TECHFAST HOLDINGS BERHAD
(Company No. 647820-D)

TFM®

Driving Excellence for
Mutual Success

ANNUAL REPORT 2011

TECHFAST HOLDINGS BERHAD
(Company No. 647820-D)
No. 11, Jalan Pasaran 23/5, Seksyen 23, 40300 Shah Alam
Selangor Darul Ehsan, Malaysia

Tel: 603-5548 5112 Fax: 603-5548 5113
Email: techfast@pd.jaring.my Website: www.techfast.com.my

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Chairman's Statement

On behalf of the Board of Directors, it gives me great pleasure to present the Annual Report and the Audited Financial Statements of Techfast Holdings Berhad and the Group for the financial year ended 31 December 2011.

Financial Performance

For the financial year ended 31 December 2011, the Group achieved a turnover of RM30.3 million compared to RM29.9 million in the preceding financial year. The Group made a net profit after taxation of RM0.12 million compared to RM3.69 million for the year ended 31 December 2010. Net profit for the financial year under review was impacted by losses incurred by its Thailand subsidiary and impairment on property plant and equipment.

The severe floods that happened in Thailand during the last quarter of the financial year under review had affected the fastener business of the subsidiary in Thailand. The rubber sheet cleaning products and the light emitting diode ("LED") epoxy compounds businesses of Cape Technology Sdn. Bhd. ("Cape") and Oriem Technology Sdn. Bhd. ("Oriem") respectively were also affected by the floods as their major customers located in Thailand faced temporary disruptions to their operations.

Industry Trends and Development

In spite of uncertainties in global economy, the Malaysian economy is expected to grow between 4% to 4.5% in the year 2012. Economic growth will be driven by the various macroeconomic initiatives and the Government Transformation Programme which will indirectly benefit all industries.

The manufacturing sector is expected to grow at a moderate pace with the pick up anticipated in the second half of the year for the electronic and semi-conductor sectors and other various industries.

The use of self-clinching fasteners ("SCF") in the assembly of liquid crystal display televisions ("LCD TV") has been facing constant cost pressures. In order to stay competitive and compete for higher market share, manufacturers of LCD TV constantly upgrade to newer models that use less and less number of SCF in their products.

Cape, which is in the business of manufacturing rubber sheets mould cleaning products, is expected to maintain its market share in the current year as it continuously invest in research and development of new product innovations. Oriem, on the other hand, manufactures epoxy light emitting diode ("LED") encapsulation mould compounds that are mainly used in energy saving devices, is well poised for growth due to the increasing demand for energy saving devices in an environment of increasing general awareness on global warming.

Review of Operations

While 2011 began on a sound footing, the business of the Group encountered a general slowdown especially from customers in the semi-conductor industries in the second half of the year. The business performance of the Group was further exacerbated by the severe flooding in Thailand in the last quarter of the year 2011.

After having carefully considered all aspects under the circumstances, the Board decided to cease its operations in Thailand subsequent to 31 December 2011 in order to prevent incurring further losses. This decision followed the disposal of its factory premises in Thailand vide the Sale and Purchase Agreement dated 27 January 2012. The SCF business will now be solely concentrated in Malaysia only where the operations are still feasible and profitable.

Prospects

The Board anticipates a challenging time for 2012 in the midst of the lingering Euro Zone crisis and potential headwinds with the expected slowing growth in China. The global economic environment would hence be more constrained. The fastener business of the Group is constantly under threat from technological change where the use of SCF will eventually be phased out. Management is constantly looking and evaluating other complementary business opportunities, such as expanding the electronic hardware business to compensate for the loss of the SCF business. Further, the Group has sufficient financial resources to fund new businesses should opportunities arise.

In regards to the non-fastener business of the Group, Cape and Oriem encountered a temporary set back due to the severe floods in Thailand. As the semi-conductor industries are expected to improve in the second quarter of 2012, the Group expects a better performance in the current financial year as compared to the preceding one.

Corporate Social Responsibility Statement

The Company operates as a responsible and ethical corporate entity, ensuring its business practices comply with general respect for its environment, community, employees, customers and suppliers. It will continually evaluate its contribution to the community in kind as part of its corporate goals.

Acknowledgements

On behalf of the Board, I would like to take this opportunity to express our gratitude to the management and staff for their continued dedication, commitment and loyalty to the Company. Their contributions and support during these trying times are most appreciated.

I would also like to thank all our shareholders, customers, suppliers, dealers, bankers, business associates and all regulatory authorities, for their understanding, co-operation and assistance to us during these trying times.

Lim Tock Ooi
Executive Chairman

Corporate Information

BOARD OF DIRECTORS

Executive Chairman
Lim Tock Ooi

Group Managing Director
Yap Yoon Sing

Independent Non-Executive Directors
Yap Kok Ching
Aun Ah Thim
Datuk Chan Chong Choon

AUDIT COMMITTEE

Chairman
Yap Kok Ching

Members
Aun Ah Thim
Datuk Chan Chong Choon

REMUNERATION COMMITTEE

Chairman
Yap Kok Ching

Members
Lim Tock Ooi
Aun Ah Thim

NOMINATION COMMITTEE

Chairman
Aun Ah Thim

Members
Yap Kok Ching
Yap Yoon Sing

COMPANY SECRETARIES

Chin Ooi Wee
LS 006616

Lim Li Shiang
MIA 19661

HEAD OFFICE

No. 11, Jalan Pasaran 23/5
Seksyen 23, 40300 Shah Alam
Selangor Darul Ehsan
Tel : 03-5548 5112
Fax : 03-5548 5113
E-mail : techfast@pd.jaring.my
Website : www.techfast.com.my

REGISTERED OFFICE

Suites 7.21 & 7.22, 7th Floor
Imbi Plaza, Jalan Imbi
55100 Kuala Lumpur
Tel : 03-2142 3584
Fax : 03-2142 0327

AUDITORS

GEP Associates (AF 1030)
Chartered Accountants
25 Jalan PJU 1/42A, Dataran Prima
47301 Petaling Jaya, Selangor
Tel : 03-7803 3390
Fax : 03-7803 3502

SHARE REGISTRAR

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : 03-2264 3883
Fax : 03-2282 1886

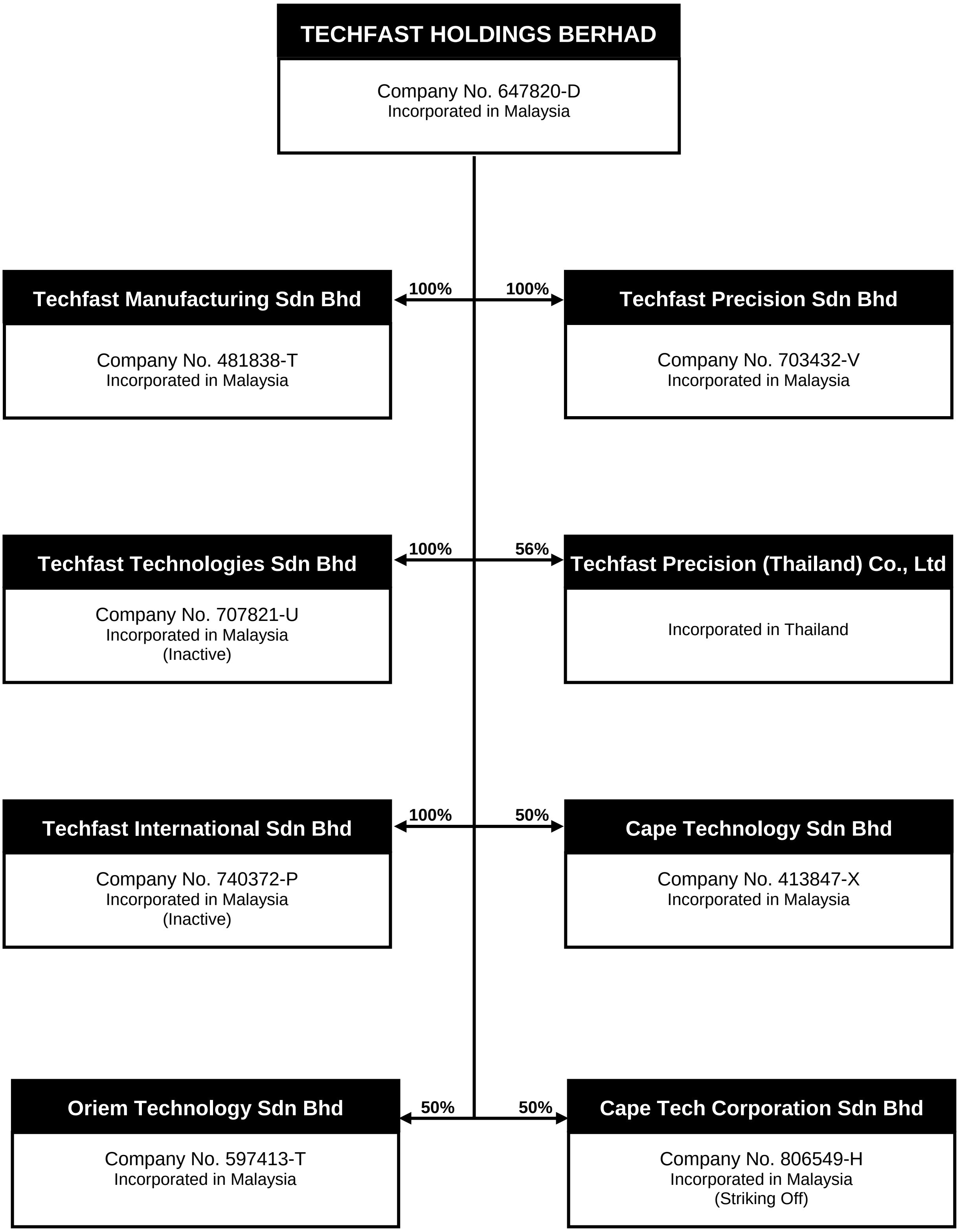
LISTING

ACE Market of Bursa Malaysia Securities Berhad
Stock Name : TECFAST
Stock Code : 0084

PRINCIPAL BANKERS

Hong Leong Bank Berhad
AmBank Berhad

Corporate Structure



Profile of Directors

Lim Tock Ooi

Age	:	65
Nationality	:	Malaysian
Position	:	Executive Chairman
Date of appointment to the Board	:	First appointed to the Board on 31 March 2005. Redesignated as Executive Chairman on 1 March 2011.
Qualification	:	Holds a Bachelor of Economics degree from the University of New England, Australia. Member of the Institute of Chartered Accountants in Australia, the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. Fellow of the Malaysian Institute of Taxation.
Working experience	:	Mr. Lim qualified as a Chartered Accountant in 1974 while working for an international firm of chartered accountants in Sydney, Australia. He continued his career in chartered accountancy upon returning to Malaysia in 1976. In the year 1980, he started his accounting practice under the name of Messrs. Michael Lim & Co.
Board committees	:	Member of the Remuneration Committee.
Other directorships	:	He holds directorships in each of the subsidiary companies. He also holds directorships in other private limited companies in non-executive capacities.

Yap Yoon Sing

Age	:	46
Nationality	:	Malaysian
Position	:	Group Managing Director
Date of appointment to the Board	:	First appointed to the Board on 31 March 2005 as Chairman-cum-Group Managing Director. Redesignated as Group Managing Director on 15 October 2009.
Qualification	:	Holds a Bachelor of Commerce degree majoring in Business Administration from National Chengchi University in Taiwan.
Working experience	:	Mr. Yap started working as a Management Consultant with the Chinese Management Association ("CMA") in Taiwan upon graduation. After gaining experience in the manufacturing industry, he returned to Malaysia in 1991 and was instrumental in setting up a precision turned parts manufacturing company. He then worked with that company as the Assistant General Manager. Later, he left and co-founded the Techfast Group of Companies. He has a hands-on approach in managing the Group's operations and is recognised by his peers in the self-clinching fastener industry worldwide. As such, Mr. Yap is focused on the development of formulation of long term business development strategies for the Techfast Group.
Board committees	:	Member of the Nomination Committee.
Other directorships	:	He holds directorships in each of the subsidiary companies.

Profile of Directors (cont'd)

Yap Kok Ching

Age	:	55
Nationality	:	Malaysian
Position	:	Independent Non-Executive Director
Date of appointment to the Board	:	31 March 2005
Qualification	:	Holds a Bachelor of Commerce degree majoring in Accounting and Economics from the University of Melbourne in Australia. He is a member of the Malaysian Institute of Accountants and a Fellow of CPA Australia.
Working experience	:	He started his career as an Accountant in 1982 with Clipper Express Co., Australia. In 1985, he took up the position of Regional Accountant with ANL Shipping Agencies ("ANL"), Australia. He left ANL in 1988 to join Steeves Lumley Limited, Australia as a Group Accountant until December 1995 when he returned to Malaysia. In July 1996, he was appointed as the Financial Controller of Tamadam Bonded Warehouse Berhad where he served until November 2001 before joining Otto Industrial Pte. Ltd. in Singapore as a Financial Controller. In June 2002, he was transferred back to Malaysia to serve in a related company, Perdana Park City Sdn Bhd, where he remained until March 2003. Mr. Yap then served as the Chief Financial Officer of the Tan Cheong Leong Group of Companies until December 2005. In Techfast, he is the Senior Independent Director to whom all concerns regarding the Group may be conveyed.
Board committees	:	Chairman of both Audit and Remuneration Committees. Member of the Nomination Committee.
Other directorships	:	He sits on the board of several private limited companies in Malaysia.

Aun Ah Thim

Age	:	60
Nationality	:	Malaysian
Position	:	Independent Non-Executive Director
Date of appointment to the Board	:	17 February 2009
Qualification	:	First Class Honours Degree in Science from the University of Malaya. Holds an Honours Degree in Law from the University of London and a Certificate in Legal Practice from the Malaysian Qualifying Board. Member of the Malaysian Bar.
Working experience	:	Following his graduation from University Malaya, he started working in the education industry and his service included training school teachers. He also co-authored a book in mathematical recreation that was published by Dewan Bahasa & Pustaka in the 1980s. After his chambering, he commenced his legal practice with Messrs Suhaimi Khor Zulkifli & Chang. He later continued his practice with Messrs Nga Hock Cheh & Co. and eventually became a partner in the firm. In 1998, he ventured out on his own under the style and name of Messrs A T Aun & Associates in Petaling Jaya. Since then, he has been practising as a sole proprietor. In his years of practice, he has had exposure to varieties of legal works, including conveyancing, corporate matters and litigations.
Board committees	:	Chairman of the Nomination Committee. Member of the Audit and Remuneration Committees.
Other directorships	:	None

Datuk Chan Chong Choon

Age	:	56
Nationality	:	Malaysian
Position	:	Independent Non-Executive Director
Date of appointment to the Board	:	2 December 2010
Qualification	:	Holds a LL.B (Hons) degree from University of London and a Master of Laws (LL.M (Hons)) degree from the University of Malaysia. Also holds a Certificate in Legal Practice from the Malaysian Qualifying Board and a member of the Malaysian Bar.
Working experience	:	His early career included him holding positions of Personal Manager / Company Secretary in a finance society and Legal Advisor / Company Secretary in an international oil and gas company. Thereafter, he commenced legal practice first with Skrine & Co., and thereafter with Lee Hishammuddin Allen & Gledhill. He is presently a litigation partner with the legal firm, Mah-Kamariyiah & Philip Koh. He is also a panel member of the Arbitrators of the Kuala Lumpur Regional Centre for Arbitration. He has co-authored a book titled, Chan & Koh, Malaysian Company Law, Principles and Practice, (Sweet & Maxwell).
Board committees	:	Member of the Audit Committee
Other directorships	:	None

ADDITIONAL INFORMATION ON DIRECTORS

Conflict of Interest and Family Relationships with any Director and/or Major Shareholder

None of the Directors have any conflict of interest with the Group. None of the directors has family relationships with any other directors.

Convictions for offences (within past 10 years, other than traffic offences)

None of the Directors have any convictions for offences other than traffic offences.

Securities held in the Company and its subsidiary

The details are disclosed in the Directors' Report on page 21 of this Annual Report.

Statement on Corporate Governance

The Board of Directors ("the Board") of Techfast Holdings Berhad ("the Company") undertakes measures to enhance corporate governance framework which are practiced throughout the Company and its subsidiaries ("the Group") as a fundamental part of discharging its responsibilities to protect, realise and enhance shareholders' value and the financial performance of the Group. To this end, the Board fully supports the recommendations of the Malaysian Code on Corporate Governance ("the Code").

The Board is pleased to outline the key principles applied and best practices adopted by the Group to comply with Parts 1 and 2 of the Code.

1. BOARD OF DIRECTORS

The Board is entrusted with the proper stewardship of the Company's resources for the best interest of its shareholders and also to steer the Group towards achieving the maximum economic value.

Composition and Balance of the Board

The Board consists of five (5) members, comprising one (1) Executive Chairman, one (1) Group Managing Director and three (3) Independent Non-Executive Directors.

Collectively, the composition equips the Board with a mix of industry-specific knowledge and broad business, financial, regulatory and technical experience. The Board complies with paragraph 15.02 of Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market which states that at least two (2) directors or one-third (1/3) of the board of directors of a listed company must be independent directors. A brief profile of each Director is set out on pages 5 to 7 of this Annual Report.

The roles of the Chairman and Managing Director in the Board of Directors are divided. Mr. Lim Tock Ooi, who is the Executive Chairman, is responsible for the Board's effectiveness and conduct as well as spearheading the strategic direction of the Group while Mr. Yap Yoon Sing, who is the Group Managing Director, is primarily responsible for the overall management and implementation of business decisions at the Group.

The presence of Independent Non-Executive Directors, Mr. Yap Kok Ching, Mr. Aun Ah Thim and Datuk Chan Chong Choon, all of whom are of sufficient caliber and experience, bring objectivity, balance and independent judgment to decision making process of the Board.

Mr. Yap Kok Ching is also the Senior Independent Non-Executive Director to whom all concerns regarding the Group may be conveyed.

Board Responsibilities

The Board has reserved appropriate strategic, financial and organizational matters for its collective decision. Key matters, such as approval of annual and interim results, material investment, material agreements, major capital expenditures, budgets, long term plans and succession planning for top management are reserved for the Board.

Board Meetings

The Board meets every quarter and additional meetings are held as and when necessary. The Board met for a total of five (5) times during the financial year ended 31 December 2011. The number of meetings attended by the Board members is as follows:

Directors	Board Meetings		
	Held	Attended	% of Attendance
Lim Tock Ooi	5	5	100%
Yap Yoon Sing	5	5	100%
Yap Kok Ching	5	5	100%
Aun Ah Thim	5	5	100%
Datuk Chan Chong Choon	5	5	100%

Appointment to the Board

The appointment of any additional Director is made as and when it is deemed necessary by the Board with due consideration given to the mix of expertise and experience required for discharging its duties and responsibilities effectively. The Board is assisted in this regard by the Nomination Committee details of which are set out on page 11 of the Annual Report.

Statement on Corporate Governance (cont'd)

1. BOARD OF DIRECTORS (cont'd)

Re-election of Director

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors for the time being or if the number is not three (3) or a multiple of three (3) then the nearest one-third (1/3) shall retire from office at each Annual General Meeting. All Directors shall retire from office once at least every three (3) years but shall be eligible for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by the shareholders at the next Annual General Meeting following their appointments.

Supply of Information

Members of the Board have access to information on a timely basis to enable them to discharge their duties and responsibilities.

Directors are each provided with Notices of Board Meeting and Board papers for each agenda item in advance of each meeting to ensure that Directors have ample time to study them and be properly prepared for discussion and decision making. The Board papers provide updates on business, operational and corporate developments and other useful information to enable Directors to discharge their responsibilities effectively.

Any new requirements and/or amendments to regulations as issued by regulatory bodies, such as Bursa Malaysia Securities Berhad and Securities Commission, are circulated for the attention of Directors.

Access to Information and Advice

Directors have access to the advice and services of the Company Secretaries who are responsible for ensuring that Board procedures are followed and applicable rules and regulations are complied with. Any additional information requested by Directors is readily available, wherever possible. Minutes of all meetings are maintained as a record of proceedings carried out.

Directors may also consult with the Executive Chairman, the Group Managing Director and other Board members prior to seeking any independent professional advice.

Directors' Training

All Directors have successfully completed the Mandatory Accreditation Programme as required by Bursa Malaysia Securities Berhad.

The Directors are encouraged to evaluate their own training needs on a continuous basis and to determine the relevant programmes, seminars, briefings or dialogue available that would best enable them to enhance their knowledge and contributions to the Board. Areas of concern include those related to corporate governance, as well as changes in laws and regulations affecting the business community

Descriptions of the type of training attended by the Directors for financial year ended 31 December 2011 are as follows:

Director	Training	Mode of Training	No. of hours/day(s) spent
Lim Tock Ooi	Workshop On Corporate Tax Issues For YA 2011	Workshop	1 day
	Tax Audit, Incorrect Return and Tax Appeal by Dr. Choong Kwai Fatt	Workshop	1 day
	Workshop On New Public Rulings In 2010 & 2011	Workshop	1 day
Yap Yoon Sing	Workshop On New Public Rulings In 2010 & 2011	Workshop	1 day
Aun Ah Thim	Workshop On New Public Rulings In 2010 & 2011	Workshop	1 day

The other Directors, Datuk Chan Chong Choon and Mr. Yap Kok Ching, who have not attended any training during the year had an exceptionally committed schedule for year. However, they will continue to undergo other relevant training programmers to keep abreast with regulatory developments and requirements with Bursa Malaysia Listing Requirements on Continuing Education. Throughout the year, directors also received updates and briefings, particularly on regulatory, industry and legal developments, including information on significant changes in business risks and procedures instituted to mitigate such risks.

Statement on Corporate Governance (cont'd)

2. DIRECTORS' REMUNERATION

Level, make-up and procedure for determination

The Remuneration Committee is responsible for recommending to the Board the remuneration framework for Directors as well as the remuneration package for Executive Directors and senior management. The Company's remuneration scheme for Directors is linked to their performance, service seniority, experience and scope of responsibilities. This aims to attract, motivate and retain Directors with the relevant experience and expertise required to manage the business of the Group effectively and successfully. Executive Directors are abstained from deliberations and voting on the decision in respect of their own remuneration package.

The Board as a whole determines the remuneration of Non-Executive Directors. The individual Directors concerned are abstained from decision in respect of their own remuneration package.

Details of the Remuneration Committee are set out on page 12 of this Annual Report.

Details of Directors' remuneration

The aggregate remuneration of directors for the financial year ended 31 December 2011 was as follows:

Components	Executive Directors RM '000	Non-Executive Directors RM '000	Total RM '000
Fees	40	90	130
Salaries/Other emoluments	896	16	912
Benefits-in-kind	170	-	170
Total	**1,106**	**106**	**1,212**

The number of directors of the Company whose remuneration fell within the respective bands is as follows:

Range of Remuneration (RM)	Executive Directors	Non-Executive Directors
Below 50,000	-	3
50,001-100,000	-	-
100,001-150,000	-	-
150,001-200,000	-	-
200,001-250,000	-	-
250,001-300,000	-	-
300,001-350,000	-	-
350,001-400,000	-	-
400,001-450,000	-	-
450,001-500,000	1	-
500,001-550,000	-	-
500,001-600,000	-	-
600,001-650,000	1	-

3. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

Shareholders and Investors Relations

The Group values dialogue with investors as a means of effective communication that enables the Board to convey information about the Group's performance, corporate strategy and other matters affecting shareholders' interests. Such information is communicated through the Annual Report and the various disclosures and announcements to Bursa Malaysia Securities Berhad including quarterly and annual results.

Care is taken to ensure that no market sensitive information such as corporate proposals, financial results and other material information is disseminated to any party without first making an official announcement through Bursa Malaysia Securities Berhad.

Annual General Meeting ("AGM")

The AGM provides a vital forum for dialogue with shareholders. At the AGM, shareholders are encouraged to participate in the question-and-answer session on the resolutions being proposed or to share viewpoints and acquire information on issues relevant to the business operation of the Group in general.

Copies of the Annual Report and Notice of the AGM are sent to all shareholders at least twenty-one (21) days before the meeting. The Notice of the AGM is also published in widely circulated newspapers.

Statement on Corporate Governance (cont'd)

3. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION (cont'd)

Annual General Meeting ("AGM") (cont'd)

Each item of special business included in the Notice of the meeting will be accompanied by an explanatory statement for the effects of a proposed resolution to facilitate full understanding and evaluation of issues involved.

4. ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors are aware of their responsibilities to present a balance and understandable assessment of the Group's financial performance and prospects. In this respect, the Audit Committee assists the Board in overseeing the Group's financial reporting processes and the quality of its financial reporting.

Internal Control

The Board of Directors is responsible for maintaining a sound system of internal control to provide reasonable assurance regarding the achievement of the Group's objectives in ensuring effectiveness and efficiency of operation, reliability and transparency of financial information and compliance with laws and regulations.

The Board recognises that reviewing the Group's system of internal control is a continuing process, designed to manage rather that eliminate the risk of failure to achieve business objectives. Accordingly, the systems, processes and procedures being put in place are aimed at minimizing those risks and to provide reasonable but not absolute assurance against material misstatement, fraud and loss.

The Statement on Internal Control as set out on page 13 of this Annual Report provides an overview of the state of internal controls within the Group.

Relationship with the External Auditors

The external auditors, Messrs GEP Associates, have continued to report to the members of the Company on their findings which are included as part of the Company's financial reports with respect to each year's audit on the statutory financial statements. In doing so the Company has established a transparent arrangement with the auditors to meet their professional requirements.

The role of the Audit Committee in relation to the external auditors is set out on pages 14 to 17 of this Annual Report.

5. THE BOARD COMMITTEES

As appropriate or whenever required as provided by the Articles of Association, the Board has delegated certain responsibilities to certain Committees, namely Nomination Committee, Remuneration Committee, Audit Committee and Option Committee to assist the Board in the discharge of its duties effectively, which operates within clearly defined terms of reference.

Nomination Committee

The Nomination Committee was established on 21 July 2005. The members of the Committee are as follows:-

Aun Ah Thim	(Chairman, Independent Non-Executive Director)
Yap Kok Ching	(Independent Non-Executive Director)
Yap Yoon Sing	(Group Managing Director)

The objectives of the Nomination Committee are to:

- assist the Board of Directors of Techfast Holdings Berhad ("the Board") in assessing existing directors and identifying, nominating and orienting new directors to enhance corporate governance.
- assist the Board in ensuring that appointments of Directors are made on merit basis.
- assist the Board in identifying and reviewing on an annual basis the desired mix of skills, experience, qualifications and other core competencies required of Directors to enable the Board to function effectively and efficiently.
- examine and review the overall composition of the Board in terms of size and balance between Executive Directors, Non-Executive Directors and Independent Directors.

No meeting was held during the financial year ended 31 December 2011.

Statement on Corporate Governance (cont'd)

5. THE BOARD COMMITTEES (cont'd)

Remuneration Committee

The Remuneration Committee was established on 21 July 2005. The members of the Committee are as follows:-

Yap Kok Ching	(Chairman, Independent Non-Executive Director)
Lim Tock Ooi	(Executive Director)
Aun Ah Thim	(Independent Non-Executive Director)

The objectives of the Remuneration Committee is to assist the Board of Directors in ensuring that the Executive Directors and key senior managerial staff of the Techfast Group ("the Group") are fairly rewarded for their individual contributions to the Group's overall performance and that the levels of remuneration package are sufficient to attract, retain and motivate the Executive Directors and key senior management staff needed to manage the business of the Group successfully.

The determination of remuneration package of Non-Executive Directors is a matter of the Board as a whole.

Two (2) meetings were held during the financial year ended 31 December 2011 with full attendance from all the Committee members.

Audit Committee

The report of the Audit Committee is set out on pages 14 to 17 of this Annual Report.

Option Committee

The Option Committee was established on 31 March 2005 and had ceased its duties with effect on 29 May 2010 when the Employees Share Option Scheme expired on that date.

STATEMENT OF COMPLIANCE WITH BEST PRACTICES

The Board considers that it has complies with Best Practices set in accordance with the Malaysian Code of Corporate Governance.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE PREPARATION OF THE AUDITED FINANCIAL STATEMENTS

The Directors are required to prepare audited financial statements that give a true and fair view of the state of affairs, including the cash flow and results, of the Group and the Company as at the end of each financial year.

In preparing these financial statements, the Directors have considered the following:

- the Group and the Company have used appropriate accounting policies, and that these were consistently applied;
- that reasonable and prudent judgments and estimates were made;
- that the approved accounting standards in Malaysia have been applied; and
- that the financial statements were prepared on a going concern basis.

The Directors are responsible for ensuring that the Company maintains proper accounting records which disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have the general responsibility for taking such steps that are reasonably available to them to safeguard the assets of the Group and the Company, and to prevent and detect fraud and other irregularities.

Statement on Internal Control

The Board of Directors is pleased to present the Statement on Internal Control of the Techfast Group of companies which outlines the key elements of internal control for the year ended 31 December 2011.

RESPONSIBILITY OF THE BOARD

The Board of Directors acknowledges its responsibility for the Group's system of internal control to cover the financial, compliance and operational controls of the Group. The Board also recognises its responsibility for reviewing the adequacy and integrity of the system of internal control to safeguard shareholders' investments and the Group's assets.

However, it should be noted that the system of internal control is designed to manage rather than to eliminate the risk of failure to achieve business objectives. As such, it can only provide reasonable and not absolute assurance against material misstatement or loss regarding:

(a) the safeguarding of assets against unauthorized use or disposition; and

(b) the maintenance of proper accounting records and the reliability of financial information used within the business or for publication.

RISK MANAGEMENT FRAMEWORK

The Executive Directors with the assistance of the senior management are continuously identifying, evaluating and managing significant business risks that affect the day-to-day operations of the Group.

The Audit Committee, on behalf of the Board, considers the effectiveness of the operation of the internal control procedures in the Group during the financial year. The Audit Committee reviews internal control issues identified by the outsourced internal auditors, external auditors and management. The Audit Committee then evaluates the adequacy and effectiveness of the Group's risk management and internal control system.

KEY ELEMENTS

The Board is fully committed to ensuring that a proper and conducive control environment is maintained within the Group to govern the manner in which the Group and its employees conduct themselves. The key elements of the Group's internal control system include the following:

- There is a clear organisational structure with well-defined lines of responsibility and delegation of authority to ensure proper identification of accountabilities and segregation of duties which are communicated to all levels of the organization.

- Policy guidelines, procedures and authority limits are established for Executive Directors and management within the Group in respect of day to day operations, acquisitions and disposal of assets.

- There are standard operating policies and procedures which are set out and communicated to all levels of the organization.

- The Managing Director regularly updates the Board on industry trend, key customers and performance of the Group.

- The Executive Directors maintain a "close-to-operations" attitude with managerial staff, which provides an ideal platform for assessment and management of those identified risks in the business operations.

- Through delegation of job responsibilities to and constant communication with key management personnel who are responsible for the daily operations, the Executive Directors are able to make reasonable assessment about the operations of the Group.

- The Company has a framework for recruitment activities to maintain a capable workforce. Ongoing training is conducted to enhance the skill and knowledge of the workforce, which aids in maintaining a risk conscious culture within the organisation.

- The internal audit function of the Group is outsourced to an external party which conducts its work independently of Management to assess the risk management quality of the Group's operations.

CONCLUSION

The Board is satisfied that for the financial year under review, there were no material losses, deficiencies or errors arising from any inadequacy or failure of the Group's system of internal control that would require disclosure in the Annual Report of the Group.

Audit Committee Report

The Audit Committee was established on 31 March 2005. The Board of Directors is pleased to present the report of the Audit Committee for the financial year ended 31 December 2011.

1. MEMBERS

The Audit Committee comprises the following members:-

Yap Kok Ching	(Chairman, Independent Non-Executive Director)
Aun Ah Thim	(Independent Non-Executive Director)
Datuk Chan Chong Choon	(Independent Non-Executive Director)

2. TERMS OF REFERENCE

Membership

The Committee shall be appointed by the Board from amongst the Directors of the Company and shall consist of not less than three (3) members, all the members must be non-executive directors with a majority of them being independent directors and at least one member of the Committee must be a member of the Malaysian Institute of Accountants or such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

The member of the Audit Committee shall elect a chairman from among their number who shall be an independent director.

No alternate director shall be appointed as a member of the Audit Committee.

Authority

As empowered by the Board, the Audit Committee shall:

- have explicit authority to investigate any matter within its terms of reference;
- have the resources which are required to perform its duties;
- have full and unrestricted access to any information, records, properties and personnel including the chief executive officer and/or the chief financial officer of the Company and of the Group which it requires in the course of performing its duties;
- have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- be able to obtain independent professional or other advice in the performance of its duties at the cost of the Company;
- be able to invite outsiders with relevant experience to attend its meeting if necessary; and
- be able to convene meetings with external auditors, the internal auditor(s) or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Management shall provide the fullest co-operation in providing information and resources to the Audit Committee, and in implementing or carrying out all requests made by the Audit Committee.

Duties and Responsibilities

The duties of the Committee shall be:

(a) to review the quarterly and annual financial statements with both the external auditors and management before approval by the Board, focusing particularly on:
  - changes in accounting policies and practices;
  - implementation of major accounting policy changes;
  - significant and unusual events; and
  - compliance with accounting standards and other legal requirements.

(b) to review with external auditors:
  - their audit plan, encompassing the nature and scope of the audit before the commencement of the audit;
  - their evaluation of the system of internal controls;
  - their audit report;
  - their audit findings; and
  - the assistance given by the employees of the Company to the external auditors.

2. TERMS OF REFERENCE (cont'd)

Duties and Responsibilities (cont'd)

(c) to review the adequacy of the scope, quality, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;

(d) to review internal audit programme and to consider major findings of internal audit investigations and management's response thereto and ensure that appropriate actions are taken on the recommendations of the internal audit function;

(e) to review the effectiveness of the internal control and management information systems;

(f) to review any related party transaction and conflict of interest situation that may arise within the Company or Group, including any transaction, procedure or course of conduct that raises questions on the integrity of management;

(g) to review any letter of resignation from the external auditors of the Company;

(h) to review any management letter sent by the external auditors to the Company and the management's response to such letter;

(i) to review whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment;

(j) to make recommendations to the Board on the nomination and remuneration of the external auditors;

(k) to review the assistance given by the Company's officers to the external auditors;

(l) to review all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels; and

(m) to carry out any additional duties which may arise from time to time as prescribed by the Board.

Meetings

Meetings shall be held not less than four (4) times a year and such additional meetings as the Chairman may decide to fulfill its duties. The external auditors may request a meeting if they consider this necessary.

The Committee may require any employee and/or the external auditors and/or the internal auditor(s) to attend meetings. If necessary, the Committee shall meet with the external auditors without any Executive Director present.

In order to form a quorum in respect of a meeting of an audit committee, the majority of members present must be independent director. A quorum at each meeting shall be two (2) members.

If the Chairman is not present, the members present shall elect one (1) of their members to be the Chairman of the Meeting.

Retirement and Resignation

A member of the Audit Committee who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves. In the event of any vacancy in the Audit Committee resulting in the non-compliance of the above recruitment, the Board must fill the vacancy within (3) months.

Secretary of the Audit Committee

The Company Secretary shall be the Secretary of the Audit Committee.

Rights of External / Internal Auditors

The external auditors and internal auditors (if any) have the right to appear and be heard at any meeting for the Audit Committee and shall so appear when required by the Audit Committee.

Upon the request of the external auditors or internal auditors (if any), the Chairman of the Audit Committee shall convene a meeting of the Committee to consider any matters that the auditors believe should be brought to the attention of the directors or shareholders. The Committee may invite any persons to be in attendance to assist in its deliberations.

Functional Independence

The Audit Committee shall function independently of the other directors and officers of the Group. Such other directors and officers may attend any particular Audit Committee meeting only upon invitation by the Audit Committee, specific to the relevant meeting.

Other than as provided herein, the Audit Committee may regulate its own procedures including the calling of meeting, the notice to be given of such meetings, the voting and proceedings thereat, the keeping of minutes and the custody, production and inspection of such minutes.

Audit Committee Report (cont'd)

3. NUMBER OF MEETINGS AND DETAILS OF ATTENDANCE

During the financial year ended 31 December 2011, five (5) Audit Committee meetings were held. The number of meetings attended by the Committee members is as follows:

Members	Audit Committee Meetings		
	Held	Attended	% of Attendance
Yap Kok Ching	5	5	100%
Aun Ah Thim	5	5	100%
Datuk Chan Chong Choon	5	5	100%

The meetings were appropriately structured through the use of agendas, which were distributed to members with sufficient notice period.

The Company Secretary was in attendance as secretary of the Committee in all meetings. The Operation Manager and Senior Accounts Executive also attended meetings upon invitation, where appropriate.

4. SUMMARY OF ACTIVITIES

The Committee had carried out the following activities during the five (5) meetings held during the financial year ended 31 December 2011 in discharging their duties and responsibilities:

- reviewed the quarterly reports of the Group and the recommendation of the same to the Board for approval and release of the Group's result to Bursa Malaysia Securities Berhad;
- reviewed the audit planning memorandum on the statutory audit of the Group for the financial year ended 31 December 2011 with external auditors;
- reviewed the results and issues arising from the audit of the financial statements and resolutions of such issues highlighted in the auditors report to the Committee with the external auditors;
- considered and recommended the external auditors for re-appointment;
- reviewed internal audit reports for its subsidiaries which highlights the audit issues, recommendations and management responses thereto prepared by outsourced external party engaged to provide internal audit function;
- discussed with management on action taken to improve the system of internal control based on improvement opportunities identified in the internal audit reports; and
- reviewed the related party transactions entered into by the Company and the procedures established to ensure that the transactions were entered into at arm's length and on the Company's normal commercial terms which are not more favourable to the related parties than those generally available to the public and were not detrimental to the majority shareholder.

5. STATEMENT BY AUDIT COMMITTEE IN RELATION TO EMPLOYEES' SHARE OPTION SCHEME ("ESOS") ALLOCATION

The ESOS of the Company had expired on 29 May 2010 and the balance of the unexercised options lapsed following the expiration of the ESOS.

Audit Committee Report (cont'd)

6. INTERNAL AUDIT FUNCTION

The Audit Committee is aware of the fact that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the systems of internal control.

The Company engaged Messrs Kloo Point Risk Management Services Sdn Bhd to carry out the internal audit function of the Group for the financial year ended 31 December 2011. Thus, the Audit Committee will be supported by the internal auditors of the Company in the discharge of its duties and responsibilities. The primary function of the internal audit is to independently carry out a review of the existing systems, controls and procedures and thereafter provide such recommendations that would further enhance the existing internal controls. The internal auditors of the Company will provide independent assurance on the adequacy and effectiveness of the risk management, internal control and governance processes.

The Audit Committee will report to the Board on significant findings and results.

The total cost incurred for the internal audit function of the Group for 2011 is RM36,000 (2010: RM30,000).

Further details of the activities of the internal audit function are set out in the Statement of Internal Control detailed on page 13 of this Annual Report.

Additional Compliance Information

In compliance with the Bursa Malaysia Securities Berhad Listing Requirements, the following additional compliance information is provided:

1. SHARE BUY-BACKS

During the financial year, the Company did not enter into any share buy-back transactions.

2. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no warrants or convertible securities issued by the Company during the financial year.

3. AMERICAN DEPOSITORY RECEIPT ("ADR") / GLOBAL DEPOSITORY RECEIPT ("GDR") PROGRAMME

The Company did not sponsor any ADR or GDR programmes during the financial year.

4. SANCTIONS / PENALTIES

There were no material sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year.

5. NON-AUDIT FEES

The amount of non-audit fees paid and payable to the external auditors by the Group for the financial year ended 31 December 2011 was RM2,000 (2010: RM7,000).

6. VARIATION IN RESULTS

There were no variance of 10% or more between the audited results and the unaudited results announced previously. The Company did not make any release on the profit estimate, forecast or projections for the financial year.

7. PROFIT GUARANTEE

There were no profit guarantees given by the Company during the financial year.

8. MATERIAL CONTRACT INVOLVING DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The Company and its subsidiary companies have not entered into any material contracts outside the ordinary course of business, involving directors and substantial shareholders in the current financial year ended 31 December 2011.

9. REVALUATION POLICY

The policy of revaluation on landed properties is as disclosed in Note 2 to the Financial Statements on page 36 of this Annual Report.

10. RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF REVENUE NATURE

The details are set out in Note 31 to the Financial Statements on page 71 of this Annual Report.

FINANCIAL STATEMENTS

Directors' Report

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and provision of management services. The principal activities of the subsidiary companies are disclosed in Note 20 to the Financial Statements. There have been no significant changes in the principal activities of the Company and its subsidiary companies during the financial year.

RESULTS

	Group RM	Company RM
Profit/(Loss) for the year	120,542	(1,088,586)
Attributable to:		
Owners of the Company	(43,734)	(1,088,586)
Non-controlling interests	164,276	-
	120,542	(1,088,586)

In the opinion of the directors, the results of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors also do not recommend any dividend payment in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Yap Yoon Sing
Lim Tock Ooi
Yap Kok Ching
Aun Ah Thim
Datuk Chan Chong Choon

In accordance with the Company's Articles of Association, Mr. Lim Tock Ooi and Mr. Aun Ah Thim shall retire from the Board at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

DIRECTORS' INTEREST

The shareholdings in the Company of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 are as follows:

	Number of ordinary shares of RM0.10 each			
Shares in the Company Registered in name of director	**Balance as at 1.1.2011**	**Bought**	**Sold**	**Balance as at 31.12.2011**
Yap Yoon Sing	27,473,982	700,000	-	28,173,982
Lim Tock Ooi	21,942,861	-	-	21,942,861
Yap Kok Ching	114,800	-	-	114,800
Aun Ah Thim	-	100,000	-	100,000
Datuk Chan Chong Choon	56,600	-	-	56,600

By virtue of his interests in shares in the Company, Mr. Yap Yoon Sing is deemed to have interests in the shares of the subsidiary companies to the extent that the Company has an interest, in accordance with Section 6A of the Companies Act, 1965.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefits (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest other than as disclosed in Note 22 and Note 31 to the Financial Statements.

At the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Techfast Advanced Tech Sdn. Bhd., a wholly-owned subsidiary of the Company was struck off on 23 September 2011.

SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING PERIOD

Significant events subsequent to the reporting period is disclosed in Note 32 to the Financial Statements.

OTHER FINANCIAL INFORMATION

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and have satisfied themselves that all known bad debts had been written off and adequate provision had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:

(a) which would render the amount written off as bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent in the financial statements of the Group and of the Company; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

Directors' Report (cont'd)

OTHER FINANCIAL INFORMATION (cont'd)

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due other than disclosed in Note 30 to the Financial Statements.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the Group and of the Company for the succeeding financial year.

REGISTERED OFFICE

The registered office of the Company is located at:

Suites 7.21 & 7.22
7th Floor, Imbi Plaza
Jalan Imbi
55100 Kuala Lumpur
Malaysia

PRINCIPAL PLACE OF BUSINESS

The principal place of business of the Company is located at:

No. 11, Jalan Pasaran 23/5
Seksyen 23
40300 Shah Alam
Selangor Darul Ehsan
Malaysia

AUDITORS

The auditors, Messrs GEP Associates, have indicated that they will not be seeking re-appointment for the ensuing year.

Signed in accordance with a resolution of the Directors dated 17 April 2012.

YAP YOON SING

LIM TOCK OOI

Kuala Lumpur

Statement by Directors

The directors of **TECHFAST HOLDINGS BERHAD**, state that, in their opinion, the accompanying financial statements set out on pages 26 to 78, are drawn up in accordance with the Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011, and of their financial performance and cash flows for the year ended on that date.

The supplementary information set out in Note 37 to the Financial Statements has been compiled in accordance with the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

Signed in accordance with a resolution of the Directors dated 17 April 2012.

YAP YOON SING

LIM TOCK OOI

Kuala Lumpur

Statutory Declaration

I, **LIM TOCK OOI**, being the Director primarily responsible for the financial management of **TECHFAST HOLDINGS BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 26 to 78 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
LIM TOCK OOI
at Kuala Lumpur, Wilayah Persekutuan
on 17 April 2012

Before me,

LEONG SEE KEONG
W494
COMMISSIONER FOR OATHS

Independent Auditors' Report to the Members of

Techfast Holdings Berhad (Company Number. 647820-D)

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Techfast Holdings Berhad, which comprise the statements of financial position as at 31 December 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 26 to 78.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2011 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the accounts and the auditors' reports of the subsidiary of which we have not acted as auditors, which are indicated in Note 20 to the Financial Statements.

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 37 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Independent Auditors' Report to the Members of

Techfast Holdings Berhad (Company No. 647820-D) (cont'd)
(Incorporated in Malaysia)

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

GEP ASSOCIATES
AF 1030
Chartered Accountants

ESTHER TAN CHOON HWA
1023/03/14(J)
Chartered Accountant

Petaling Jaya

17 April 2012

Consolidated Statement of Financial Position

as at 31 December 2011

	Note	2011 RM	2010 RM
ASSETS			
Non-current assets			
Property, plant and equipment	4	11,479,618	16,935,201
Development expenditure	5	86,443	201,643
Goodwill on consolidation	6	1,109,776	1,126,999
		12,675,837	18,263,843
Current assets			
Inventories	7	4,162,837	4,899,771
Trade and other receivables	8	6,261,963	8,905,320
Deposits with licensed banks	9	4,074,827	3,575,188
Derivative asset	10	15,761	-
Short term investment	11	2,548,884	1,000,768
Cash and bank balances		4,693,735	5,186,190
		21,758,007	23,567,237
Non-current assets held for sale	12	2,570,168	23,800
		24,328,175	23,591,037
TOTAL ASSETS		**37,004,012**	**41,854,880**
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	13	15,591,180	15,591,180
Reserves	14	9,363,840	9,431,580
		24,955,020	25,022,760
Non-controlling interests		5,392,186	7,260,309
Total equity		30,347,206	32,283,069
Non-current liabilities			
Hire purchase creditors	15	387,213	205,772
Term loans	16	665,524	1,675,432
Deferred taxation	17	779,200	263,100
		1,831,937	2,144,304
Current liabilities			
Trade and other payables	18	3,478,462	4,869,994
Hire purchase creditors	15	100,836	123,149
Bank borrowings	19	1,192,275	2,286,872
Current tax payable		53,296	147,492
		4,824,869	7,427,507
Total liabilities		6,656,806	9,571,811
TOTAL EQUITY AND LIABILITIES		**37,004,012**	**41,854,880**

The accompanying Notes form an integral part of the Financial Statements.

Statement of Financial Position

as at 31 December 2011

	Note	2011	2010
		RM	RM
ASSETS			
Non-current assets			
Property, plant and equipment	4	800	1,280
Investment in subsidiary companies	20	24,675,259	27,224,769
		24,676,059	27,226,049
Current assets			
Other receivables	8	810,166	182,629
Deposits with licensed banks	9	3,500,000	3,500,000
Short term investment	11	1,015,687	-
Cash at banks		49,662	515,143
		5,375,515	4,197,772
TOTAL ASSETS		**30,051,574**	**31,423,821**
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	13	15,591,180	15,591,180
Reserves	14	11,507,803	12,596,389
Total equity		27,098,983	28,187,569
Non-current liability			
Deferred taxation	17	200	400
Current liabilities			
Other payables	18	2,952,391	3,235,852
Total liabilities		2,952,591	3,236,252
TOTAL EQUITY AND LIABILITIES		**30,051,574**	**31,423,821**

The accompanying Notes form an integral part of the Financial Statements.

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2011

	Note	2011	2010
		RM	RM
Revenue	21	30,281,024	29,944,059
Cost of goods sold		(19,767,089)	(19,729,468)
Gross profit		10,513,935	10,214,591
Other income		645,564	1,248,216
Selling and distribution expenses		(1,267,514)	(1,137,493)
Administrative expenses		(4,251,609)	(4,521,720)
Other expenses		(3,920,891)	(1,311,478)
Operating profit	22	1,719,485	4,492,116
Finance costs	23	(220,363)	(436,226)
Profit before taxation		1,499,122	4,055,890
Income tax expense	24	(1,378,580)	(363,283)
Profit for the year		**120,542**	**3,692,607**
Other comprehensive income:			
Exchange differences on foreign operations		(56,405)	(39,021)
Total comprehensive income for the year		**64,137**	**3,653,586**
(Loss)/Profit attributable to:			
Owners of the Company		(43,734)	2,515,965
Non-controlling interests		164,276	1,176,642
		120,542	**3,692,607**
Total comprehensive (loss)/income attributable to:			
Owners of the Company		(67,740)	2,480,451
Non-controlling interests		131,877	1,173,135
		64,137	**3,653,586**
(Loss)/Earnings per share (sen)			
- basic	25	(0.03)	1.61
- diluted	25	-	-

The accompanying Notes form an integral part of the Financial Statements.

Statement of Comprehensive Income
for the year ended 31 December 2011

	Note	2011 RM	2010 RM
Revenue	21	3,038,160	3,408,706
Other income		-	104,777
Administrative expenses		(1,285,940)	(920,419)
Other expenses		(2,841,006)	(141,761)
(Loss)/Profit before taxation	22	(1,088,786)	2,451,303
Income tax expense	24	200	(7,896)
(Loss)/Profit for the year		**(1,088,586)**	**2,443,407**
Other comprehensive income		-	-
Total comprehensive (loss)/income for the year		**(1,088,586)**	**2,443,407**
(Loss)/Profit attributable to:			
Owners of the Company		**(1,088,586)**	**2,443,407**

The accompanying Notes form an integral part of the Financial Statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2011

	Attributable to owners of the Company							
		Non-Distributable			Distributable			
	Share Capital (Note 13)	Share Premium (Note 14)	Translation (Loss)/ Reserve (Note 14)	Share Option Reserve (Note 14)	Accumulated Losses (Note 14)	Total	Non-Controlling Interests	Total Equity
	RM	RM	RM	RM	RM	RM	RM	RM
Balance at 1 January 2010	15,570,580	9,970,710	17,828	258,649	(3,303,268)	22,514,499	691,389	23,205,888
Transaction with owners								
Exercise of employee share options	20,600	7,210	-	-	-	27,810	-	27,810
Expiry of employee share options	-	-	-	(258,649)	258,649	-	-	-
Acquisition of additional equity interest in a subsidiary company	-	-	-	-	-	-	840,583	840,583
Arising through acquisition of subsidiary companies	-	-	-	-	-	-	7,055,202	7,055,202
Dividend paid to non-controlling interests by subsidiary companies	-	-	-	-	-	-	(2,500,000)	(2,500,000)
Profit for the year	-	-	-	-	2,515,965	2,515,965	1,176,642	3,692,607
Other comprehensive loss	-	-	(35,514)	-	-	(35,514)	(3,507)	(39,201)
Total comprehensive income for the year	-	-	(35,514)	-	2,515,965	2,480,451	1,173,135	3,653,586
Balance at 31 December 2010	15,591,180	9,977,920	(17,686)	-	(528,654)	25,022,760	7,260,309	32,283,069
Transaction with owners								
Dividend paid to non-controlling interests by subsidiary companies	-	-	-	-	-	-	(2,000,000)	(2,000,000)
Profit for the year	-	-	-	-	(43,734)	(43,734)	164,276	120,542
Other comprehensive loss	-	-	(24,006)	-	-	(24,006)	(32,399)	(56,405)
Total comprehensive (loss)/ income for the year	-	-	(24,006)	-	(43,734)	(67,740)	131,877	64,137
Balance at 31 December 2011	15,591,180	9,977,920	(41,692)	-	(572,388)	24,955,020	5,392,186	30,347,206

The accompanying Notes form an integral part of the Financial Statements.

Statement of Changes in Equity
for the year ended 31 December 2011

		Non-Distributable		Distributable	
	Share Capital (Note 13)	Share Premium (Note 14)	Share Option Reserve (Note 14)	(Accumulated Losses)/ Retained Earnings (Note 14)	Total Equity
	RM	RM	RM	RM	RM
Balance at 1 January 2010	15,570,580	9,970,710	258,649	(83,587)	25,716,352
Exercise of employee share options	20,600	7,210	-	-	27,810
Expiry of employee share options	-	-	(258,649)	258,649	-
Total comprehensive income for the year	-	-	-	2,443,407	2,443,407
Balance at 31 December 2010	15,591,180	9,977,920	-	2,618,469	28,187,569
Total comprehensive loss for the year	-	-	-	(1,088,586)	(1,088,586)
Balance at 31 December 2011	15,591,180	9,977,920	-	1,529,883	27,098,983

The accompanying Notes form an integral part of the Financial Statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2011

	Note	2011	2010
		RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,499,122	4,055,890
Adjustments for:			
Depreciation of property, plant and equipment		1,868,556	1,795,797
Impairment loss on property, plant and equipment		1,526,595	-
Interest expense		220,363	436,226
Impairment loss on loans and receivables		150,000	-
Amortisation of development expenditure		115,200	57,599
Impairment loss on non-current assets held for sale		20,000	-
Impairment of goodwill		17,223	-
Unrealised loss/(gain) on foreign exchange		6,152	(58,495)
Bad debts written off		2,120	16,520
Property, plant and equipment written off		13	-
Gain on striking-off of a subsidiary company		(144)	-
Gain on disposal of non-current assets held for sale		(8,770)	(555,707)
Gain on disposal of property, plant and equipment		(11,499)	(42,441)
Fair value gain on derivative		(15,761)	-
Income from short term investment		(32,429)	(767)
Interest income		(243)	(38,544)
Impairment loss on investment in an associated company		-	3
Rental income		-	(126,000)
Operating profit before working capital changes		5,356,498	5,540,081
Decrease/(Increase) in inventories		736,934	(623,752)
Decrease in trade and other receivables		2,553,160	2,638,561
Decrease in trade and other payables		(1,403,831)	(3,433,705)
Cash generated from operations		7,242,761	4,121,185
Tax refund		199,390	56,725
Tax paid		(993,775)	(1,071,449)
Bank overdraft interest paid		(15,963)	(30,441)
Net cash generated from operating activities		6,432,413	3,076,020

Consolidated Statement of Cash Flows (cont'd)

for the year ended 31 December 2011

	Note	2011 RM	2010 RM
CASH FLOWS FROM INVESTING ACTIVITIES			
Net proceeds from disposal of non-current assets held for sale		12,570	4,001,292
Interest received		20	37,257
Short term investment income received		32,429	767
Proceeds from disposal of property, plant and equipment		11,639	67,767
Purchase of property, plant and equipment	26	(326,371)	(316,546)
Rental income		-	126,000
Investment in an associated company		-	(3)
Placement of fixed deposits		-	(48,000)
Acquisition of subsidiary companies, net of cash and cash equivalents acquired	20 (d)	-	(2,186,805)
Net cash (used in)/generated from investing activities		(269,713)	1,681,729
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of hire purchase interests		(20,109)	(47,415)
Repayment of hire purchase creditors		(140,872)	(455,188)
Payment of term loan interests		(161,354)	(358,370)
Net (decrease)/increase in bills payable		(279,051)	274,654
Repayment of term loans		(1,810,887)	(3,458,040)
Dividend paid to non-controlling interests		(2,000,000)	(2,500,000)
Issuance of shares to non-controlling interests		-	822,929
Issuance of shares pursuant to ESOS		-	27,810
Net cash used in financing activities		(4,412,273)	(5,693,620)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,750,427	(935,871)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES		(157,262)	(40,113)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		9,445,681	10,421,665
CASH AND CASH EQUIVALENTS AT END OF YEAR	27	11,038,846	9,445,681

The accompanying Notes form an integral part of the Financial Statements.

Statement of Cash Flows
for the year ended 31 December 2011

	Note	**2011**	2010
		RM	RM
CASH FLOWS FROM OPERATING ACTIVITES			
(Loss)/Profit before taxation		(1,088,786)	2,451,303
Adjustments for:			
Impairment loss on investment in a subsidiary company		2,549,510	100
Impairment loss on loans and receivables		150,000	-
Unrealised loss on foreign exchange		2,289	-
Bad debts written off		764	5,027
Depreciation of property, plant and equipment		480	480
Impairment loss on investment in an associated company		-	3
Operating profit before working capital changes		1,614,257	2,456,913
(Increase)/Decrease in other receivables		(780,590)	2,050,871
(Decrease)/Increase in other payables and accruals		(283,461)	2,726,920
Cash generated from operations		550,206	7,234,704
Tax refund		-	1,840
Tax paid		-	(20,394)
Net cash generated from operating activities		550,206	7,216,150
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of an associated company		-	(3)
Additional investment in subsidiary company		-	(1,124,497)
Acquisition of subsidiary companies		-	(9,091,980)
Net cash used in investing activities		-	(10,216,480)
CASH FLOWS FROM FINANCING ACTIVITY			
Issuance of shares pursuant to ESOS		-	27,810
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		550,206	(2,972,520)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		4,015,143	6,987,663
CASH AND CASH EQUIVALENTS AT END OF YEAR	27	4,565,349	4,015,143

The accompanying Notes form an integral part of the Financial Statements.

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2011 as disclosed in Note 2.1 to the Financial Statements.

The financial statements are presented in Ringgit Malaysia ("RM").

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the accounting policies below.

(b) Basis of Consolidation

The consolidated financial statements include the audited financial statements of the Company and all its subsidiary companies as listed in Note 20 to the Financial Statements, made up to the end of the financial year. The financial statements of the subsidiary companies are prepared for the same reporting date as the Company. Subsidiary companies are those companies in which the Group has power to exercise control over the financial and operating activities so as to obtain benefits from their activities.

Subsidiary companies are consolidated from the date, on which control is transferred to the Group and are no longer consolidated from the date that control ceases. In preparing the consolidated financial statements, all intercompany transactions, balances and unrealised gains or losses on transactions between group companies are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the Company's shareholders' equity, and are separately disclosed in the consolidated statement of comprehensive income. Transactions with non-controlling interests are accounted for as transactions with owners and are recognised directly in equity. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

Upon loss of control of a subsidiary, the profit or loss on disposal is calculated as the difference between :

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained profits) in the same manner as would be required if the relevant assets or liabilities were disposed off. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 127.

<u>Business combinations from 1 January 2011 onwards</u>

Acquisitions of business are accounted for using the acquisition method. Under the acquisition method, the consideration transferred, for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Basis of Consolidation (cont'd)

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

Business combinations before 1 January 2011

All subsidiaries are consolidated using the purchase method. All the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Non-controlling interests are initially measured at their share of the fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition.

(c) Goodwill Arising on Consolidation

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Business combinations from 1 January 2011 onwards

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the later amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

Business combinations before 1 January 2011

Under the purchase method, goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the date of acquisition.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised as income immediately in profit or loss.

(d) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Leasehold land is amortised over the period of lease. Depreciation of other property, plant and equipment is computed on the straight line method to write off the cost of each asset to its residual value at the following rates based on the estimated useful lives of the various property, plant and equipment :

	Rate per annum (%)
Buildings	2
Plant and machinery	10 - 20
Electrical installation	10
Renovation and signboard	10 - 20
Motor vehicles	20
Office equipment	10 - 20
Furniture and fittings	10 - 15
Production equipment	10
Tools and equipment	15 - 20

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Property, Plant and Equipment and Depreciation (cont'd)

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the profit or loss in the year the asset is derecognised.

(e) Impairment of Non-Financial Assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

(f) Financial Assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the category includes financial assets at fair value through profit or loss and loans and receivables.

(i) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Financial Assets (cont'd)

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(g) Derivative Financial Instruments

Derivative financial instruments are initially recognised in the statement of financial position at fair value on the date on which derivative contracts are entered into and are subsequently re-measured at their fair values at each reporting date. Fair values are obtained from quoted market prices in active markets, including recent market transactions and valuation techniques, including discounted cash flow models, as appropriate. All derivatives are carried as assets when fair values are positive and as liabilities when fair values are negative.

Derivative financial instruments that do not qualify for hedge accounting are classified as financial assets at fair value through profit or loss and accounted for in accordance with accounting policy set out in Note 2(f) (i) on financial assets.

(h) Impairment of Financial Assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(i) Investments in Subsidiary Companies

Investments in subsidiary companies are stated at cost and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that their carrying values may not be recoverable.

On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Development Expenditure

Research expenditure is recognised in profit or loss when incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is recognised in profit or loss when incurred.

Capitalised development expenditure, considered to have finite useful lives, is stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is calculated on a straight-line basis over the estimated commercial lives of the underlying products of 3 to 5 years. The amortisation period and method are reviewed at least at the end of each reporting period and any changes in expectations from previous estimates are accounted for prospectively as changes in accounting estimates.

(k) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined principally on first in, first out method. The cost of raw materials comprises cost of purchase. The cost of finished goods and work in progress comprises direct materials, direct labour and all appropriate proportion of factory overheads held on normal operating capacity. Net realisable value is the estimated selling price in ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

(l) Non-Current Assets Held for Sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale.

Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets are measured at the lower of their carrying amount and fair value less cost to sell.

(m) Associated Companies

Associated companies are those companies in which the Group has a long term equity interest of between 20% and 50% and is in a position to exercise significant influence over the financing and operating policies of the investee companies.

Provision for diminution in value is made when, in the opinion of the directors, there is a permanent diminution in value of the investment.

(n) Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. The Group and the Company classified its financial liabilities as other financial liabilities.

Other financial liabilities

The Group's and the Company's other financial liabilities include borrowings, trade and other payables.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measure at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange of modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Leases

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(p) Equity Instruments

Ordinary shares are classified as equity. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs.

Dividends on ordinary shares are recognised in the statements of changes in equity in the period in which they are declared.

(q) Revenue Recognition

Revenue from sale of goods is recognised when the goods are delivered and upon customer's acceptance.

Revenue from rendering of services is recognised when the services are performed.

Revenue from management services is recognised when the services are rendered.

Interest income from fixed deposits is recognised on time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity.

Rental income is recognised on an accrual basis.

(r) Employee Benefits

(i) Short term benefits

Wages, salaries, paid annual leave and sick leave, bonuses and social security contribution are recognised as an expense in the year which the associated services are rendered by employees.

(ii) Defined contribution plans

The Group and the Company make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(s) Foreign Currency

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Foreign Currency (cont'd)

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

(t) Income tax

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences and deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) Income tax (cont'd)

(ii) Deferred tax (cont'd)

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(u) Cash Equivalents

Cash and cash equivalents comprise cash and bank balances, fixed deposits and short term investment that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.1 Changes in Accounting Policies

During the financial year, the Group and the Company adopted the following new FRSs, revised FRSs, Issues Committee Interpretations ("IC Int."), amendments to FRSs and IC Int. issued by the Malaysian Accounting Standards Board ("MASB") that are relevant to its operations :

	Effective for financial periods beginning on or after
Amendments to FRS 132 : Financial Instruments : Presentation	1 March 2010
FRS 3 : Business Combinations (Revised)	1 July 2010
FRS 127 : Consolidated and Separate Financial Statements (Revised)	1 July 2010
Amendments to FRS 2 : Share-based Payment	1 July 2010
Amendments to FRS 5 : Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 138 : Intangible Assets	1 July 2010
IC Int. 12 : Service Concession Arrangements	1 July 2010
IC Int. 16: Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Int. 17: Distributions of Non-cash Assets to Owners	1 July 2010
Amendments IC Int. 9: Reassessment of Embedded Derivatives	1 July 2010
Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First- time Adopters	1 January 2011
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
IC Int. 4: Determining Whether an Arrangement contains a Lease	1 January 2011
IC Int. 18: Transfers of Assets from Customers	1 January 2011
Amendments to FRSs contained in the documents entitled "Improvements to FRSs (2010)"	1 January 2011

The adoption of the above new FRSs, revised FRSs, IC Int., amendments to FRSs and IC Int. did not have a significant impact on the financial statements of the Group and of the Company except for those disclosed below :

<u>FRS 3 Business Combinations (Revised) and Amendments to FRS 127 Consolidated and Separate Financial Statements (Revised)</u>

The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 January 2011. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with non-controlling interests.

<u>Amendments to FRS 7: Improving Disclosures about Financial Instruments</u>

The amended standard requires enhanced disclosure about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy(Level 1, Level 2 and Level 3), by class, for all financial instruments recognised at fair value. A reconciliation between the beginning and ending balance for Level 3 fair value measurements is required. Any significant transfers between levels of the fair value hierarchy and the reasons for those transfers need to be disclosed. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in Note 33 to the Financial Statements. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 33 to the Financial Statements.

Notes to the Financial Statements (cont'd)

2.2 Standards Issued But Not Yet Effective

New Malaysian Accounting Standards Board ("MASB") Approved Accounting Framework

To converge with International Financial Reporting Standards ("IFRS") in 2012, the MASB had on 19 November 2011, issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs"), which are mandatory for annual financial periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Int. 15 Agreements for Construction of Real Estate, including its parent significant investor and venture ("Transitioning Entities").

Transitioning Entities will be allowed to defer the adoption of the new MFRSs for an additional one year. Consequently, adoption of MFRSs by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013. However, the Company do not qualify as Transitioning Entities and are therefore required to adopt the MFRSs for the financial period beginning on or after 1 January 2012.

MFRSs effective on 1 January 2012

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 2	Share-based Payment
MFRS 3	Business Combinations
MFRS 4	Insurance Contracts
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 6	Exploration for and Evaluation of Mineral Resources
MFRS 7	Financial Instruments: Disclosures
MFRS 8	Operating Segments
MFRS 101	Presentation of Financial Statements
MFRS 102	Inventories
MFRS 107	Statement of Cash Flows
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 110	Events After the Reporting Period
MFRS 111	Construction Contracts
MFRS 112	Income Taxes
MFRS 116	Property, Plant and Equipment
MFRS 117	Leases
MFRS 118	Revenue
MFRS 119	Employee Benefits
MFRS 120	Accounting for Government Grants and Disclosure of Government Assistance
MFRS 121	The Effects of Changes in Foreign Exchange Rates
MFRS 123	Borrowing Costs
MFRS 124	Related Party Disclosures
MFRS 126	Accounting and Reporting by Retirement Benefit Plans
MFRS 127	Consolidated and Separate Financial Statements
MFRS 128	Investments in Associates
MFRS 129	Financial Reporting in Hyperinflationary Economies
MFRS 131	Interests in Joint Ventures
MFRS 132	Financial Instruments : Presentation
MFRS 133	Earnings Per Share
MFRS 134	Interim Financial Reporting
MFRS 136	Impairment of Assets
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 138	Intangible Assets
MFRS 139	Financial Instruments : Recognition and Measurement
MFRS 140	Investment Property
MFRS 141	Agriculture (for transitioning entities)
IC Int. 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Int. 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Int. 4	Determining whether an Arrangement contains a Lease
IC Int. 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

2.2 Standards Issued But Not Yet Effective (cont'd)

MFRSs effective on 1 January 2012 (Cont'd)

IC Int. 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Int. 7	Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies
IC Int. 9	Reassessment of Embedded Derivatives
IC Int. 10	Interim Financial Reporting and Impairment
IC Int. 12	Service Concession Arrangements
IC Int. 13	Customer Loyalty Programmes
IC Int. 14	MFRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IC Int. 15	Agreements for the Construction of Real Estate
IC Int. 16	Hedges of a Net Investment in a Foreign Operation
IC Int. 17	Distributions of Non-cash Assets to Owners
IC Int. 18	Transfers of Assets from Customers
IC Int. 19	Extinguishing Financial Liabilities with Equity Instruments
IC Int. 107	Introduction of the Euro
IC Int. 110	Government Assistance - No Specific Relation to Operating Activities
IC Int. 112	Consolidation - Special Purpose Entities
IC Int. 113	Jointly Controlled Entities - Non-Monetary Contributions by Venturers
IC Int. 115	Operating Leases – Incentives
IC Int. 125	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
IC Int. 127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IC Int. 129	Service Concession Arrangements: Disclosures
IC Int. 131	Revenue - Barter Transactions Involving Advertising Services
IC Int. 132	Intangible Assets - Web Site Costs

MFRSs effective on 1 July 2012

MFRS 101	Presentation of Financial Statements Amendments in relation to Presentation of Items of Other Comprehensive Income

MFRSs effective on 1 January 2013

MFRS 9	Financial Instruments (International Financial Reporting Standards ("IFRS") 9 issued by International Accounting Standards Board ("IASB") in November 2009)
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (IAS 19 as amended by IASB in June 2011)
MFRS 127	Consolidated and Separate Financial Statements (IAS 27 as amended by IASB in May 2011)
MFRS 128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)
IC Int. 20	Stripping Costs in the Production Phase of a Surface Mine

New FRSs		**Effective for financial periods beginning on or after**
FRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)	1 January 2013
FRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)	1 January 2013
FRS 10	Consolidated Financial Statements	1 January 2013
FRS 11	Joint Arrangements	1 January 2013
FRS 12	Disclosure of Interests in Other Entities	1 January 2013
FRS 13	Fair Value Measurement	1 January 2013
Revised FRSs		
FRS 119	Employee Benefits (as amended in November 2011)	1 January 2013
FRS 124	Related Party Disclosures	1 January 2012
FRS 127	Separate Financial Statements (as amended in November 2011)	1 January 2013
FRS 128	Investment in Associates and Joint Ventures (as amended in November 2011)	1 January 2013
Amendments/Improvements to FRSs		
FRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
FRS 7	Disclosures-Transfer of Financial Assets	1 January 2012

Notes to the Financial Statements (cont'd)

2.2 Standards Issued But Not Yet Effective (cont'd)

Amendments/Improvements to FRSs (cont'd)		**Effective for financial periods beginning on or after**
FRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 112	Deferred Tax : Recovery of Underlying Assets	1 January 2012
IC Int. 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
IC Int. 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to IC Int.		
IC Int. 14	Prepayments of a Minimum Funding Requirement	1 July 2011

Withdrawal of FRSs and IC Int.

The following FRSs and IC Int. will be withdrawn upon the adoption of the new/revised standards as disclosed above:

FRSs	
FRS 119	Employee Benefits (2007)
FRS 127	Consolidated and Separate Financial Statements (2010)
FRS 128	Investments in Associates (2005)
FRS 131	Interests in Joint Ventures (2005)
IC Int.	
IC Int. 9	Reassessment of Embedded Derivatives (2008)
IC Int. 112	Consolidation - Special Purpose Entities (2005)
IC Int. 113	Jointly Controlled Entities - Non-Monetary Contributions by Ventures (2005)
IC Int. 121	Income Taxes - Recovery of Revalued Non-depreciable Assets (2005)

The Company plan to adopt the abovementioned FRSs, revised FRSs, IC Int., amendments to FRSs and IC Int. which are relevant to the Company's operations when they become effective.

The Directors of the Company anticipate that the application of the above FRSs, revised FRSs, IC Int., amendments to FRSs and IC Int. will have no material impact on the financial statements of the Company.

The financial statements were approved and authorised for issue by the Board of Directors on 17 April 2012.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group and the Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Depreciation of Property, Plant and Equipment

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets. Management estimates the useful lives to be within 5 to 50 years. Changes in the expected level of usage and technological development will impact on the economic useful lives and residual values of the assets and therefore, future depreciation charges may be revised. The carrying amounts of property, plant and equipment are disclosed in Note 4 to the Financial Statements.

(b) Impairment of Non-Financial Assets

When the recoverable amount of a non-financial asset is determined based on its value in use, estimates on future cash flows and appropriate discount rate are required to determine the present value of those cash flows. The carrying amounts of non-financial assets subject to impairment assessment are disclosed in Note 4 to the Financial Statements.

(c) Allowance for Inventories

Reviews are made periodically by management on inventories for excess inventories, obsolescence and decline in net realisable value below cost. These reviews require the use of judgements and estimates. Possible changes in these estimates may result in revisions to the valuation of inventories. The carrying amount of inventories are disclosed in Note 7 to the Financial Statements.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

(d) Income Taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

(e) Impairment of Loans and Receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

(f) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which goodwill is allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

(g) Fair Value of Derivative Relating to Forward Foreign Currency Exchange Contract

Forward foreign currency exchange contract is valued using valuation techniques which include forward pricing model, using present value calculations, with market observable inputs. The models incorporate various inputs including the foreign exchange spot and forward rates.

Notes to the Financial Statements (cont'd)

4. PROPERTY, PLANT AND EQUIPMENT

GROUP

COST

	Freehold land	Leasehold land	Buildings	Plant and machinery	Electrical installation	Renovation and signboard	Motor vehicles	Office equipment	Furniture and fittings	Production equipment	Tools and equipment	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2010												
- As previously reported	1,498,008	-	4,418,433	9,714,164	-	911,102	1,240,065	403,379	156,135	-	461,999	18,803,285
- Effects of adopting amendments to FRS 117	-	1,614,388	-	-	-	-	-	-	-	-	-	1,614,388
As restated	1,498,008	1,614,388	4,418,433	9,714,164	-	911,102	1,240,065	403,379	156,135	-	461,999	20,417,673
Additions	-	-	-	6,131	-	25,469	225,616	29,009	3,754	-	26,567	316,546
Disposals	-	-	-	(26,590)	-	-	(228,204)	-	-	-	-	(254,794)
Written off	-	-	-	-	-	-	-	(85,018)	(14,240)	-	-	(99,258)
Reclassified as held for sale (Note 12)	-	-	-	(707,489)	-	-	-	-	-	-	-	(707,489)
Acquisition of subsidiary company [Note 20(d)]	-	1,168,120	2,572,982	3,276,812	77,054	390,851	618,058	788,608	319,679	108,532	224,018	9,544,714
Exchange difference	(5,835)	-	(5,365)	(8,568)	-	(3,340)	(1,136)	(371)	3	-	(307)	(24,919)
At 31 December 2010 / 1 January 2011	1,492,173	2,782,508	6,986,050	12,254,460	77,054	1,324,082	1,854,399	1,135,607	465,331	108,532	712,277	29,192,473
Additions	-	-	-	75,000	-	50,050	412,169	55,644	-	18,014	15,494	626,371
Disposal	-	-	-	-	-	-	(28,000)	(398)	-	-	-	(28,398)
Written off	-	-	-	-	(14,475)	-	-	(145,066)	(224,511)	-	(23,640)	(407,692)
Reclassified as held for sale (Note 12)	(1,460,084)	-	(1,342,716)	-	-	-	-	-	-	-	-	(2,802,800)
Reclassification	-	-	-	467,814	-	-	(326,451)	(53,291)	(14,823)	-	(1,944)	71,305
Exchange difference	(32,089)	-	(29,511)	(52,351)	-	(20,070)	(3,492)	(2,204)	(239)	-	(2,376)	(142,332)
At 31 December 2011	-	2,782,508	5,613,823	12,744,923	62,579	1,354,062	1,908,625	990,292	225,758	126,546	699,811	26,508,927

Notes to the Financial Statements (cont'd)

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

GROUP

ACCUMULATED DEPRECIATION / ACCUMULATED IMPAIRMENT LOSSES

	Freehold land	Leasehold land	Buildings	Plant and machinery	Electrical installation	Renovation and signboard	Motor vehicles	Office equipment	Furniture and fittings	Production equipment	Tools and equipment	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2010												
Accumulated depreciation												
- As previously reported	-	-	396,384	3,527,219	-	327,432	1,018,942	260,193	98,913	-	232,513	5,861,596
- Effects of adopting amendments to FRS 117	-	71,224	-	-	-	-	-	-	-	-	-	71,224
As restated	-	71,224	396,384	3,527,219	-	327,432	1,018,942	260,193	98,913	-	232,513	5,932,820
- Accumulated impairment losses	-	-	394,917	-	-	-	-	-	-	-	-	394,917
As restated	-	71,224	791,301	3,527,219	-	327,432	1,018,942	260,193	98,913	-	232,513	6,327,737
Depreciation for the year	-	41,852	134,018	1,093,007	3,271	139,752	197,888	72,931	30,306	5,426	77,346	1,795,797
Disposals	-	-	-	(26,590)	-	-	(202,878)	-	-	-	-	(229,468)
Written off	-	-	-	-	-	-	-	(85,018)	(14,240)	-	-	(99,258)
Reclassified as held for sale (Note 12)	-	-	-	(707,489)	-	-	-	-	-	-	-	(707,489)
Acquisition of subsidiary companies [Note 20(d)]	-	147,900	293,202	2,732,903	64,847	370,447	416,717	643,263	296,748	63,689	140,865	5,170,581
Exchange difference	-	-	(74)	51	-	(160)	(504)	(56)	30	-	85	(628)
At 31 December 2010												
- Accumulated depreciation	-	260,976	823,530	6,619,101	68,118	837,471	1,430,165	891,313	411,757	69,115	450,809	11,862,355
- Accumulated impairment losses	-	-	394,917	-	-	-	-	-	-	-	-	394,917
	-	260,976	1,218,447	6,619,101	68,118	837,471	1,430,165	891,313	411,757	69,115	450,809	12,257,272

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

GROUP

ACCUMULATED DEPRECIATION /
ACCUMULATED IMPAIRMENT LOSSES (cont'd)

	Freehold land	Leasehold land	Buildings	Plant and machinery	Electrical installation	Renovation and signboard	Motor vehicles	Office equipment	Furniture and fittings	Production equipment	Tools and equipment	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2011												
- Accumulated depreciation	-	260,976	823,530	6,619,101	68,118	837,471	1,430,165	891,313	411,757	69,115	450,809	11,862,355
- Accumulated impairment losses	-	-	394,917	-	-	-	-	-	-	-	-	394,917
	-	260,976	1,218,447	6,619,101	68,118	837,471	1,430,165	891,313	411,757	69,115	450,809	12,257,272
Depreciation for the year	-	34,056	112,790	1,127,054	6,257	148,874	225,351	94,098	28,776	11,714	79,586	1,868,556
Impairment losses for the year	-	-	104,305	1,000,104	-	321,738	10,610	37,506	4,836	-	47,496	1,526,595
Disposal	-	-	-	-	-	-	(27,999)	(259)	-	-	-	(28,258)
Written off	-	-	-	-	(14,472)	-	-	(145,062)	(224,507)	-	(23,638)	(407,679)
Reclassification as held for sale (Note 12)	-	-	(232,632)	-	-	-	-	-	-	-	-	(232,632)
Reclassification	-	-	-	467,814	-	-	(326,451)	(53,291)	(14,823)	-	(1,944)	71,305
Exchange difference	-	-	(1,835)	(12,030)	-	(8,608)	(1,874)	(1,017)	(77)	-	(409)	(25,850)
At 31 December 2011												
- Accumulated depreciation	-	295,032	806,158	8,198,971	59,903	976,783	1,299,160	785,671	201,112	80,829	504,263	13,207,882
- Accumulated impairment losses	-	-	394,917	1,003,072	-	322,692	10,642	37,617	4,850	-	47,637	1,821,427
	-	295,032	1,201,075	9,202,043	59,903	1,299,475	1,309,802	823,288	205,962	80,829	551,900	15,029,309

Notes to the Financial Statements (cont'd)

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

GROUP

CARRYING AMOUNT

	Freehold land	Leasehold land	Buildings	Plant and machinery	Electrical installation	Renovation and signboard	Motor vehicles	Office equipment	Furniture and fittings	Production equipment	Tools and equipment	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
1 January 2010 (restated)	1,498,008	1,543,164	3,627,132	6,186,945	-	583,670	221,123	143,186	57,222	-	229,486	14,089,936
At 31 December 2010 / 1 January 2011 (restated)	1,492,173	2,521,532	5,767,603	5,635,359	8,936	486,611	424,234	244,294	53,574	39,417	261,468	16,935,201
At 31 December 2011	-	2,487,476	4,412,748	3,542,880	2,676	54,587	598,823	167,004	19,796	45,717	147,911	11,479,618

Notes to the Financial Statements (cont'd)

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

2011

COMPANY

COST	**Balance at 1.1.2011**	**Addition**	**Disposal**	**Balance at 31.12.2011**
	RM	**RM**	**RM**	**RM**
Office equipment	3,199	-	-	3,199

ACCUMULATED DEPRECIATION	**Balance at 1.1.2011**	**Current Depreciation**	**Disposal**	**Balance at 31.12.2011**
	RM	**RM**	**RM**	**RM**
Office equipment	1,919	480	-	2,399

CARRYING AMOUNT	**2011**	2010
	RM	RM
Office equipment	800	1,280

2010

COMPANY

COST	**Balance at 1.1.2010**	**Addition**	**Disposal**	**Balance at 31.12.2010**
	RM	**RM**	**RM**	**RM**
Office equipment	3,199	-	-	3,199

ACCUMULATED DEPRECIATION	**Balance at 1.1.2010**	**Current Depreciation**	**Disposal**	**Balance at 31.12.2010**
	RM	**RM**	**RM**	**RM**
Office equipment	1,439	480	-	1,919

CARRYING AMOUNT	2010	2009
	RM	RM
Office equipment	1,280	1,760

Notes to the Financial Statements (cont'd)

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Included in the carrying amount are the following property, plant and equipment which are being pledged to licensed banks for term loan facilities granted to the Group as mentioned in Note 16 to the Financial Statements.

	Group	
	2011	2010
	RM	RM
Leasehold land	1,507,552	2,238,758
Freehold land	-	1,492,173
Buildings	2,221,235	5,173,805
Plant and machinery	1,622,992	1,986,486
Renovation and signboard	-	469,769
Tools and equipment	3,781	7,906
	5,355,560	11,368,897

Included in the motor vehicles of the Group with carrying amount of RM20,873 (2010 : RM104,367) is being held in trust by a director of the Group.

Included in the carrying amount are the following property, plant and equipment of the Group which are being acquired under hire purchase :

	Group	
	2011	2010
	RM	RM
Plant and machinery	-	402,228
Motor vehicles	424,464	167,236
	424,464	569,464

Included in the property, plant and equipment of the Group are the following costs of fully depreciated property, plant and equipment which are still in use :

	Group	
	2011	2010
	RM	RM
Plant and machinery	2,423,412	2,323,965
Electrical installation	46,062	14,475
Renovation and signboard	365,456	365,456
Motor vehicles	163,636	163,636
Office equipment	383,372	423,798
Furniture and fittings	91,772	224,511
Tools and equipment	23,641	44,470
	3,497,351	3,560,311

Notes to the Financial Statements (cont'd)

5. DEVELOPMENT EXPENDITURE

	Group	
	2011	2010
	RM	RM
At cost :		
At beginning of year	576,043	-
Arising from acquisition of subsidiary companies [Note 20(d)]	-	576,043
At end of year	576,043	576,043
Less: Accumulated amortisation		
At beginning of year	374,400	-
Arising from acquisition of subsidiary companies [Note 20(d)]	-	316,801
Amortisation during the year	115,200	57,599
At end of year	489,600	374,400
Carrying amount	86,443	201,643

6. GOODWILL ON CONSOLIDATION

	Group	
	2011	2010
	RM	RM
At cost :		
At beginning of year	1,126,999	-
Additional investment in a subsidiary company	-	17,223
Acquisition of subsidiary companies [Note 20(d)]	-	1,109,776
At end of year	1,126,999	1,126,999
Less: Impairment loss		
At beginning of year	-	-
Impairment during the year	(17,223)	-
At end of year	(17,223)	-
Carrying amount	1,109,776	1,126,999

Impairment tests for cash-generating unit ("CGU") containing goodwill

The Group considers each subsidiary company as a single CGU and the carrying amount of goodwill is allocated to the respective subsidiary companies.

The recoverable amount of a CGU is determined based on value-in-use calculation. The value-in-use calculation is determined using cash flows projections, based on financial budgets approved by management, discounted at rates which reflects risks relating to the relevant CGU.

The discount rate applied to the cash flow projections is based on the cost of borrowings of the Group throughout the calculation period. The growth rate used is consistent with the projected growth rate of the CGU's industry and economy.

Notes to the Financial Statements (cont'd)

7. INVENTORIES

	Group	
	2011	2010
	RM	RM
Raw materials	1,704,919	2,074,875
Finished goods	1,414,306	1,708,293
Tooling and chemicals	597,606	647,848
Work-in-progress	446,006	468,755
	4,162,837	4,899,771

8. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Trade receivables				
Third parties	5,643,307	7,999,192	-	-
Other receivables				
Subsidiary companies	-	-	809,166	25,809
Third parties	330,266	778,061	150,000	155,820
Prepayments	347,791	62,797	-	-
Deposits	90,599	65,270	1,000	1,000
	768,656	906,128	960,166	182,629
Less: Allowance for impairment	(150,000)	-	(150,000)	-
	618,656	906,128	810,166	182,629
	6,261,963	8,905,320	810,166	182,629

The currency exposure profile of trade and other receivables is as follows:

	Group	
	2011	2010
	RM	RM
- Ringgit Malaysia	3,480,777	4,536,527
- United States Dollar	2,286,860	3,653,658
- Thai Baht	375,749	425,935
- Euro	114,693	221,086
- Singapore Dollar	3,884	67,919
- Japanese Yen	-	195
	6,261,963	8,905,320

Notes to the Financial Statements (cont'd)

8. TRADE AND OTHER RECEIVABLES (cont'd)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 120 days (2010 : 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	2011	2010
	RM	RM
Neither past due nor impaired	2,464,298	4,243,045
1 to 30 days past due not impaired	2,228,108	1,842,805
31 to 120 days past due not impaired	939,050	1,563,587
More than 120 days past due not impaired	11,851	349,755
	3,179,009	3,756,147
	5,643,307	7,999,192

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM3,179,009 (2010 : RM3,756,147) that are past due at the reporting date but not impaired.

The receivables that are past due but not impaired are unsecured in nature. The management is confident that the receivables are recoverable as these accounts are still active.

Management determines credit risk concentrations in terms of counterparties and geographical areas. The credit risk concentration profile by geographical areas of trade receivables is as follows :

	2011	2010
	RM	RM
Malaysia	2,998,759	4,318,303
Thailand	1,127,619	1,867,367
Others	1,516,929	1,813,522
	5,643,307	7,999,192

(b) Amount due by subsidiary companies

The amount due by subsidiary companies is unsecured, non-interest bearing and is repayable on demand except for an amount of RM809,166 (2010 : RMNil) which bears interest at 8.5% (2010 : Nil) per annum.

Notes to the Financial Statements (cont'd)

9. DEPOSITS WITH LICENSED BANKS

	Group		Company	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Term deposit	3,574,827	3,575,188	3,500,000	3,500,000
Short term deposits	500,000	-	-	-
	4,074,827	3,575,188	3,500,000	3,500,000

Included in deposits of the Group is an amount of RM74,827 (2010 : RM75,188) which has been pledged to licensed banks for banking facilities granted to the Group as mentioned in Note 16 and Note 19 to the Financial Statements.

The deposits of the Group and of the Company have maturity period ranging from 14 days to 12 months (2010 : 1 month to 12 months). The effective interest rates of the deposits range from 0.75% to 3.15% (2010 : 0.75% to 2.90%) per annum.

10. DERIVATIVE

	Group	
	2011	2010
	RM	RM
Current assets		
Forward foreign currency exchange contract	15,761	-

During the financial year, the Group entered into a forward foreign currency exchange contract to manage its foreign currency exchange exposure arising from sales denominated in USD. The notional principal amount of the forward foreign currency exchange contract was USD175,542. The fair value of the forward foreign currency exchange contract, amounting to RM15,761 is determined using mark-to-market rate for the same national amount as at 31 December 2011. The method and assumptions applied in determining the fair value of the forward foreign currency exchange contract are disclosed in Note 3(g) to the Financial Statements. The change in the fair value of the derivatives are recognised immediately in profit or loss.

11. SHORT TERM INVESTMENT

	Group		Company	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
At cost (Note 27)	2,548,884	1,000,768	1,015,687	-

Short term investment represents deposit placements with an investment fund management company for investment in fixed income instruments.

The short term investment of the Group and the Company bears dividend yield at 2.88% (2010: 2.70%) and 2.88% (2010 : Nil) per annum respectively and is readily convertible to cash with insignificant risk of changes in value.

Notes to the Financial Statements (cont'd)

12. NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale which comprise freehold land and building and plant and machinery are as follows:

	Group	
	2011	2010
	RM	RM
At beginning of year	23,800	3,469,385
Disposal during the year	(3,800)	(3,445,585)
Impairment loss for the year	(20,000)	-
Reclassification from property, plant and equipment (Note 4)	2,570,168	-
At end of year	2,570,168	23,800

Included in non-current assets held for sale of the Group is freehold land and building with carrying amount of RM1,460,084 (2010 : RMNil) and RM1,110,084 (2010 : RMNil) respectively which have been pledged to licensed financial institutions for banking facilities granted to the Group as mentioned in Note 16 to the Financial Statements.

13. SHARE CAPITAL

	Group and Company	
	2011	2010
	RM	RM
Share capital is represented by:		
Authorised		
500,000,000 ordinary shares of RM0.10 each	50,000,000	50,000,000
Issued and fully paid		
155,911,800 ordinary shares of RM0.10 each		
At beginning of year	15,591,180	15,570,580
Issued during the year	-	20,600
At end of year	15,591,180	15,591,180

Notes to the Financial Statements (cont'd)

14. RESERVES

	Group		Company	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Non-distributable				
Share premium	9,977,920	9,977,920	9,977,920	9,977,920
Translation loss	(41,692)	(17,686)	-	-
	9,936,228	9,960,234	9,977,920	9,977,920
Distributable				
(Accumulated losses)/Retained earnings	(572,388)	(528,654)	1,529,883	2,618,469
Total reserves	9,363,840	9,431,580	11,507,803	12,596,389

	2011	2010
	RM	RM
Share Premium		
Share premium arose as follows:		
At beginning of year	9,977,920	9,970,710
ESOS issue of 206,000 ordinary shares issued at a premium of RM0.035 per ordinary share	-	7,210
At end of year	9,977,920	9,977,920

Translation Loss

Exchange differences arising on translation of foreign entities are taken to the translation loss as described in the accounting policies of the Group in Note 2 to the Financial Statements.

Retained Earnings

Malaysian companies presently adopt the full imputation tax system. The Government has introduced the single tier tax system under the Finance Act 2007 for companies effective from the year of assessment 2008. Under the single tier tax system, the Company shall not deduct tax on dividend paid, credited or distributed to its shareholders and such dividend will be exempted.

There is a transitional period of 6 years from 1 January 2008 to 31 December 2013 to allow companies with balance in the Section 108 of the Income Tax Act, 1967 ("S108") account to pay franked dividends in cash to their ordinary shareholders. Such companies also have an irrevocable option to disregard the S108 balance and opt to pay dividends under the single-tier system. This change in tax law also provides for the S108 balance to be locked in as at 31 December 2007. The Company has not opted to switch over to the new system.

Based on the prevailing tax rate applicable to dividends and if distributed as cash dividends for the coming financial year, the Company has sufficient S108 tax credit to frank the payment of RM25,200 (2010 : RM25,200) out of its retained earnings as at the financial year end. The remaining retained earnings may be paid, credited or distributed as tax exempt dividends.

Notes to the Financial Statements (cont'd)

15. HIRE PURCHASE CREDITORS

	Group	
	2011	2010
	RM	RM
Total hire purchase instalments due:		
Within one year	121,114	140,782
Between two and five years	419,010	208,295
More than five years	-	17,110
	540,124	366,187
Unexpired term charges	(52,075)	(37,266)
Outstanding principal amount due	488,049	328,921
Within one year (included in current liabilities)	(100,836)	(123,149)
Between two to five years	(387,213)	(188,804)
More than five years	-	16,968

Hire purchase liabilities are subject to interest rates ranging from 2.45% to 3.41% (2010 : 3.25% to 10.00%) per annum.

16. TERM LOANS

	Group	
	2011	2010
	RM	RM
Total repayable	1,529,122	3,340,009
Amount repayable within one year (Note 19)	(863,598)	(1,664,577)
	665,524	1,675,432
Amount repayable between two to five years	(660,230)	(1,654,121)
Amount repayable after five years	5,294	21,311

The term loans are secured by the Group's properties, plant and machinery and fixed deposits as mentioned in Note 4, Note 9 and Note 12 to the Financial Statements and also a corporate guarantee by the Company. The repayment period of the term loans ranges from 5 to 10 (2010 : 5 to 10) years and bear interest rates ranging from 4.00% to 8.10% (2010 : 4.00% to 7.80%) per annum.

17. DEFERRED TAXATION

	Group		Company	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
At beginning of year	263,100	22,400	400	400
Arising from acquisition of subsidiary companies [Note 20(d)]	-	312,000	-	-
Recognised in profit or loss (Note 24)	516,100	(71,300)	(200)	-
At end of year	779,200	263,100	200	400

17. DEFERRED TAXATION (cont'd)

Presented after appropriate offsetting as follows:

	Group		Company	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Deferred tax assets	(133,500)	(160,700)	-	-
Deferred tax liabilities	912,700	423,800	200	400
	779,200	263,100	200	400

The component and movement of deferred tax liabilities/(assets) during the year prior to offsetting are as follows:

GROUP

	Accelerated capital allowances	**Other**	**Total**
	RM	**RM**	**RM**
Deferred tax liabilities :			
At beginning of year	423,400	400	423,800
Recognised in profit or loss (Note 24)	489,300	(400)	488,900
At end of year	912,700	-	912,700

	Unabsorbed tax losses	**Other**	**Total**
	RM	**RM**	**RM**
Deferred tax assets :			
At beginning of year	(160,700)	-	(160,700)
Recognised in profit or loss (Note 24)	49,500	(22,300)	27,200
At end of year	(111,200)	(22,300)	(133,500)

COMPANY

	Accelerated capital allowances
	RM
Deferred tax liabilities :	
At beginning of year	400
Recognised in profit or loss (Note 24)	(200)
At end of year	200

Notes to the Financial Statements (cont'd)

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Trade payables				
Third parties	1,818,810	1,996,128	-	-
Other payables				
Third parties	625,824	1,654,046	3,634	3,634
Directors	-	189,050	-	-
Accruals	1,033,828	1,030,770	343,757	242,218
Subsidiary companies	-	-	2,605,000	2,990,000
	1,659,652	2,873,866	2,952,391	3,235,852
	3,478,462	4,869,994	2,952,391	3,235,852

(a) Trade and other payables

The currency exposure profile of trade and other payables is as follows:

	Group	
	2011	2010
	RM	RM
- Ringgit Malaysia	2,570,989	3,089,731
- Thai Baht	607,521	831,650
- Singapore Dollar	115,308	208,291
- United States Dollar	184,644	740,322
	3,478,462	4,869,994

Trade and other payables are non-interest bearing and the normal trade credit terms granted to the Group ranges from 30 to 90 days (2010 : 30 to 90 days).

(b) Amount due to directors

The amount due to directors in the previous financial year was unsecured, non-interest bearing and was repayable on demand.

(c) Amount due to subsidiary companies

The amount due to subsidiary companies is unsecured, non-interest bearing and is repayable on demand.

19. BANK BORROWINGS

	Group	
	2011	2010
	RM	RM
Current portion of term loans (Note 16)	863,598	1,664,577
Bank overdrafts (Note 27)	203,773	241,277
Bills payable	124,904	381,018
	1,192,275	2,286,872

The bills payable and bank overdrafts are secured by the Group's fixed deposits as mentioned in Note 9 to the Financial Statements and a corporate guarantee by the Company. They bear interests ranging from 7.625% to 8.125% (2010 : 3.5% to 6.6%) per annum. The maturity period of bills payable is 90 days (2010 : 90 days). Bank overdrafts are borrowings held on call by licensed banks.

20. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2011	2010
	RM	RM
Unquoted shares, at cost	31,524,769	31,524,869
Less: Impairment losses	(6,849,510)	(4,300,100)
	24,675,259	27,224,769

Name of Company	Place of Incorporation	Equity Interest		Principal Activities
		2011	2010	
Techfast Precision Sdn. Bhd.	Malaysia	**100%**	**100%**	Manufacturing and distribution of specialised fasteners and related precision turning and machining parts for the electronics, telecommunication, computer peripherals and automative industries
Techfast Manufacturing Sdn. Bhd.	Malaysia	**100%**	**100%**	Manufacturing and marketing of self-clinching fasteners and electronic hardware for the electronic, telecommunication and information technology industries. However, it has ceased operations during the financial year
Oriem Technology Sdn. Bhd.	Malaysia	**50%**	**50%**	Manufacturing of epoxy encapsulant materials for optoelectronics industries and provision of training analytical and consultancy services
Cape Technology Sdn. Bhd.	Malaysia	**50%**	**50%**	Manufacturer of mould cleaning rubber sheets and trading of epoxy encapsulant materials for optoelectronics industries
*Techfast Precision (Thailand) Co. Ltd.	Thailand	**56%**	**56%**	Manufacturing and sales of self-clinching fasteners and electronic hardware for the electronic, telecommunication and information technology industries
Techfast Technologies Sdn. Bhd.	Malaysia	**100%**	**100%**	Inactive
Techfast International Sdn. Bhd.	Malaysia	**100%**	**100%**	Inactive
Techfast Advanced Tech Sdn Bhd	Malaysia	**-**	**100%**	Dormant

* Subsidiary companies not audited by auditors of the Company.

Although the Company holds 50% of the equity interest of Oriem Technology Sdn. Bhd. and Cape Technology Sdn. Bhd., the Company exercises significant influence by virtue of its representation on the board of Oriem Technology Sdn. Bhd. and Cape Technology Sdn. Bhd. and participation in the policy making processes of Oriem Technology Sdn. Bhd. and Cape Technology Sdn. Bhd.

(a) Strike-off of a subsidiary company

Techfast Advanced Tech Sdn. Bhd., a wholly-owned subsidiary of the Company was struck off on 9 September 2011.

(b) Acquisition of subsidiary companies in the previous financial year

(i) In the previous financial year, the Company acquired 500,000 ordinary shares of RM1 each in Cape Technology Sdn. Bhd., which represent 50% of the issued and paid-up share capital in Cape Technology Sdn. Bhd. for a total consideration of RM5,546,108. Following the acquisition, the Company is regarded as the holding company. The goodwill arising on the acquisition was RM362,707.

Notes to the Financial Statements (cont'd)

20. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

(b) Acquisition of subsidiary companies in the previous financial year (cont'd)

(ii) In the previous financial year, the Company acquired 1,500,000 ordinary shares of RM1 each in Oriem Technology Sdn. Bhd., which represent 50% of the issued and paid-up share capital in Oriem Technology Sdn. Bhd. for a total consideration of RM3,545,872. Following the acquisition, the Company is regarded as the holding company. The goodwill arising on the acquisition was RM747,069.

(c) The effect of the acquisition of the subsidiary companies in the previous financial year on the financial results of the Group were as follows:

	2010 RM
Post-acquisition results of the subsidiary companies acquired:	
Revenue	13,234,781
Cost of sales	(7,436,665)
Gross profit	5,798,116
Other income	(46,062)
Administrative expenses	(2,310,124)
Selling and distribution expenses	(570,930)
Profit from operations	2,871,000
Finance costs	(1,860)
Profit before taxation	2,869,140
Income tax expense	(206,303)
Profit on acquisition of subsidiary companies	2,662,837

If the acquisition had occurred on 1 January 2010, the Group's revenue and profit in the previous financial year would have been RM34,760,537 and RM4,620,885 respectively.

Notes to the Financial Statements (cont'd)

20. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

(d) The assets and liabilities arising from the acquisition in the previous financial year were as follows:

	Fair value recognised on acquisition 2010 RM
Property, plant and equipment (Note 4)	4,374,133
Development expenditure (Note 5)	259,242
Inventories	1,968,650
Trade and other receivables	9,159,200
Cash and bank balances	6,905,175
	22,666,400
Trade and other payables	(6,219,863)
Hire purchase creditors	(414,788)
Deferred taxation (Note 17)	(312,000)
Current tax payable	(682,343)
	(7,628,994)
Total net assets	15,037,406
Less: Non-controlling interests	(7,055,202)
	7,982,204
Goodwill on acquisition (Note 6)	1,109,776
Total purchase consideration	9,091,980
Less: Cash and cash equivalents of subsidiary companies acquired	(6,905,175)
Effect of acquisition of subsidiary companies, net of cash acquired	2,186,805

21. REVENUE

The revenue of the Group represents invoiced value of goods sold and services rendered less returns, discounts and sales tax.

The revenue of the Company represents dividend income, interest income and management fee receivable.

Notes to the Financial Statements (cont'd)

22. OPERATING PROFIT

	Group		Company	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
(a) The operating profit is arrived at after charging:				
Employee benefits expense [Note 22(b)]	7,855,805	7,373,632	1,180,340	844,719
Impairment loss on property, plant and equipment	1,526,595	-	-	-
Depreciation of property, plant and equipment	1,868,556	1,795,797	480	480
Impairment loss on loans and receivables	150,000	-	150,000	-
Amortisation of development expenditure	115,200	57,599	-	-
Non-executive Directors' remuneration:				
- Fee	90,000	62,500	90,000	62,500
- Allowances	15,600	13,200	15,600	13,200
Audit fee:				
- statutory audit	66,190	64,473	15,000	10,000
- under/(over) provision in prior year	10,500	(1,000)	10,500	-
- other services	2,000	7,000	2,000	7,000
Loss on foreign exchange				
- realised	36,810	481,707	-	-
- unrealised	6,152	-	2,289	-
Professional fee paid to firms connected to directors of the Company	32,100	30,233	3,200	-
Impairment loss on non-current assets held for sale	20,000	-	-	-
Impairment of goodwill	17,223	-	-	-
Bad debts written off	2,120	16,520	764	5,027
Fee expense for financial instruments not at fair value through profit or loss	1,583	465	-	-
Property, plant and equipment written off	13	-	-	-
Rental of warehouse	-	12,200	-	-
Rental of motor vehicles	-	4,250	-	-
Impairment loss on investment in an associated company	-	3	-	3
Impairment loss on investment in subsdiary company	-	-	2,549,510	100

22. OPERATING PROFIT (cont'd)

	Group		Company	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
And crediting:				
Gain on foreign exchange				
- realised	177,045	-	-	-
- unrealised	-	58,495	-	-
Interest income	95,463	137,250	122,473	98,706
Income from short term investment	48,116	767	15,687	-
Fair value gain on derivative				
- forward foreign currency exchange contract	15,761	-	-	-
Gain on disposal of property, plant and equipment	11,499	42,441	-	-
Gain on disposal of non-current asset held for sale	8,770	555,707	-	-
Gain on striking-off of a subsidiary company	144	-	-	-
Rental income	-	126,000	-	-
Recovery from liquidation of a subsidiary company	-	84,709	-	84,709
(b) Employee benefits expense [Note 22(a)]				
Salaries, wages, bonuses and allowances	6,585,872	6,293,020	994,972	731,751
EPF and SOCSO	653,260	385,207	181,068	109,915
Other staff related expenses	616,673	695,405	4,300	3,053
	7,855,805	7,373,632	1,180,340	844,719

Included in employee benefits expenses of Group and Company is executive directors' remuneration amounting to RM1,106,240 (2010 : RM892,640) and RM1,066,240 (2010 : RM772,640) respectively.

	Executive Directors	Non-Executive Directors
	2011	**2011**
	No.	**No.**
(c) Directors' remuneration:		
Remuneration paid and payable to Directors of the Company analysed into bands of RM50,000 :		
RM50,000 and below	-	3
RM50,001 – RM100,000	-	-
RM100,001 – RM150,000	-	-
RM150,001 – RM200,000	-	-
RM200,001 – RM250,000	-	-
RM250,001 – RM300,000	-	-
RM300,001 – RM350,000	-	-
RM350,001 – RM400,000	-	-
RM400,001 – RM450,000	-	-
RM450,001 – RM500,000	1	-
RM500,001 – RM550,000	-	-
RM550,001 – RM600,000	-	-
RM600,001 – RM650,000	1	-

Notes to the Financial Statements (cont'd)

22. OPERATING PROFIT (cont'd)

(c) Directors' Remuneration (cont'd):

	Group		Company	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Executive:				
Emoluments	895,772	669,039	895,772	669,039
Fee	40,000	120,000	-	-
Benefits-in-kind	170,468	103,601	170,468	103,601
	1,106,240	892,640	1,066,240	772,640
Non-Executive:				
Fee	90,000	62,500	90,000	62,500
Allowances	15,600	13,200	15,600	13,200
	105,600	75,700	105,600	75,700

23. FINANCE COSTS

	Group	
	2011	2010
	RM	RM
Term loan interests	161,354	358,370
Hire purchase interests	20,109	47,415
Bank overdraft interests	15,963	30,441
Bankers' acceptance interest	22,937	-
	220,363	436,226

24. INCOME TAX EXPENSE

	Group		Company	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Tax expense for the year	910,700	474,025	-	-
Deferred tax expense relating to origination and reversal of temporary differences (Note 17)	516,100	(71,300)	(200)	-
	1,426,800	402,725	(200)	-
(Over)/Underprovision in prior year	(48,220)	(39,442)	-	7,896
	1,378,580	363,283	(200)	7,896

24. INCOME TAX EXPENSE (cont'd)

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense of the Group and of the Company is as follows :

	Group		**Company**	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Profit /(Loss) before taxation	1,499,122	4,055,890	(1,088,786)	2,451,303
Taxation at Malaysian statutory rate @				
- 25%	292,800	560,500	(272,200)	612,800
- 20%	98,000	264,600	-	-
Effect of difference tax rate	(25,000)	-	-	-
Expenses not deductible for tax purposes	933,400	954,521	302,800	63,100
Income not subject to taxation	(53,200)	(701,100)	(30,600)	(675,900)
Overprovision of deferred taxation in prior year	(1,000)	(110,100)	-	-
Under/(Over) provision of tax expense in prior year	(48,220)	(39,442)	-	7,896
Deferred tax assets not recognised due to pioneer status	-	(231,700)	-	-
Pioneer income exempted from tax	(118,700)	(288,696)	-	-
Utilisation of deferred tax assets previously not recognised	(14,400)	(45,300)	(200)	-
Deferred tax liabilities recognised upon expiry of pioneer status	314,900	-	-	-
Income tax expense recognised in profit or loss	1,378,580	363,283	(200)	7,896

Subject to the agreement by the Inland Revenue Board, the Group has unabsorbed tax losses and unutilised capital allowances of approximately RM1,956,308 (2010 : RM3,949,200) and RM247,200 (2010 : RM1,399,800) respectively to set-off against its future taxable profit.

As at the end of the financial year, the deferred tax assets/(liabilities) not recognised in the financial statements are as follows :

	Group	
	Assets/(Liabilities)	
	2011	**2010**
	RM	**RM**
Property, plant and equipment	(175,800)	322,100
Development expenditure	(17,300)	(40,300)
Unabsorbed tax losses*	476,400	679,100
Unutilised capital allowances*	61,800	(140,400)
Others	-	2,000
	345,100	822,500

* Subject to the agreement by the Inland Revenue Board.

The unabsorbed tax losses and unutilised capital allowances are available indefinitely to offset against future taxable profit in which those items arose. Deferred tax assets have not been recognised in respect of these items because it is not probable that the future taxable profit will be available against which the Company can utilise the benefits.

The incentives applicable to certain subsidiary companies are summarised below :

Techfast Precision Sdn. Bhd.

The subsidiary company has been granted pioneer status under the Promotion of Investments Act, 1986 by the Malaysian Industrial Development Authority with a tax exemption equivalent to 70% of statutory income for a period of 5 years for the production of machined and turned parts services from 1 November 2006 to 31 October 2011.

Notes to the Financial Statements (cont'd)

24. INCOME TAX EXPENSE (cont'd)

Oriem Technology Sdn. Bhd.

The subsidiary company has been granted Pioneer Status under the Promotion of Investments Act, 1986 with 100% tax exemption on its statutory income for a period of 5 years commencing from 1 July 2007.

25. (LOSS)/EARNINGS PER SHARE

Basic earnings per share

Basic (loss)/earnings per share is calculated by dividing (loss)/profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2011	2010
	RM	RM
(Loss)/Profit attributable to owners of the Company	(43,734)	2,515,965
Weighted average number of ordinary shares in issue	155,911,800	156,049,778
Basic (loss)/earnings per share (sen)	(0.03)	1.61

Diluted earnings per share

The fully diluted earnings per share for the Group is not presented as there were no potential dilutive ordinary shares outstanding at the reporting date.

26. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group and the Company acquired certain property, plant and equipment by the following mode of payments :

	Group	
	2011	2010
	RM	RM
Aggregate cost	626,371	316,546
Financed by hire purchase	(300,000)	-
Cash consideration	326,371	316,546

27. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Cash and bank balances	4,693,735	5,186,190	49,662	515,143
Deposits with licensed banks	4,074,827	3,575,188	3,500,000	3,500,000
Short term investment (Note 11)	2,548,884	1,000,768	1,015,687	-
Bank overdrafts (Note 19)	(203,773)	(241,277)	-	-
	11,113,673	9,520,869	4,565,349	4,015,143
Less: Deposits pledged to licensed banks (Note 9)	(74,827)	(75,188)	-	-
	11,038,846	9,445,681	4,565,349	4,015,143

Notes to the Financial Statements (cont'd)

27. CASH AND CASH EQUIVALENTS (cont'd)

The currency exposure profile of cash and cash equivalents is as follows :

	Group		Company	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
- Ringgit Malaysia	10,800,848	9,518,680	4,565,349	4,015,143
- United States Dollar	384,950	125,050	-	-
- Euro	32,576	11,870	-	-
- Singapore Dollar	13,096	6,743	-	-
- Thai Baht	(192,624)	(216,662)	-	-
	11,038,846	9,445,681	4,565,349	4,015,143

28. TAX EXEMPT ACCOUNT

Subject to the agreement by the Inland Revenue Board, the Group has the following tax exempt account balances which are available for the distribution of tax exempt dividend:

	Group	
	2011	2010
	RM	RM
Reinvestment allowances	3,426,839	3,513,335
Pioneer income	1,883,400	1,883,400
Chargeable income earned in waiver year	839,285	839,285
	6,149,524	6,236,020

29. INVESTMENT IN ASSOCIATED COMPANY

	Group		Company	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Unquoted shares, at cost	-	3	-	3
Less: Impairment loss of associated company	-	(3)	-	(3)
	-	-	-	-

Details of the associated company are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest 2011	Effective Equity Interest 2010	Principal Activities
*Cape Tech Corporation Sdn. Bhd.	Malaysia	**50%**	50%	Dormant

* Associated company not audited by auditors of the Company.

The results of the associated company were not equity accounted for as the associated company is dormant and the results are insignificant.

Notes to the Financial Statements (cont'd)

30. CONTINGENT LIABILITY

	Group		Company	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Corporate guarantee given to financial institutions for credit facilities granted to subsidiaries, limit up to RM16,067,608 (2010: RM18,217,950)	-	-	1,811,353	3,893,814

31. SIGNIFICANT RELATED PARTY TRANSACTIONS

(i) Significant related party transactions are as follows:

	Group	
	2011	2010
	RM	RM
Sale of goods to a substantial shareholder of a subsidiary company		
- Chin-I Metal Co., Ltd.	112,729	111,359
Professional fees paid to firms connected to directors of the Company		
- ML Taxation Services Sdn. Bhd.	31,900	-
- A.T. Aun & Associates	200	30,233
- Michael Lim & Co.	-	44,000

	Company	
	2011	2010
	RM	RM
Professional fees paid to firms connected to directors of the Company		
- ML Taxation Services Sdn. Bhd.	3,200	-
Subsidiary companies		
Management fee receivable	900,000	810,000
Interest income	27,253	-

The directors are of the opinion that all the transactions above have entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

The outstanding balances with the related parties are as follows:

	Group	
	2011	2010
	RM	RM
Included in trade receivables	-	21,572

(ii) Compensation of the key management

Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities of the entity, including any director of the Company.

The remuneration of the key management are disclosed in Note 22(b) to the Financial Statements.

32. SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING PERIOD

(a) Cape Tech Corporation Sdn. Bhd., an associated company of the Company was struck off on 15 February 2012.

(b) On 27 January 2012, Techfast Precision (Thailand) Co. Ltd., a 56% owned subsidiary of the Group entered into a Sale and Purchase Agreement to dispose off its freehold land and building for a cash consideration of THB28,000,000 (approximately RM2,802,800).

(c) On 27 February 2012, the Company announced that the Board of Directors had resolved to cease the business operations of its 56% owned subsidiary, Techfast Precision (Thailand) Co. Ltd.

33. FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The overall financial risk management objective of the Group and the Company is to ensure that adequate financial resources are available for business development whilst minimising the potential adverse impacts of financial risks on its financial position, performance and cash flows.

The aforementioned financial risk management objective and its related policies and processes explained below have remained unchanged from the previous financial year.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The Group's and Company's exposure to credit risk arises principally from trade receivables and financial guarantees given.

(a) Trade receivables

The Group typically gives the existing customers credit terms that range between 30 to 120 days. In deciding whether credit shall be extended, the Group will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness. In addition, debt monitoring procedures are performed on an on-going basis.

As at 31 December 2011, the maximum exposure to credit risk for the Group is presented by the carrying amount of each class of financial assets recognised in the statements of financial position.

(b) Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiary companies.

The maximum exposure to credit risk is as disclosed in Note 30 to the Financial Statements representing the outstanding banking facilities of the companies as at the reporting date.

Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure as far as possible, that it will have sufficient liquidity to meet its liability when they fall due.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

Notes to the Financial Statements (cont'd)

33. FINANCIAL RISK MANAGEMENT (cont'd)

Liquidity risk (cont'd)

2011

GROUP

Financial Liabilities	**Total**	**Within one year**	**Between two to five years**	**More than five years**
	RM	**RM**	**RM**	**RM**
Trade and other payables	3,478,462	3,478,462	-	-
Term loans	1,529,122	863,598	660,230	5,294
Hire purchase creditors	488,049	100,836	387,213	-
Bank overdrafts	203,773	203,773	-	-
Bills payable	124,904	124,904	-	-
	5,824,310	4,771,573	1,047,443	5,294

2010

GROUP

Financial Liabilities	**Total**	**Within one year**	**Between two to five years**	**More than five years**
	RM	**RM**	**RM**	**RM**
Trade and other payables	4,869,994	4,869,994	-	-
Term loans	3,340,009	1,664,577	1,654,121	21,311
Hire purchase creditors	328,921	123,149	188,804	16,968
Bank overdrafts	241,277	241,277	-	-
Bills payable	381,018	381,018	-	-
	9,161,219	7,280,015	1,842,925	38,279

2011

COMPANY

Financial Liabilities	**Total**	**Within one year**	**Between two to five years**
	RM	**RM**	**RM**
Other payables	347,391	347,391	-
Amount due to subsidiary companies	2,605,000	2,605,000	-
	2,952,391	2,952,391	-

33. FINANCIAL RISK MANAGEMENT (cont'd)

Liquidity risk (cont'd)

2010

COMPANY

Financial Liabilities	**Total**	**Within one year**	**Between two to five years**
	RM	**RM**	**RM**
Other payables	245,852	245,852	-
Amount due to subsidiary companies	2,990,000	2,990,000	-
	3,235,852	3,235,852	-

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of the Group. The foreign currencies in which these transactions are denominated are mainly US Dollars ("USD"), Singapore Dollar ("SGD"), Thai Baht ("THB"), Japanese Yen ("JPY") and EURO.

The Company entered into forward currency exchange contracts to limit its exposure arising from sales denomination in USD.

Exposure to foreign currency risk

2011

GROUP

			Denominated in			
	USD	**SGD**	**THB**	**JPY**	**EURO**	**Total**
In RM:						
Trade and other receivables	2,286,860	3,884	375,749	-	114,693	2,781,186
Cash and cash equivalents	384,950	13,096	(192,624)	-	32,576	237,998
Trade and other payables	(184,644)	(115,308)	(607,521)	-	-	(907,473)
Net exposure	2,487,166	(98,328)	(424,396)	-	147,269	2,111,711

2010

GROUP

			Denominated in			
	USD	**SGD**	**THB**	**JPY**	**EURO**	**Total**
In RM:						
Trade and other receivables	3,653,658	67,919	425,935	195	221,086	4,368,793
Cash and cash equivalents	125,050	6,743	(216,662)	-	11,870	(72,999)
Trade and other payables	(740,322)	(208,291)	(831,650)	-	-	(1,780,263)
Net exposure	3,038,386	(133,629)	(622,377)	195	232,956	2,515,531

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD, SGD, THB, JPY and EURO exchange rate against the functional currency of the Group, with all other variables held constant.

Notes to the Financial Statements (cont'd)

33. FINANCIAL RISK MANAGEMENT (cont'd)

Foreign currency risk (cont'd)

Impact on profit net of tax:

		Group	
		2011	**2010**
		RM	**RM**
USD	- strengthened by 5%	93,269	113,939
	- weakened by 5%	(93,269)	(113,939)
SGD	- strengthened by 5%	(3,687)	(5,011)
	- weakened by 5%	3,687	5,011
THB	- strengthened by 5%	(15,915)	(23,339)
	- weakened by 5%	15,915	23,339
JPY	- strengthened by 5%	-	7
	- weakened by 5%	-	(7)
EURO	- strengthened by 5%	5,523	8,736
	- weakened by 5%	(5,523)	(8,736)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their deposits, short term investment and borrowings. The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

The interest rate profile of the Group's and the Company's interest-bearing financial instruments based on the carrying amount as at the reporting date is as follows:

	Effective Interest Rate	Group	
		2011	2010
	%	**RM**	RM
Fixed rate instruments			
Financial asset			
Deposits with licensed banks	0.75 to 3.15	4,074,827	3,575,188
Financial liabilities			
Hire purchase creditors	2.45 to 3.41	488,049	328,921
Term loans	4.00 to 7.76	470,901	1,787,825
		958,950	2,116,746

33. FINANCIAL RISK MANAGEMENT (cont'd)

Interest rate risk (cont'd)

	Effective Interest Rate	Group 2011	Group 2010
	%	RM	RM
Floating rate instruments			
Term loans	6.75 to 8.10	1,058,221	1,552,184
Bank overdraft		203,773	241,277
Bills payable		124,904	381,018
		1,386,898	2,174,479

	Effective Interest Rate	Company 2011	Company 2010
	%	RM	RM
Fixed rate instruments			
Financial asset			
Deposit with licensed banks	3.05 to 3.15	3,500,000	3,500,000

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 50 basis point lower/higher, with all other variables held constant, the impact is immaterial to the Group's and Company's profit net of tax.

34. FAIR VALUE OF FINANCIAL INSTRUMENTS

Determination of fair value

Financial instruments that are not carried at fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	8
Hire purchase creditors	15
Term loans	16
Trade and other payables	18
Bank borrowings	19

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The fair value of loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending or borrowing arrangements at the reporting date.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Financial Statements (cont'd)

34. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

Fair value hierarchy (cont'd)

GROUP				
2011	**Level 1**	**Level 2**	**Level 3**	**Total**
	RM	**RM**	**RM**	**RM**
Financial assets				
Derivative assets	-	15,761	-	15,761

Comparative figures have not been presented for 31 December 2010 by virtue of the exemption provided in paragraph 44G of FRS 7.

35. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to safeguard the Group's ability to continue in operation as a going concern in order to provide fair returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain the optimal capital structure, the Group may, from time to time, adjust the dividend payout to shareholders, return capital to shareholders, issue new shares, redeem debts or sell assets to reduce debts, where necessary.

For capital management purposes, the Group considers shareholders' equity, non-controlling interests and total debt to be the key components in the Group's capital structure. The Group monitors capital on the basis of the net gearing ratio. The ratio is calculated as the total debt net of cash and cash equivalents to total equity. Total equity is the sum of total equity attributable to shareholders and non-controlling interests. The net gearing ratio as at 31 December 2011 and 31 December 2010, which are within the Group's objectives for capital management, are as follows :

	Note	**Group**	
		2011	2010
		RM	RM
Cash and cash equivalents	27	(11,317,446)	(9,762,146)
Total borrowings	15, 16, 19	2,345,848	4,291,225
Net cash		(8,971,598)	(5,470,921)
Total equity		30,347,206	32,283,069
Debt to equity ratios		Nil	Nil

36. SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's geographical segments. The primary format, geographical segments, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms. A secondary format is not presented as the Group's activities in each geographical location are similar.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Notes to the Financial Statements (cont'd)

36. SEGMENTAL INFORMATION (cont'd)

Geographical segments

The Group comprises the following main geographical segments :

- Malaysia
- Thailand

	Malaysia RM	Thailand RM	Elimination RM	Consolidated RM
Revenue				
Revenue from external customers	28,465,690	1,815,334	-	30,281,024
Inter-segment revenue	8,657,338	2,432,348	(11,089,686)	-
Total revenue	37,123,028	4,247,682	(11,089,686)	30,281,024
Segment results				
Net profit/(loss) from ordinary activities	2,327,514	(2,613,204)	406,232	120,542
Segment assets	60,578,755	3,856,561	(27,431,304)	37,004,012
Segment liabilities	7,613,533	3,479,944	(4,436,671)	6,656,806

Notes to the Financial Statements (cont'd)

37. REALISED AND UNREALISED PROFITS

The following analysis of realised and unrealised retained profits at the legal entity level is prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants whilst the disclosure at the group level is based on the prescribed format by the Bursa Malaysia Securities Berhad.

	Group		Company	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Total retained earnings of the Group and the Company :				
- realised	7,726,997	12,433,353	1,531,972	2,618,069
- unrealised	773,048	351,722	(2,089)	400
	8,500,045	12,785,075	1,529,883	2,618,469
Add: Consolidation adjustments	(9,072,433)	(13,313,729)	-	-
Total retained earnings at 31 December	(572,388)	(528,654)	1,529,883	2,618,469

The disclosure of realised and unrealised profits/(losses) above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be used for any other purpose.

List of Properties

Registered/ Beneficial Owner	Title and Location/ Postal Address	Date of Acquisition	Description / Land Use	Age of Building (Years)	Land Area (sq. ft)	Built-up Area (sq. ft.)	Tenure and Expiry Date	Cost (RM'000)	Net Book Value as at 31.12.2011 (RM'000)
Techfast Manufacturing Sdn Bhd	H.S(D) 113071, PT 43, Seksyen 23, Mukim Bandar Shah Alam, Daerah Petaling, State of Selangor/ No. 11 Jalan Pasaran 23/5, Seksyen 23, 40300 Shah Alam Selangor	29.05.2002	Industrial Land/ Single Storey Detached Factory with a three-storey Front Office Annexed	14	39,579	29,419	Leasehold 99 Years Expiry date: 14.08.2096	3,746	3,305
Techfast Manufacturing Sdn Bhd	GRN 43023, Lot 33686 Mukim Klang, District of Klang, State of Selangor/ No. 3C Block D, No. 4A Block H No. 8C Block K, Jalan Tokoh 25/28, Taman Sri Muda, 40400 Shah Alam, Selangor	06.08.2003	3 Apartment Units/Staff Quarters	23	-	2,259 (Aggre-gate)	Freehold	249	122
Techfast Manufacturing Sdn Bhd	GRN 43023, Lot 33686 Mukim Klang District of Selangor State of Selangor/ No. 4C, Block M No. 10C, Block L No. 2C, Block R No. 2C, Block N No. 10B, Block L Jalan Tokoh 25/28 Taman Sri Muda 40400 Shah Alam, Selangor	08.08.2005 08.05.2005 26.10.2005 26.10.2005 26.10.2005	5 Apartment Units/Staff Quarters	23	-	4,275 (Aggre-gate)	Freehold	476	215
Techfast Manufacturing Sdn Bhd	GRN 43023 Lot 33686 Mukim Klang District of Selangor State of Selangor/ No. 6C, Block K No. 8B, Block L Jalan Tokoh 25/28 Taman Sri Muda 40400 Shah Alam Selangor	06.12.2006	2 Apartment Units/Staff Quarters	23	-	1,803 (Aggre-gate)	Freehold	183	86
Techfast Precision (Thailand) Co. Ltd. *	Title dead No. 1518, 24209, 11294 situated at 71/11 Moo.5, Tarkarm, Bangpakong, Chacheongsao 24130 Thailand	29.12.2006	Industrial Land/ Single Storey Detached Factory with a double storey front office Annexed	22	71,773	29,320	Freehold	2,876	2,567
Cape Technology Sdn Bhd	Title No : H.S(D) 11995 P.T. No 1888, Mukim 12 Daerah Barat Daya, Penang. Plot 25, Phase 4, Non- FTZ, Bayan Lepas Industrial Estate 11900 Penang	25.01.2002	Industrial Land/ Single Storey Detached Factory with a double storey front office Annexed	20	43,846	24,000	Leasehold 66 years Expiry: 21 Feb 2058	2,814	2,289

*** - Subsequently disposed off vide Sale and Purchase Agreement dated 27 January 2012.**

Analysis of Shareholdings
as at 30 March 2012

Authorised Share Capital	:	RM50,000,000.00
Issued and Fully Paid-Up Capital	:	RM15,591,180.00
Class of Equity Securities	:	Ordinary Shares of RM0.10 each
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholders	Shareholders		Shares held	
	Number	% of shareholders	Number	% of issued share capital
Less than 100 shares	9	0.576	269	0.000
100 – 1,000 shares	190	12.171	113,400	0.072
1,001 – 10,000 shares	639	40.935	3,957,400	2.538
10,001 – 100,000 shares	564	36.130	23,803,600	15.267
100,001 to less than 5% of issued shares	156	9.993	65,977,388	42.317
5% and above of issued shares	3	0.192	62,059,743	39.804
Total	**1,561**	**100.000**	**155,911,800**	**100.000**

DIRECTORS' SHAREHOLDINGS AS AT 30 MARCH 2012

Name of Directors	Direct interest		Deemed interest	
	Number of shares	% of shares	Number of shares	% of shares
Yap Yoon Sing	28,173,982	18.070	-	-
Lim Tock Ooi	21,942,861	14.073	-	-
Yap Kok Ching	114,800	0.073	-	-
Aun Ah Thim	100,000	0.064	165,000^	0.106
Datuk Chan Chong Choon	-	-	56,600*	0.036

Notes:
^ By virtue of his wife, Ho Siew Ming's shareholdings in the Company
* Held through HLG Nominee (Tempatan) Sdn Bhd

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 30 MARCH 2012

No.	Name of Shareholders	Direct interest		Deemed interest	
		Number of shares	% of shares	Number of shares	% of shares
1.	Yap Yoon Sing	28,173,982	18.070	-	-
2.	Lim Tock Ooi	21,942,861	14.073	-	-
3.	Lembaga Tabung Haji	11,942,900	7.660	-	-

Analysis of Shareholdings (cont'd)

as at 30 March 2012

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 30 MARCH 2012

No.	Name of Shareholders	No. of Shares	%
1.	YAP YOON SING	28,173,982	18.070
2.	LIM TOCK OOI	21,942,861	14.073
3.	LEMBAGA TABUNG HAJI	11,942,900	7.660
4.	TAN GEK ENG	4,939,394	3.168
5.	CHIN CHEE HEUN	4,649,394	2.982
6.	YEOW TAN KOOI	3,389,900	2.174
7.	HDM NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Chew Cheong Ber)	3,000,000	1.924
8.	LOW WAN LIN	2,000,000	1.282
9.	YEO CHEO TEE	2,000,000	1.282
10.	CHUAN KITRATIPRASAN	1,440,000	0.923
11.	LIM KENG CHUAN	1,400,000	0.897
12.	CHOONG FOONG MING	1,128,700	0.723
13.	TEOH GUAT KHOON	1,050,000	0.673
14.	CHIA MING HOW	1,000,000	0.641
15.	WONG LAI PINK	750,000	0.481
16.	HDM NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Teh Poo Seng)	700,000	0.448
17.	SHIM YIK NGOR	700,000	0.448
18.	WONG LAI WAH	700,000	0.448
19.	LAU HAI HONG	682,000	0.437
20.	TNG KAY LIM	682,000	0.437
21.	PACIFIC HANGER CORPORATION SDN BHD	608,700	0.390
22.	HASHIMOTO YUKIMASA	600,000	0.384
23.	LIM CHIAM HUAT	600,000	0.384
24.	LIM TIOK HEONG	600,000	0.384
25.	LIM TOH MENG	600,000	0.384
26.	PUBLIC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Eng Weng Cheow)	600,000	0.384
27.	FONG KOK LEONG	550,000	0.352
28.	WOON YUN SHIN	510,000	0.327
29.	LIM TIOK HEONG	508,000	0.325
30.	HLG NOMINEE (TEMPATAN) SDN BHD (Pledged Securities Account for Tan Wee Sing)	507,100	0.325
	TOTAL	**97,954,931**	**62.827**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Eighth Annual General Meeting of Techfast Holdings Berhad will be held at Alhambra I, Level M1, Hotel Melia Kuala Lumpur, No. 16, Jalan Imbi, 55100 Kuala Lumpur on Friday, 18 May 2012 at 10.00 a.m. for the following businesses:

A G E N D A

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2011 together with the Directors' and Auditors' Reports thereon. ***(Please refer to Note A below)***

2. To approve the payment of Directors' fees of RM90,000 for the financial year ended 31 December 2011. ***Resolution 1***

3. To re-elect the following Directors who retire by rotation in accordance with the Article 74 of the Company's Articles of Association, and being eligible offer themselves for re-election:
   i) Lim Tock Ooi ***Resolution 2***
   ii) Aun Ah Thim ***Resolution 3***

4. To appoint Auditors and to authorize the Directors to fix their remuneration. ***Resolution 4***

   Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965, a copy of which is annexed hereto and marked "Annexure A" has been received by the Company for the nomination of Messrs Tai, Yapp & Co. for appointment as Auditors and of the intention to propose the following Ordinary Resolution:-

   "THAT Messrs Tai, Yapp & Co. be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs GEP Associates and to hold office until the conclusion of the next annual general meeting and that authority be and is hereby given to the Directors to determine their remuneration."

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolution:

5. **Authority to Allot and Issue Shares pursuant to Section 132D of the Companies Act, 1965** ***Resolution 5***

   "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorized and empowered to allot and issue shares in the Company from time to time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued and paid-up share capital of the Company for the time being, subject always to the approval of all relevant authorities, if required, being obtained for such allotment and issue.

   AND THAT the Directors be and are hereby authorized to do all such acts and things (including executing any relevant documents) as they may consider expedient or necessary to complete and give effect to the aforesaid authority. "

6. To transact any other business for which due notice shall have been given.

By order of the Board

Chin Ooi Wee (LS 006616)
Lim Li Shiang (MIA 19661)
Company Secretaries

Kuala Lumpur
25 April 2012

Notice of Annual General Meeting (cont'd)

NOTES:

1. *Only a depositor whose name appears on the Record of Depositors as at 11 May 2012 shall be entitled to attend, speak and vote at the said meeting or appoint proxies on his/her behalf.*
2. *A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies. Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy, failing which the appointment shall be invalid. A proxy may but need not be a member of the Company and paragraphs (a) and (b) of Section 149(1) of the Companies Act, 1965 shall not apply.*
3. *The instrument appointing a proxy must be deposited at the Company's Registered Office at Suites 7.21 & 7.22, 7th Floor, Imbi Plaza, Jalan Imbi, 55100 Kuala Lumpur not less than 48 hours before the time fixed for holding the meeting, or any adjournment thereof.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorized.*

NOTE A

The item No. 1 of the Agenda is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

EXPLANATORY NOTE ON SPECIAL BUSINESS

Resolution No. 5 (item 5)

Authority to Allot and Issue Shares pursuant to Section 132D of the Companies Act, 1965

This proposed resolution, if passed, will renew the authority given to the Directors of the Company to issue and allot shares in the Company at any time, to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit ("General Mandate"), provided that the aggregate number of shares issued pursuant to this General Mandate does not exceed 10% of the total issued share capital of the Company at the time of issue. This renewed General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The general mandate procured and approved in the preceding year 2011 which was not exercised by the Company during the year, will expire at the forthcoming Eighth Annual General Meeting of the Company.

With this renewed General Mandate, the Company will be able to raise funds for the purpose of funding future investment, working capital and/or acquisitions.

Statement Accompanying Notice of Annual General Meeting

1. DIRECTORS WHO ARE STANDING FOR RE-ELECTION

The Directors who are standing for re-election at the forthcoming Eighth Annual General Meeting are as follows:

i) Lim Tock Ooi
ii) Aun Ah Thim

Further details of the above Directors are set out in the Profile of Directors on pages 5 to 6 of this Annual Report.

2. DETAILS OF DIRECTORS' ATTENDANCE AT BOARD MEETINGS

The details are set out in the Corporate Governance section on page 8 of this Annual Report.

3. DATE, TIME AND PLACE OF THE MEETING

The Eighth Annual General Meeting of the Company will be held at Alhambra I, Level M1, Hotel Melia Kuala Lumpur, No 16, Jalan Imbi, 55100 Kuala Lumpur on Friday, 18 May 2012 at 10.00 a.m.

Annexure A

Lim Tock Ooi
12 Jalan Terasek Dua
Bangsar Baru
59100 Kuala Lumpur

Date : 20 March 2012

The Board of Directors
Techfast Holdings Berhad
No. 11 Jalan Pasaran 23/5
Seksyen 23, 40300
Shah Alam Selangor

Dear Sirs,

NOMINATION OF MESSRS TAI, YAPP & CO. AS AUDITORS

Pursuant to Section 172(11) of the Companies Act, 1965, I, Lim Tock Ooi, being a shareholder of Techfast Holdings Berhad ("TECHFAST"), hereby give notice of my intention to nominate Messrs Tai, Yapp & Co. as Auditors of TECHFAST in place of the retiring Auditors, Messrs GEP Associates, and to propose the following as an Ordinary Resolution to be tabled at the forthcoming Annual General Meeting of TECHFAST:-

"THAT Messrs Tai, Yapp & Co. be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs GEP Associates and to hold office until the conclusion of the next annual general meeting and that authority be and is hereby given to the Directors to determine their remuneration."

Yours faithfully,

Lim Tock Ooi
Shareholder

Driving Excellence For
Mutual Success

TECHFAST HOLDINGS BERHAD

(Company No. 647820-D)
(Incorporated in Malaysia)

FORM OF PROXY

No. of shares held

CDS Account No.

I/We, ______________________________________ NRIC / Passport /Company No. ____________________
(Full Name in Block Letters)

of ____
(Full Address)

being a member/members of **Techfast Holdings Berhad** hereby appoint :-

Full Name *(In Block Letters)*	NRIC /Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or *(delete as appropriate)*

Full Name *(In Block Letters)*	NRIC /Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the CHAIRMAN OF THE MEETING as my/our proxy/proxies, to attend and vote on my/our behalf at the Eighth Annual General Meeting of the Company to be held at Alhambra I, Level M1, Hotel Melia Kuala Lumpur, No.16, Jalan Imbi, 55100 Kuala Lumpur on Friday, 18 May 2012 at 10.00 a.m. and at any adjournment thereof.

No.	Resolutions	*FOR	*AGAINST
1.	**Ordinary Business** To approve the payment of Directors' fees of RM90,000 for the financial year ended 31 December 2011.		
2.	To re-elect Lim Tock Ooi		
3.	To re-elect Aun Ah Thim		
4.	To appoint Auditors and to authorize the Directors to fix their remuneration.		
5.	**Special Business** Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		

* Please indicate with an "X" in the spaces provided as to how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

Dated this________day of _______________, 2012

____
Signature / Common Seal of Shareholder

NOTES:

1. *Only a depositor whose name appears on the Record of Depositors as at 11 May 2012 shall be entitled to attend, speak and vote at the said meeting or appoint proxies on his/her behalf.*
2. *A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies. Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy, failing which the appointment shall be invalid. A proxy may but need not be a member of the Company and paragraphs (a) and (b) of Section 149(1) of the Companies Act, 1965 shall not apply.*
3. *The instrument appointing a proxy must be deposited at the Company's Registered Office at Suites 7.21 & 7.22, 7th Floor, Imbi Plaza, Jalan Imbi, 55100 Kuala Lumpur not less than 48 hours before the time fixed for holding the meeting, or any adjournment thereof.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorized.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP
HERE

The Company Secretary

TECHFAST HOLDINGS BERHAD

Suites 7.21 & 7.22, 7th Floor

Imbi Plaza, Jalan Imbi

55100 Kuala Lumpur

1st fold here