
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

(Company no: 302675-A)

Condensed Consolidated Statement of Financial Position

	Unaudited as at 31.12.2011 RM'000	Audited as at 31.12.2010 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	56,051	46,179
Land use rights	5,740	5,872
Other investments	122	139
	<u>61,913</u>	<u>52,190</u>
Current Assets		
Inventories	12,283	15,748
Trade and other receivables	45,996	44,696
Other current assets	358	422
Tax recoverable	-	103
Cash and bank balances	17,657	4,454
	<u>76,294</u>	<u>65,423</u>
TOTAL ASSETS	<u>138,207</u>	<u>117,613</u>
EQUITY AND LIABILITIES		
Equity attributable to the Holders of the Company		
Share capital	40,397	40,397
Reserves	52,051	40,001
	92,448	80,398
Minority interests	<u>-</u>	<u>-</u>
	92,448	80,398
Non-current liabilities		
Deferred tax liabilities	3,783	1,760
Borrowings	-	-
	<u>3,783</u>	<u>1,760</u>
Current Liabilities		
Trade and other payables	35,672	32,844
Borrowings -others	6,076	2,131
Taxation	228	480
	<u>41,976</u>	<u>35,455</u>
Total liabilities	<u>45,759</u>	<u>37,215</u>
TOTAL EQUITY AND LIABILITIES	<u>138,207</u>	<u>117,613</u>
Net assets per share (RM)	2.29	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)

TECNIC GROUP BERHAD

(Company no: 302675-A)

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

	2011 12 months ended 31 December RM'000 (Unaudited)	2010 12 months ended 31 December RM'000 (Audited)
Cash Flows from operating activities		
Profit before tax	24,193	18,300
Adjustments for:-		
Depreciation of property, plant and equipment	6,552	5,610
Amortisation of land use rights	149	127
Interest income	(62)	(55)
Finance costs	371	239
Loss/(gain) on disposal of property, plant and equipment	41	(445)
Provision for claim on damaged goods	-	500
Unrealised foreign exchange (gain)/loss	(48)	139
Impairment loss for other investment	17	-
Impairment loss on trade receivables	1,001	-
Total adjustments	8,021	6,115
Operating cash flow before changes in working capital	32,214	24,415
Changes in working capital		
Decrease/(increase) in inventories	3,465	(3,505)
Decrease/(increase) in receivables	3,030	(11,945)
(Decrease)/increase in payables	(2,415)	2,903
Total changes in working capital	4,080	(12,547)
Cash flows from operations	36,294	11,868
Tax paid	(2,189)	(545)
Interest paid	(371)	(239)
Net cash flows from operating activities	33,734	11,084
Investing activities		
Proceeds from disposal of property, plant and equipment	166	939
Purchase of property, plant and equipment	(16,648)	(8,798)
Purchase of other investments	-	(74)
Interest received	62	55
Net cash used in investing activities	(16,420)	(7,878)
Financing activities		
Repayment of obligation under finance leases	(18)	(727)
Dividend paid on ordinary shares	(8,080)	(6,464)
Proceeds from/(repayment of) short term borrowings	3,963	(2,390)
Net cash used in financing activities	(4,135)	(9,581)
Net increase in cash and bank balances	13,179	(6,375)
Effect of foreign exchange changes	24	-
Cash and bank balances at beginning of financial period	4,454	10,829
Cash and bank balances at end of the financial period	17,657	4,454

(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

(Company no: 302675-A)

**Condensed Consolidated Statement of Cash Flow for the quarter ended 31 December 2011
(cont'd)**

	2011	2010
	12 months ended	12 months ended
	31 December	31 December
	RM'000	RM'000
	(Unaudited)	(Audited)
Cash and cash equivalents comprise:		
Cash and bank balances	16,657	4,454
Deposits with a licensed bank	1,000	-
	<u>17,657</u>	<u>4,454</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

(Company no: 302675-A)

Condensed Consolidated Statements of Changes in Equity for the quarter ended 31 December 2011

	Share capital RM'000	Share premium RM'000	Retained profits RM'000	Non-Controlling interest RM'000	Total equity RM'000
At 1 January 2011	40,397	-	40,001	-	80,398
Total comprehensive income for the period	-	-	20,130	-	20,130
Dividend on ordinary shares	-	-	(8,080)	-	(8,080)
At 31 December 2011	40,397	-	52,051	-	92,448
At 1 January 2010	40,397	-	30,376	-	70,773
Total comprehensive income for the period	-	-	16,089	-	16,089
Dividend on ordinary shares	-	-	(6,464)	-	(6,464)
At 31 December 2010	40,397	-	40,001	-	80,398

(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)

TECNIC GROUP BERHAD

(Company no: 302675-A)

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

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.

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Notes to the interim financial reports (cont'd)**6. Segmental information**

	<-----Financial year- to- date ----->			
	Injection Moulding RM'000	Mould Making RM'000	Elimination RM'000	Consolidation RM'000
External Sales	191,035	19,265	-	210,300
Internal Sales	-	2,271	(2,271)	-
Total Revenue	191,035	21,536	(2,271)	210,300
Segment result (external)	22,763	2,626	-	25,389
Unallocated cost				(825)
Profit from operations				24,564
Financing cost				(371)
Profit before tax				24,193
Other Information				
Segment Assets	118,238	18,569	-	136,807
Unallocated Assets				1,400
Total assets				138,207
Segment Liabilities	40,560	4,145	-	44,705
Unallocated Liabilities				1,054
Total liabilities				45,759

7. 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.

8. Subsequent events

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

9. Changes in the composition of the Group

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

10. Changes in contingent liabilities

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

11. 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.

Notes to the interim financial reports (cont'd)**12. Review of performance**

The Group achieved revenue of RM210.3 million and profit after taxation of RM20.1 million for the current financial year to date as compared with revenue of RM 172.7 million and profit after taxation of RM RM16.1 million recorded in the preceding year's corresponding period. Compared to the previous year, the higher revenue in this year was due to customers' continuous orders especially electronic and electrical (E&E) plastic products. In respect of the profit after taxation, the amount has been affected by impairment of trade receivables of RM1.0 million and, tax and deferred tax of RM4.1 million which was due to timing differences on the capital expenditure incurred of RM16.6 million and impairment loss on trade receivables.

Injection moulding

This segment is involved in the manufacture and supply of plastics products in the areas of household, consumers, industrial and electronics, which continued to face intense competition in the year 2011. Nevertheless, revenue recognition in this segment improved against previous financial year by 30.8% mainly attributed to increase of demands especially E&E plastic products.

Mould making

This segment is involved in the manufacture, fabrication and sale of moulds in the areas of electronics, automobile and plastic injection moulding. The profitability of this segment is lower compared to previous financial year was due to lower revenue and impairment of trade receivables.

13. Quarterly results comparison

In respect of the current quarter, the Group recorded revenue of RM48.1 million and profit before taxation of RM4.4 million as compared with revenue of RM53.6 million and RM7.8 million profit before taxation recorded in the immediate preceding quarter. Decrease in profit before taxation for the current quarter was mainly due to impairment loss on trade receivables of RM1.0 million and increase in operating expenses as compared to the immediate preceding quarter.

14. Prospects for current financial year

During 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 next financial year ended 31 December 2012.

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

Not applicable as no profit forecast was published.

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Notes to the interim financial reports (cont'd)**16. Taxation**

	Current Quarter RM'000	Current year-to-date RM'000
Income Tax	(52)	(2,040)
Deferred Tax	(2,023)	(2,023)
	-----	-----
	(2,075)	(4,063)
	=====	=====

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, capital allowances and reinvestment allowances of subsidiaries brought forward from previous year of assessment. However, deferred tax charged for the quarter and the year was RM2.0 million due to timing differences on the capital expenditure incurred and impairment loss on trade receivables of RM1.0 million.

17. Status of corporate proposals

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

18. Group borrowings

Total Group borrowings as at 31 December 2011: -

	RM'000
Short-term – secured	6,076
Long-term – secured	-

	6,076

There were no borrowings in foreign currency.

19. Changes in material litigation

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

20. Dividend

The Board of Directors have proposed final single-tier tax exempt dividend of 25.00 sen in respect of the financial year ended 31 December 2011 on 40,397,333 ordinary shares, amounting to a dividend payable of RM10,099,333 subject to the shareholders' approval at the forthcoming Annual General Meeting.

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.

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Notes to the interim financial reports (cont'd)**21. Disclosure of realised and unrealised profits**

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

	Current year Quarter 31.12.2011 RM'000	As at end of financial year 31.12.2010 RM'000
Total retained profits/(accumulated losses) of the Group		
-Realised	62,427	46,498
-Unrealised	(3,783)	(1,899)
	<hr/> 58,644	<hr/> 44,599
Less : Consolidation adjustment	(6,593)	(4,598)
	<hr/>	<hr/>
Retained profit as per condensed consolidated statement of changes in equity	52,051	40,001

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(Company no: 302675-A)

Notes to the interim financial reports (cont'd)**22. Earnings per share**

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

	Individual Quarter		Cumulative Quarter	
	Current year Quarter 31.12.2011 RM'000	Preceding year corresponding quarter 31.12.2010 RM'000	Current year to date 31.12.2011 RM'000	Preceding year corresponding period 31.12.2010 RM'000
Profit for the financial period attributable to owners of the Parent	2,349	3,863	20,130	16,088
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)	5.81	9.56	49.83	39.82
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 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
29th February 2012