TECHFAST HOLDINGS BERHAD

(Company No. 647820-D)

TFM®

Driving Excellence for
Mutual Success

ANNUAL REPORT 2012

TECHFAST HOLDINGS BERHAD
(Company No. 647820-D)
No. 11, Jalan Pasaran 23/5, Seksyen 23, 40300 Shah Alam
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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 2012.

PERFORMANCE REVIEW

For the financial year ended 31 December 2012, the Group achieved a turnover of RM19.63 million compared to RM30.28 million in the preceding financial year. The Group made a net profit after taxation of RM1.02 million compared to RM0.12 million for the year ended 31 December 2011. Net profit for the financial year under review was improved as its financial performance was no longer dragged by the losses made in the Thailand operations.

During the year, the Group trimmed its fastener operations further by progressively closing down its operations in Thailand which culminated in the eventual sale of the equity stake in the Thailand subsidiary. The fastener business now operates solely out of Malaysia only. The Group's non-fastener business remained resilient and contributed positively to the performance of the Group despite an unexpected slowing in orders due to external factors.

INDUSTRY OUTLOOK

The global economy will need to find an equilibrium between the problems faced in the Euro region and the US economy which appears to be steadily improving. Closer to home, there are fears that China's economy will continue its slowdown from the past year and would not be able to support its Asian neighbours. The prospects of Malaysia's economic growth will be largely driven by the global economic momentum, which at this juncture, is still clouded by recovery in the Euro zone. Notwithstanding, the Malaysian GDP is forecasted to grow at a steady rate of 5.3% for the year 2013 with support from domestic demand driven mainly by private investments. After a relatively challenging and disappointing 2012, semi-conductor industry experts believe that the worst is nearly over and companies should be making investments to position themselves to take advantage of an expected recovery.

PROSPECTS

In the current year 2013, the fastener segment will shift its focus to growing the electronic hardware business, which has been recording encouraging sales since the beginning of March 2013. The Management hopes that this trend will continue until the end of the year so that the increase in sales of electronic hardware can compensate for the slowdown in sales of self-clinching fasteners. With the loss-making Thailand subsidiary out of the way, Management will target positive results for the fastener division for the current year.

Organic growth for the Group will be driven by the businesses of Cape Technology Sdn Bhd ("Cape") and Oriem Technology Sdn Bhd ("Oriem"), both of which operate in the semi-conductor industry. With focus on power management and efficiency solutions, the businesses of Cape and Oriem are well poised to ride on the growth in these industry segments. Cape will strive to further enhance its research and development efforts to develop new products for mould cleaning and waxing whereas, Oriem will also be innovating its current LED epoxy products to adapt for outdoor performance. To stay competitive with other industry players, Management at Cape and Oriem will source for alternative raw materials to keep costs low without compromising on product quality. The short-term immediate goal would be to improve production yield as a result of less raw materials wastage.

With these strategies in place, the Group is optimistic of achieving a better financial performance for the current year 2013 compared to the financial year just ended 31 December 2012.

CORPORATE SOCIAL RESPONSIBILITY

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. During the year, the Group made some donations to charitable organisations and have supported some of its staff members by paying their tuition fees for continuing education. It will continually evaluate its contribution to the community in kind as part of its corporate goals.

DIVIDEND

The Board of Directors has recommended a final single tier dividend of 5% or 0.5 sen per ordinary share for the shareholders' approval at the forthcoming Annual General Meeting.

APPRECIATION

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. 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.

Last, but not least, I express my gratitude to my fellow Board members for their invaluable contribution, advice and guidance.

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
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Tel : 03-5548 5112
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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

Tai, Yapp & Co. (AF 0205)
Chartered Accountants
No. 3-2 Jalan Indrahana 2
Off Jalan Kuchai Lama
58200 Kuala Lumpur
P.O. Box 89, Jalan Kelang Lama Post Office
58000 Kuala Lumpur
Tel : 03-7983 0277 / 7983 6128
Fax : 03-7981 9912

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

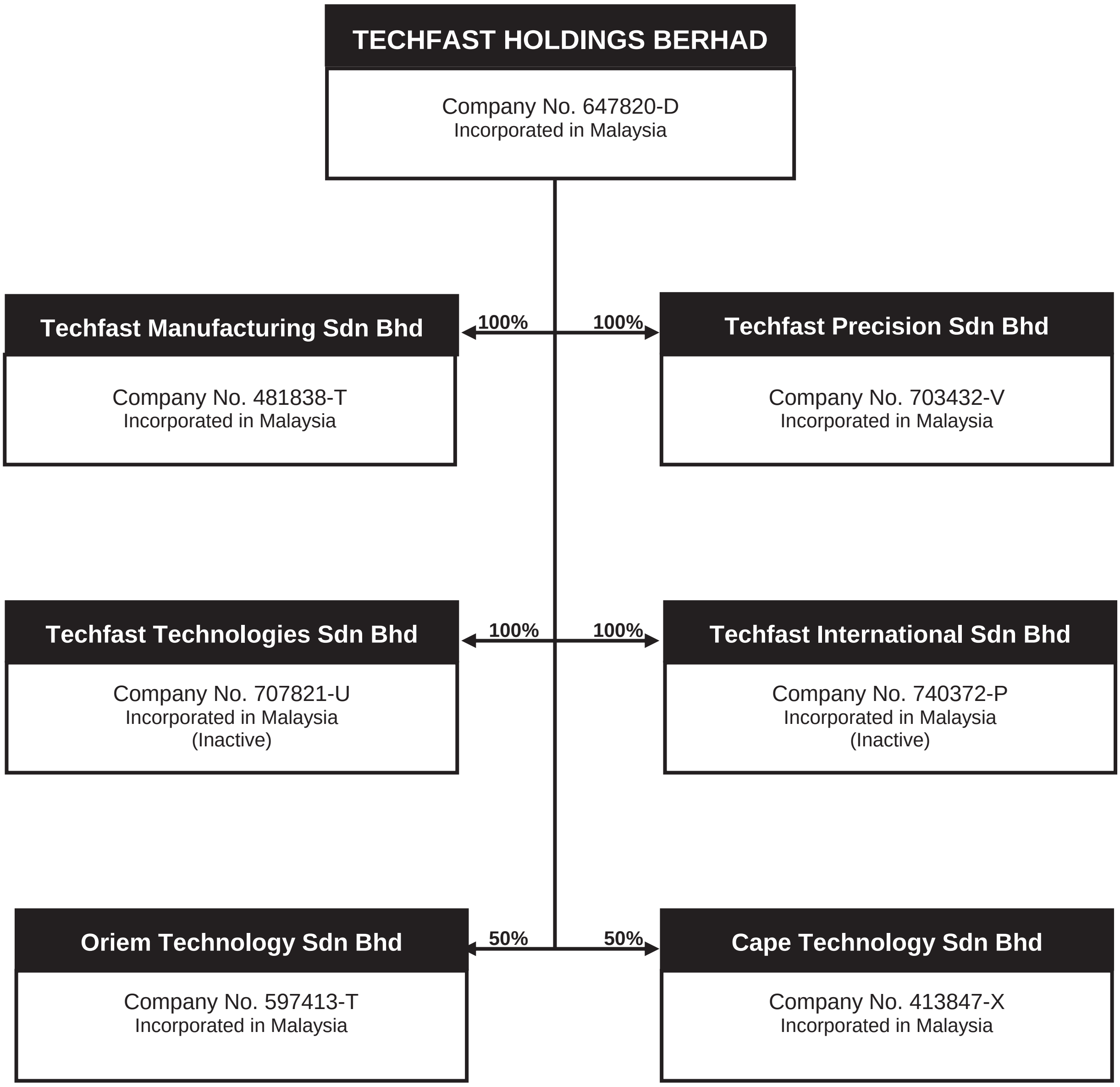
LISTING

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	:	66
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	:	47
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	:	56
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. Mr. Yap is presently the Managing Director of a licensed F&B chain with many outlets in the Klang Valley. 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	:	61
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	:	57
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 has been empanelled as an Arbitrator and a Mediator with 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 six (6) times during the financial year ended 31 December 2012. The number of meetings attended by the Board members is as follows:

Directors	Board Meetings		
	Held	Attended	% of Attendance
Lim Tock Ooi	6	6	100.00%
Yap Yoon Sing	6	6	100.00%
Yap Kok Ching	6	6	100.00%
Aun Ah Thim	6	6	100.00%
Datuk Chan Chong Choon	6	5	83.33%

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 12 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 2012 are as follows:

Director	Training	Mode of Training	No. of hours/day(s) spent
Lim Tock Ooi	Taxation For Property Developers And Construction Companies	Workshop	1 day
	Workshop On Tax Audit Findings	Workshop	1 day
	Board's Role In Governance & Audit Committee Oversight Responsibilities – Passion Beyond Numbers	Seminar	1 day
	Corporate Business Deductions - Practical Way	Course	1 day
	2nd National Tax Conference 2002 Globalised Tax System In A Borderless World	Conference	1 day
	Corporate Disclosure Guide 2011	Seminar	½ Day
Yap Yoon Sing	Board's Role In Governance & Audit Committee Oversight Responsibilities – Passion Beyond Numbers	Seminar	1 day
	Corporate Disclosure Guide 2011	Seminar	½ Day
Aun Ah Thim	Board's Role In Governance & Audit Committee Oversight Responsibilities – Passion Beyond Numbers	Seminar	1 day
	Corporate Disclosure Guide 2011	Seminar	½ Day

Statement on Corporate Governance (cont'd)

1. BOARD OF DIRECTORS (cont'd)

Directors' Training (cont'd)

Director	Training	Mode of Training	No. of hours/day(s) spent
Yap Kok Ching	Board's Role In Governance & Audit Committee Oversight Responsibilities – Passion Beyond Numbers	Seminar	1 day
	Corporate Disclosure Guide 2011	Seminar	½ Day
Datuk Chan Chong Choon	Board's Role In Governance & Audit Committee Oversight Responsibilities – Passion Beyond Numbers	Seminar	1 day
	Corporate Disclosure Guide 2011	Seminar	½ Day
	Case Studies For Boardroom Excellence – Related Party Transactions- Doing It Right For Results	Seminar	½ Day

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.

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 of the Company for the financial year ended 31 December 2012 was as follows:

Components	Executive Directors RM '000	Non-Executive Directors RM '000	Total RM '000
Fees	-	90	90
Salaries/Other emoluments	844	14	858
Benefits-in-kind	146	-	146
Total	**990**	**104**	**1,094**

Statement on Corporate Governance (cont'd)

2. DIRECTORS' REMUNERATION (cont'd)

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.

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 of Risk Management and Internal Control as set out on page 14 of this Annual Report provides an overview of the state of internal controls within the Group.

Statement on Corporate Governance (cont'd)

4. ACCOUNTABILITY AND AUDIT (cont'd)

Relationship with the External Auditors

The external audit functions acts as an independent reviewer for the financial statements to form an opinion as to the true and fair view of the financial statements prepared by the Company. The external auditors report to the Audit Committee their findings following their audit of the statutory financial statements. The external auditors are invited to attend the Audit Committee meetings during the year with the aim of ensuring proper presentation of interim financial statements, to provide professional opinion on the proper accounting treatments of the underlying transactions, to provide advice on the adoption of Financial Reporting Standards in the Group's context, and to highlight to the Audit Committee and the Board any matters that required their attention.

The role of the Audit Committee in relation to the external auditors is set out on pages 15 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 and Audit 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 2012.

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.

One (1) meeting was held during the financial year ended 31 December 2012 with full attendance from all the Committee members.

Audit Committee

The report of the Audit Committee is set out on pages 15 to 17 of this Annual Report.

Statement on Corporate Governance (cont'd)

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 of Risk Management and Internal Control

The Board of Directors is pleased to present the Statement of Risk Management and Internal Control of the Techfast Group of companies which outlines the key elements of its risk management framework for the year ended 31 December 2012.

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 organisation.
- The Group 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.
- For monitoring of financial performance, monthly management reporting and variance analysis identifies any anomalies that required further investigation. Management meetings that are focused on financial performance, goals and strategies enforce accountability amongst staff.
- 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. The Board and Management have sought regular assurance on the effectiveness and soundness of the internal control system through reviews conducted by the internal auditors.

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 2012.

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.

Audit Committee Report (cont'd)

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 2012, 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 2012 in discharging their duties and responsibilities:

- reviewed the quarterly reports of the Group and accompanying notes to make recommendation 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 2012 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 to the Board of Directors the appointment of new external auditors following the retirement of Messrs GEP Associates who did not seek re-appointment;
- reviewed internal audit reports for its subsidiaries which highlights the audit issues, recommendations and management responses thereto prepared by professional firm engaged to perform the internal audit function for the Group;
- discussed action taken with management to improve the system of internal control based on improvement opportunities identified in the internal audit reports; and
- monitored the accounts receivable and obtained satisfactory explanations from Management on long overdue accounts.

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

There had not been any options granted since the expiry of the Company's ESOS on 29 May 2010.

6. INTERNAL AUDIT FUNCTION

The internal audit function within the Group has been outsourced to an independent professional firm for the financial year ended 31 December 2012. In order maintain their independence from Management, the independent professional firm reports directly to the Audit Committee. A representative from the professional firm attends the Audit Committee meetings on a quarterly basis to report their work performed and internal audit findings. In doing so, the professional firm assists the Board in monitoring the risks through their review of the internal controls within the operations of the Group to ensure that a sound system of internal control is established and continues to function effectively and satisfactorily, while taking into consideration the practicality of such control mechanisms being in place.

In the course of conducting the internal audit work during the financial year, the independent professional firm carried out their internal audit review of the inventory receiving and storage procedures, quality inspection process, sales order and billing procedures and the shipping and billing process.

The total cost incurred for the internal audit function of the Group for 2012 is RM36,000 (2011: RM36,000).

Further details of the activities of the internal audit function are set out in the Statement of Risk Management and Internal Control detailed on page 14 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 2012 was RM Nil (2011: RM2,000).

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 2012.

9. REVALUATION POLICY

The policy of revaluation on landed properties is as disclosed in Note 3 to the Financial Statements on page 36 of this Annual Report.

10. RELATED PARTY TRANSACTIONS

Significant related party transactions of the Group for the financial year are disclosed in Note 32 to the Financial Statements on pages 62 to 63 of this Annual Report.

FINANCIAL STATEMENTS

Directors' Report

The Directors present their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

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 8 to the Financial Statements. There have been no significant changes in the nature of these principal activities during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Profit after taxation	1,019,236	2,665,910
Profit attributable to:		
Owners of the Company	94,862	2,665,910
Non-controlling interest	924,374	-
	1,019,236	2,665,910

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDEND

The Directors propose a final single tier dividend of 5% per ordinary share amounting to RM779,559 in respect of the financial year ended 31 December 2012, to be approved at the forthcoming Annual General Meeting.

This proposed dividend is not reflected in the current year's financial statements. Such dividend if approved by the shareholders will be accounted for in the shareholders' equity as an appropriation of unappropriated profit in the financial year ending 31 December 2013.

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

During the year, no issue of shares was made by the Company.

DIRECTORS

The Directors who have served since the date of the last report are:

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

In accordance with Article 74 of the Company's Articles of Association, Mr. Yap Yoon Sing and Mr. Yap Kok Ching retire by rotation, and being eligible, offer themselves for re-election at the forthcoming Annual General Meeting of the Company.

Directors' Report (cont'd)

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:

	Ordinary Shares of RM0.10 each			
Direct Interest	**As at 1.1.2012**	**Bought**	**(Sold)**	**As at 31.12.2012**
Yap Yoon Sing	28,173,982	-	-	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, no Director has received or become entitled to receive any benefit (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 he is a member, or with a company in which the Director has a substantial financial interest other than any benefits which may be deemed to have arisen from the transactions entered into by the Company as mentioned in Note 27 and Note 32 to the Financial Statements.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

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

   (i) to ascertain that proper action has been taken in relation to the writing off of bad debts and the making of allowance for impairment of receivables and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts

   (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

   (i) the amount written off for bad debts or the amount of the allowance for impairment of receivables in the Group and the Company inadequate to any substantial extent;

   (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances 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.

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report there does not exist:

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

   (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

Directors' Report (cont'd)

OTHER STATUTORY INFORMATION (cont'd)

(f) In the opinion of the Directors:

(i) no contingent liability or other liabilities has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due;

(ii) 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 operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 36 to the Financial Statements.

AUDITORS

The auditors, Tai, Yapp & Co., have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors.

YAP YOON SING

LIM TOCK OOI

Kuala Lumpur
Dated: 8 April 2013

Consolidated Statement of Financial Position
as at 31 December 2012

	Note	**31.12.2012 RM**	31.12.2011 RM	1.1.2011 RM
ASSETS				
Non-current assets				
Property, plant and equipment	5	10,628,032	11,479,618	16,935,201
Development expenditure	6	-	86,443	201,643
Goodwill on consolidation	7	1,109,776	1,109,776	1,126,999
		11,737,808	12,675,837	18,263,843
Current assets				
Inventories	9	3,408,705	4,162,837	4,899,771
Trade receivables	10	4,792,330	5,643,307	7,999,192
Other receivables, deposits and prepayments	11	631,234	618,656	906,128
Deposits with licensed banks	13	3,550,923	4,074,827	3,575,188
Derivative asset	14	-	15,761	-
Tax recoverable		78,996	-	-
Short term investment	15	5,514,328	2,548,884	1,000,768
Cash and bank balances	16	3,791,790	4,693,735	5,186,190
Non-current assets held for sale	17	-	2,570,168	23,800
		21,768,306	24,328,175	23,591,037
TOTAL ASSETS		**33,506,114**	**37,004,012**	**41,854,880**
EQUITY AND LIABILITIES				
Equity				
Share capital	18	15,591,180	15,591,180	15,591,180
Reserves	19	9,500,394	9,363,840	9,431,580
Equity attributable to owners of the Company		25,091,574	24,955,020	25,022,760
Non-controlling interests		4,546,585	5,392,186	7,260,309
Total equity		29,638,159	30,347,206	32,283,069
Non-current liabilities				
Hire purchase payables	20	682,596	387,213	205,772
Term loans	21	54,094	665,524	1,675,432
Deferred taxation	22	620,990	779,200	263,100
		1,357,680	1,831,937	2,144,304
Current liabilities				
Trade payables	23	1,034,416	1,818,810	1,996,128
Other payables and accruals	24	1,166,307	1,659,652	2,873,866
Hire purchase payables	20	165,085	100,836	123,149
Bank borrowings	25	132,518	1,192,275	2,286,872
Current tax payable		11,949	53,296	147,492
		2,510,275	4,824,869	7,427,507
Total liabilities		3,867,955	6,656,806	9,571,811
TOTAL EQUITY AND LIABILITIES		**33,506,114**	**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 2012

	Note	**31.12.2012**	31.12.2011	1.1.2011
	Note	**RM**	RM	RM
ASSETS				
Non-current assets				
Property, plant and equipment	5	2,359	800	1,280
Investment in subsidiary companies	8	24,295,980	24,675,259	27,224,769
		24,298,339	24,676,059	27,226,049
Current assets				
Other receivables	11	1,000	1,000	156,820
Amount owing by subsidiary companies	12	-	809,166	25,809
Deposits with licensed banks	13	3,500,000	3,500,000	3,500,000
Short term investment	15	1,957,739	1,015,687	-
Cash and bank balances	16	205,172	49,662	515,143
		5,663,911	5,375,515	4,197,772
TOTAL ASSETS		**29,962,250**	**30,051,574**	**31,423,821**
EQUITY AND LIABILITIES				
Equity				
Share capital	18	15,591,180	15,591,180	15,591,180
Reserves	19	14,173,713	11,507,803	12,596,389
Total equity		29,764,893	27,098,983	28,187,569
Non-current liability				
Deferred taxation	22	590	200	400
Current liabilities				
Other payables and accruals	24	196,767	347,391	245,852
Amount owing to subsidiary companies	12	-	2,605,000	2,990,000
		196,767	2,952,391	3,235,852
Total liabilities		197,357	2,952,591	3,236,252
TOTAL EQUITY AND LIABILITIES		**29,962,250**	**30,051,574**	**31,423,821**

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

Consolidated Statement of Comprehensive Income

for the financial year ended 31 December 2012

	Note	**2012** RM	2011 RM
Revenue	26	19,632,701	30,281,024
Cost of sales		(12,307,781)	(19,767,089)
Gross profit		7,324,920	10,513,935
Other income		1,331,056	645,564
Selling and distribution expenses		(1,270,514)	(1,267,514)
Administrative expenses		(3,919,653)	(4,251,609)
Other expenses		2,033,754	(3,920,891)
Profit from operations		1,432,055	1,719,485
Finance costs		(57,441)	(220,363)
Profit before taxation	27	1,374,614	1,499,122
Taxation	28	(355,378)	(1,378,580)
Profit after taxation		**1,019,236**	**120,542**
Other comprehensive income:			
Foreign currency translation		(29,468)	(56,405)
Reclassification adjustment for disposal of foreign subsidiary company		71,160	-
Total comprehensive income		**1,060,928**	**64,137**
Profit/(Loss) attributable to:			
Owners of the Company		94,862	(43,734)
Non-controlling interests		924,374	164,276
		1,019,236	**120,542**
Total comprehensive income/(expense) attributable to:			
Owners of the Company		136,554	(67,740)
Non-controlling interests		924,374	131,877
Total comprehensive income		**1,060,928**	**64,137**
Earnings/(Loss) per ordinary share (sen) - Basic	29	0.06	(0.03)

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

Statement of Comprehensive Income

for the financial year ended 31 December 2012

	Note	**2012** **RM**	2011 RM
Revenue	26	4,211,287	3,038,160
Other income		119,120	-
Administrative expenses		(1,189,088)	(1,281,640)
Other expenses		(475,019)	(2,845,306)
Profit/(Loss) before taxation	27	2,666,300	(1,088,786)
Taxation	28	(390)	200
Profit/(Loss) after taxation		**2,665,910**	**(1,088,586)**
Other comprehensive income		-	-
Total comprehensive income		**2,665,910**	**(1,088,586)**

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

Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2012

	Attributable to owners of the Company						
		Non-Distributable		Distributable			
	Share Capital	Share Premium	Translation Reserve	Accumulated Losses	Total	Non-Controlling Interest	Total Equity
	RM	RM	RM	RM	RM	RM	RM
Balance at 1st January 2011	15,591,180	9,977,920	(17,686)	(528,654)	25,022,760	7,260,309	32,283,069
Dividend paid to non-controlling interest	-	-	-	-	-	(2,000,000)	(2,000,000)
(Loss)/Profit for the year	-	-	-	(43,734)	(43,734)	164,276	120,542
Foreign currency translation	-	-	(24,006)	-	(24,006)	(32,399)	(56,405)
Total comprehensive (expense)/income	-	-	(24,006)	(43,734)	(67,740)	131,877	64,137
Balance at 31st December 2011	15,591,180	9,977,920	(41,692)	(572,388)	24,955,020	5,392,186	30,347,206
Dividend paid to non-controlling interest	-	-	-	-	-	(1,650,000)	(1,650,000)
Disposal of subsidiary company	-	-	-	-	-	(119,975)	(119,975)
Profit for the year	-	-	-	94,862	94,862	924,374	1,019,236
Foreign currency translation	-	-	(29,468)	-	(29,468)	-	(29,468)
Reclassification adjustment for disposal of foreign subsidiary company	-	-	71,160	-	71,160	-	71,160
Total comprehensive income	-	-	41,692	94,862	136,554	924,374	1,060,928
Balance at 31st December 2012	15,591,180	9,977,920	-	(477,526)	25,091,574	4,546,585	29,638,159

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

Statement of Changes in Equity
for the financial year ended 31 December 2012

	Attributable to owners of the Company			
		Non-Distributable	Distributable	
	Share Capital	Share Premium	Unappropriated Profit	Total Equity
	RM	RM	RM	RM
Balance at 1st January 2011	15,591,180	9,977,920	2,618,469	28,187,569
Total comprehensive income	-	-	(1,088,586)	(1,088,586)
Balance at 31st December 2011	15,591,180	9,977,920	1,529,883	27,098,983
Total comprehensive income	-	-	2,665,910	2,665,910
Balance at 31st December 2012	15,591,180	9,977,920	4,195,793	29,764,893

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

Consolidated Statement of Cash Flow
for the financial year ended 31 December 2012

	Note	2012 RM	2011 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,374,614	1,499,122
Adjustments for:			
Depreciation of property, plant and equipment		1,478,866	1,868,556
Impairment loss on property, plant and equipment		-	1,526,595
Interest expense		43,217	220,363
Impairment loss on loans and receivables		-	150,000
Amortisation of development expenditure		86,443	115,200
Impairment loss on non-current assets held for sale		-	20,000
Impairment of goodwill		-	17,223
Loss on disposal of investment in subsidiary company		71,466	-
Unrealised (gain)/loss on foreign exchange		(139,194)	6,152
Bad debts written off		-	2,120
Property, plant and equipment written off		4	13
Gain on striking-off of a subsidiary company		-	(144)
Gain on disposal of non-current assets held for sale		(277,349)	(8,770)
Gain on disposal of property, plant and equipment		(327,761)	(11,499)
Fair value gain on derivative		-	(15,761)
Income from short term investment		(73,393)	(32,429)
Interest income		(35,250)	(243)
Operating profit before working capital changes		2,201,663	5,356,498
Decrease in inventories		751,371	736,934
Decrease in trade and other receivables		943,197	2,553,160
Decrease in trade and other payables		(1,284,248)	(1,403,831)
Cash generated from operations		2,611,983	7,242,761
Tax refund		44,138	199,390
Tax paid		(639,837)	(993,775)
Bank overdraft interest and other interest paid		(19,917)	(15,963)
Net cash provided by operating activities		1,996,367	6,432,413

Consolidated Statement of Cash Flow (cont'd)

for the financial year ended 31 December 2012

	Note	**2012** **RM**	2011 RM
CASH FLOWS FROM INVESTING ACTIVITIES			
Net proceeds from disposal of non-current assets held for sale		2,829,543	12,570
Interest received		35,250	20
Short term investment income received		73,393	32,429
Proceeds from disposal of property, plant and equipment		818,821	11,639
Purchase of property, plant and equipment	(b)	(438,686)	(326,371)
Withdrawal of fixed deposits		24,048	-
Disposal of a subsidiary company, net of cash and cash equivalents disposed	8 (b)	(131,026)	-
Net cash provided by/(used in) investing activities		3,211,343	(269,713)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of hire purchase interests		(32,980)	(20,109)
Repayment of hire purchase payables		(323,368)	(140,872)
Payment of term loan interests		9,680	(161,354)
Net decrease in bills payable		(124,031)	(279,051)
Repayment of term loans		(1,337,132)	(1,810,887)
Dividend paid to non-controlling interests		(1,650,000)	(2,000,000)
Net cash used in financing activities		(3,457,831)	(4,412,273)
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,749,879	1,750,427
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES		17,393	(157,262)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		11,038,846	9,445,681
CASH AND CASH EQUIVALENTS CARRIED FORWARD		12,806,118	11,038,846
Note:			
Cash and cash equivalents:			
Deposits with licensed banks (Note 12)		3,550,923	4,074,827
Short term investment (Note 14)		5,514,328	2,548,884
Cash and bank balances (Note 15)		3,791,790	4,693,735
Bank overdrafts (Note 24)		-	(203,773)
		12,857,041	11,113,673
Deposits placed with licensed bank (Note 12)		(50,923)	(74,827)
		12,806,118	11,038,846

(b) Purchase of Property, Plant and Equipment

During the year, the Group acquired property, plant and equipment for an aggregate cost of RM1,121,686 (2011: RM626,371) of which RM683,000 (2011: RM300,000) was acquired by means of hire purchase and the balance of RM438,686 (2011: RM326,371) was paid by cash.

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

Statement of Cash Flow

for the financial year ended 31 December 2012

	Note	2012 RM	2011 RM
CASH FLOWS FROM OPERATING ACTIVITES			
Profit/(Loss) before taxation		2,666,300	(1,088,786)
Adjustments for:			
Impairment loss on investment in subsidiary companies		234,000	2,549,510
Impairment loss on loans and receivables		-	150,000
Unrealised loss on foreign exchange		-	2,289
Bad debts written off		-	764
Depreciation of property, plant and equipment		840	480
Gain on disposal of investment in subsidiary company		(5,789)	-
Operating profit before working capital changes		2,895,351	1,614,257
Decrease/(Increase) in receivables		809,166	(780,590)
Decrease in payables		(150,624)	(283,461)
Net cash provided by operating activities		3,553,893	550,206
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2,399)	-
Repayment to subsidiary companies		(2,605,000)	-
Proceeds from disposal of a subsidiary company	8 (b)	151,068	-
Net cash used in investing activities		(2,456,331)	-
CASH FLOWS FROM FINANCING ACTIVITIES		-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,097,562	550,206
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		4,565,349	4,015,143
CASH AND CASH EQUIVALENTS CARRIED FORWARD		5,662,911	4,565,349
Note:			
Cash and cash equivalents:			
Deposits with licensed banks (Note 12)		3,500,000	3,500,000
Short term investment (Note 14)		1,957,739	1,015,687
Cash and bank balances (Note 15)		205,172	49,662
		5,662,911	4,565,349

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

Notes to the Financial Statements

1. GENERAL INFORMATION

The Company is a public limited liability company incorporated and domiciled in Malaysia. It is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The Company's registered office is at Suites 7.21 & 7.22, 7th Floor, Imbi Plaza, Jalan Imbi, 55100 Kuala Lumpur.

The Company's principal place of business is at No. 11, Jalan Pasaran 23/5, Seksyen 23, 40300 Shah Alam, Selangor Darul Ehsan.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Statement of Compliance

The financial statements of the Group and of the Company have been approved by the Board of Directors for issuance on 8th April 2013.

The financial statements of the Group and of the Company have been prepared in accordance with applicable Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 1965 in Malaysia. These are the Company's first financial statements prepared in accordance with MFRSs and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

In the previous financial years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ("FRS") in Malaysia. During the financial year, the Group and the Company had adopted the following MFRSs and Interpretations which are mandatory for the current financial year:

MFRSs	IFRSs	Title
MFRS 1	IFRS 1	First-time Adoption of Financial Reporting Standards
MFRS 2	IFRS 2	Share-based Payment
MFRS 4	IFRS 4	Insurance Contracts
MFRS 5	IFRS 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 6	IFRS 6	Exploration for and Evaluation of Mineral Resources
MFRS 7	IFRS 7	Financial Instruments: Disclosures
MFRS 8	IFRS 8	Operating Systems
MFRS 101	IAS 1	Presentation of Financial Statements
MFRS 102	IAS 2	Inventories
MFRS 107	IAS 7	Statement of Cash Flows
MFRS 108	IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 110	IAS 10	Events after the Reporting Period
MFRS 111	IAS 11	Construction Contracts
MFRS 112	IAS 12	Income Taxes
MFRS 116	IAS 16	Property, Plant and Equipment
MFRS 117	IAS 17	Leases
MFRS 118	IAS 18	Revenue
MFRS 119	IAS 19	Employee Benefits
MFRS 120	IAS 20	Accounting for Government Grants and Disclosure of Government Assistance
MFRS 121	IAS 21	The Effects of Changes in Foreign Exchange Rates
MFRS 123	IAS 23	Borrowing Costs
MFRS 124	IAS 24	Related Party Disclosures
MFRS 126	IAS 26	Accounting and Reporting by Retirement Benefit Plan
MFRS 127	IAS 27	Separate Financial Statements
MFRS 128	IAS 28	Investments in Associates and Joint Ventures
MFRS 129	IAS 29	Financial Reporting in Hyperinflationary Economies
MFRS 131	IAS 31	Interests in Joint Ventures
MFRS 132	IAS 32	Financial Instruments: Presentation
MFRS 133	IAS 33	Earnings per Share
MFRS 134	IAS 34	Interim Financial Reporting
MFRS 136	IAS 36	Impairment of Assets
MFRS 137	IAS 37	Provisions, Contingent Liabilities and Contingent Assets
MFRS 138	IAS 38	Intangible Assets
MFRS 139	IAS 39	Financial Instruments: Recognition and Measurement
MFRS 140	IAS 40	Investment Property
MFRS 141	IAS 41	Agriculture
IC Int. 1	IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Int. 2	IFRIC 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Int. 4	IFRIC 4	Determining whether an Arrangement contains a Lease
IC Int. 5	IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Int. 6	IFRIC 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment

Notes to the Financial Statements (cont'd)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.1 Statement of Compliance (cont'd)

MFRSs	IFRSs	Title
IC Int. 7	IFRIC 7	Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies
IC Int. 9	IFRIC 9	Reassessment of Embedded Derivatives
IC Int. 10	IFRIC 10	Interim Financial Reporting and Impairment
IC Int. 12	IFRIC 12	Service Concession Arrangements
IC Int. 13	IFRIC 13	Customer Loyalty Programmes
IC Int. 14	IFRIC 14	MFRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IC Int. 15	IFRIC 15	Agreements for the Construction of Real Estate
IC Int. 16	IFRIC 16	Hedges of Net Investment in a Foreign Operation
IC Int. 17	IFRIC 17	Distribution of Non-Cash Assets to Owners
IC Int. 18	IFRIC 18	Transfers of Assets from Customers
IC Int. 19	IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
IC Int. 107	SIC 7	Introduction to the Euro
IC Int. 110	SIC 10	Government Assistance – No Specific Relation to Operating Activities
IC Int. 112	SIC 12	Consolidation – Special Purpose Entities
IC Int. 113	SIC 13	Jointly Controlled Entities – Non-monetary Contributions by Ventures
IC Int. 115	SIC 15	Operating Leases – Incentives
IC Int. 125	SIC 25	Income taxes – Changes in the Tax Status of an Entity or its Shareholders
IC Int. 127	SIC 27	Evaluation the Substance of Transactions Involving the Legal Form of a Lease
IC Int. 129	SIC 29	Service Concession Arrangements: Disclosures
IC Int. 131	SIC 31	Revenue – Barter Transactions Involving Advertising Services
IC Int. 132	SIC 32	Intangible Assets – Web Site Costs

The financial impacts on transition to the above MFRSs are disclosed in Note 33.

At the date of authorisation of these financial statements, the following MFRSs, Amendments to MFRSs and Interpretations were issued but not yet effective and have not been applied by the Company:

Effective for financial periods beginning on or after 1 July 2012

Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income

Effective for financial periods beginning on or after 1 January 2013

MFRS 3	Business Combinations
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 (revised)
MRFS 127	Consolidated and Separate Financial Statements (revised)
MRFS 128	Investments in Associates and Joint Ventures (revised)
Amendments to MFRS 1	First-Time Adoption of MFRS – Government Loans
Amendments to MFRS 7	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10	Consolidated Financial Statements: Transition Guidance
Amendments to MFRS 11	Joint Arrangements: Transition Guidance
Amendments to MFRS 12	Disclosure of Interest in Other Entities: Transition Guidance

Annual improvements to IC Interpretations and MFRSs 2009 – 2011 Cycle

Effective for financial periods beginning on or after 1 January 2014

Amendments to MFRS 132	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities

Effective for financial periods beginning on or after 1 January 2015

Amendments to MFRS 9	Mandatory Effective Date of MFRS 9 and Transition Disclosures

The management anticipate that the adoption of the above MFRSs will not have significant impact on the financial position and financial performance of the Group and of the Company.

2.2 Basis of Measurement

The financial statements of the Group have been prepared under the historical cost convention and other measurement basis otherwise indicated in the respective accounting policies as set out below.

Notes to the Financial Statements (cont'd)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.3 Functional and Presentation Currency

The financial statements of the Group are presented in Ringgit Malaysia (RM), which is the Group's functional currency.

2.4 Use of Estimates and Judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the respective notes.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below :

(a) Useful lives of Property, Plant and Equipment

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In additional the estimation of the useful lives of property, plant and equipment are based on internal evaluation and experience with similar assets. It is possible that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

(b) 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 the factors such as the probability of insolvency or significant financial difficulties of the receivables and default or significant delay in payments.

(c) Allowance for Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(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 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.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expense and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

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

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of the non-controlling interest in the acquiree (if any), 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 is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Transactions with non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

3.3 Goodwill on Consolidation

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 3.9 (ii).

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Subsidiary Companies

A subsidiary company is a company in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investment in subsidiaries are stated in the Company's statement of financial position at cost less impairment losses.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

3.5 Property, Plant and Equipment

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 are measured at cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day to day servicing of property, plant and equipment are recognised in the statement of comprehensive income as incurred.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation is calculated to write off the cost of property, plant and equipment on a straight line basis over the estimated useful lives of the assets concerned. The principal annual rates used for this purpose are as follows:

	%
Long term leasehold land	over the remaining lease period
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

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.

3.6 Inventories

Inventories are stated at the lower of cost and net realisable value after due allowances are made for slow moving and obsolete inventories. Cost is principally determined on first-in, first-out basis. The cost of raw materials comprises cost of purchase. The costs of finished goods and work-in-progress comprise direct materials, direct labour and an appropriate proportion of factory overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.7 Revenue Recognition

Revenue of the Group are recognised as follows:

(i) Revenue from sale of goods is recognised when the goods are delivered and upon customer's acceptance.
(ii) Revenue from rendering of services is recognised when the services are performed.
(iii) Revenue from management services is recognised when the services are rendered.
(iv) Interest income is recognised as it accrual using the effective interest method in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Income Taxes

Income taxes comprise current and deferred tax. Tax expense is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.9 Impairment

(i) Financial assets

All financial assets (except for investments in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

(ii) Non-financial assets

The carrying amounts of non-financial assets (except for deferred tax asset) are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows 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.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation losses are credited to profit or loss in the year in which the reversals are recognised.

The impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Foreign Currencies Conversion

3.10.1 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.

3.10.2 Foreign currency translations

In preparing the financial statements of the individual entities, transactions in foreign currencies are measured in the respective functional currencies at the exchange rates approximating those ruling at the transaction dates. At each financial year end, monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the financial year end. 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 financial year end 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 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.

3.11 Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of leases classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as held under a finance lease; and

Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(ii) Finance Leases

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the statement of financial position as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of assets acquired, are recognised in the statement of comprehensive income over the term of the relevant lease so as to produce a constant periodical rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 3.5.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Leases (cont'd)

(iii) Operating Leases

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. 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.

In the case of a lease of land, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land elements in proportion to the relative fair values for leasehold interests in the land element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

3.12 Segment Information

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between Group enterprises within a single element.

3.13 Provision for Liabilities

Provision for liabilities are recognised when the Group has present obligations as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

3.14 Employee Benefit Costs

Short term benefits

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

Short term accumulating compensated absences such as paid annual leaves are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leaves are recognised when the absences occur.

Defined contribution plan

Contributions to the Employees' Provident Fund are charged to the statement of comprehensive income in the year to which they relate.

3.15 Contingencies

A contingent liability or asset is a possible obligation or benefit that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

3.16 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Development Expenditure (cont'd)

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.

3.17 Derivative Financial Instruments

Derivative financial instruments are initially recognized 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.

3.18 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.

3.19 Financial Assets and Liabilities

Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date, with the exception that the designation of financial assets at fair value through profit or loss at inception is not revocable.

Financial assets are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the financial instrument. When financial assets are recognised initially, they are measured at their fair values.

Purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. A financial asset is derecognised where the contractual rights to receive cash flows from the asset has expired or has been transferred and the Group has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss. Financial liabilities within the scope of MFRS 139 are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

3.19.1 Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are presented as "trade and other receivables", "cash and cash equivalents" and where applicable, "amount owing by subsidiary companies" on the statement of financial position.

Trade and Other Receivables

Trade and other receivables which are normally settled within 30 to 90 days are recognised initially at fair value and subsequently at amortised cost using the effective interest method, less allowance for impairment.

An allowance for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance for impairment is recognised in the statement of comprehensive income. When the asset becomes uncollectible, it is written off against the allowance account.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 Financial Assets and Liabilities (cont'd)

3.19.1 Loans and Receivables (cont'd)

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and at bank, fixed deposits and short term investment with financial institutions that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in values. For the purposes of the statement of cash flows, cash and cash equivalents are shown net of bank overdraft.

Trade and Other Payables

Trade and other payables which are normally settled within 30 to 90 days are initially measured at fair value, subsequently at amortised cost using the effective interest method.

3.20 Borrowing Costs

All borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest that the Group incurred in connection with the borrowing of funds.

4. 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 8 to the financial statements.

5. PROPERTY, PLANT AND EQUIPMENT

GROUP

Cost	Balance as at 1.1.12 RM	Addition RM	(Written off) RM	(Disposals) RM	(Exchange Difference) RM	Balance as at 31.12.12 RM
Leasehold land	2,782,508	-	-	-	-	2,782,508
Buildings	5,613,823	-	-	-	-	5,613,823
Plant and machinery	12,744,923	233,120	-	(2,370,480)	(26,478)	10,581,085
Electrical installation	62,579	-	-	-	-	62,579
Renovation and signboard	1,354,062	-	-	(902,214)	(10,947)	440,901
Motor vehicles	1,908,625	770,977	-	(602,421)	(1,905)	2,075,276
Office equipment	990,292	31,341	(6,047)	(114,269)	120	901,437
Furniture and fittings	225,758	-	-	(10,724)	(130)	214,904
Production equipment	126,546	13,175	-	-	-	139,721
Tools and equipment	699,811	73,073	-	(108,795)	(2,827)	661,262
	26,508,927	1,121,686	(6,047)	(4,108,903)	(42,167)	23,473,496

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

GROUP (cont'd)

Accumulated Depreciation	Balance as at 1.1.12 RM	Charge for the year RM	(Written off) RM	(Disposals) RM	(Exchange Difference) RM	Balance as at 31.12.12 RM
Leasehold land	295,032	50,552	-	-	-	345,584
Buildings	806,158	126,237	-	-	-	932,395
Plant and machinery	8,198,971	899,104	-	(954,708)	(10,568)	8,132,799
Electrical installation	59,903	1,651	-	-	-	61,554
Renovation and signboard	976,783	14,146	-	(583,390)	(7,079)	400,460
Motor vehicles	1,299,160	244,200	-	(552,854)	(1,472)	989,034
Office equipment	785,671	59,647	(6,043)	(69,475)	2,691	772,491
Furniture and fittings	201,112	12,316	-	(5,932)	(3,607)	203,889
Production equipment	80,829	11,770	-	-	-	92,599
Tools and equipment	504,263	59,243	-	(43,239)	(525)	519,742
	13,207,882	1,478,866	(6,043)	(2,209,598)	(20,560)	12,450,547

Accumulated Impairment Losses	Balance as at 1.1.12 RM	(Disposals) RM	Balance as at 31.12.12 RM
Leasehold land	-	-	-
Buildings	394,917	-	394,917
Plant and machinery	1,003,072	(1,003,072)	-
Electrical installation	-	-	-
Renovation and signboard	322,692	(322,692)	-
Motor vehicles	10,642	(10,642)	-
Office equipment	37,617	(37,617)	-
Furniture and fittings	4,850	(4,850)	-
Production equipment	-	-	-
Tools and equipment	47,637	(47,637)	-
	1,821,427	(1,426,510)	394,917

	Net Book Value		Depreciation Charge		Impairment Losses	
	2012 RM	2011 RM	2012 RM	2011 RM	2012 RM	2011 RM
Leasehold land	2,436,924	2,487,476	50,552	34,056	-	-
Buildings	4,286,511	4,412,748	126,237	112,790	-	104,305
Plant and machinery	2,448,286	3,542,880	899,104	1,127,054	-	1,000,104
Electrical installation	1,025	2,676	1,651	6,257	-	-
Renovation and signboard	40,441	54,587	14,146	148,874	-	321,738
Motor vehicles	1,086,242	598,823	244,200	225,351	-	10,610
Office equipment	128,946	167,004	59,647	94,098	-	37,506
Furniture and fittings	11,015	19,796	12,316	28,776	-	4,836
Production equipment	47,122	45,717	11,770	11,714	-	-
Tools and equipment	141,520	147,911	59,243	79,586	-	47,496
	10,628,032	11,479,618	1,478,866	1,868,556	-	1,526,595

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

COMPANY

Cost	Balance as at 1.1.12 RM	Additions RM	Balance at 31.12.12 RM
Office equipment	3,199	2,399	5,598

Accumulated Depreciation	Balance as at 1.1.12 RM	Additions RM	Balance at 31.12.12 RM
Office equipment	2,399	840	3,239

	Net Book Value		Depreciation Charge	
	2012	2011	**2012**	2011
	RM	RM	**RM**	RM
Office equipment	2,359	800	840	480

Included in property, plant and equipment are the following that were acquired under hire purchase arrangements:

	2012		2011	
	Cost	Net Book Value	Cost	Net Book Value
	RM	RM	RM	RM
Motor vehicles	1,183,147	976,127	910,637	424,464

The cost and net book value of property, plant and equipment pledged to financial institutions for banking facilities granted to the Group as mentioned in Note 21 are as follows:

	2012		2011	
	Cost	Net Book Value	Cost	Net Book Value
	RM	RM	RM	RM
Leasehold land	1,614,388	1,489,747	1,614,388	1,507,552
Buildings	3,040,841	1,754,856	3,040,841	2,221,235
Plant and machinery	3,075,555	1,692,684	3,075,555	1,622,992
Tools and equipment	27,500	-	27,500	3,781
	7,758,284	4,937,287	7,758,284	5,355,560

Included in the motor vehicles of the Group with net book value of RM340,179 (2011: RM20,873) is being held in trust by a director of the Group.

Notes to the Financial Statements (cont'd)

6. DEVELOPMENT EXPENDITURE

	Group	
	2012	2011
	RM	RM
At cost :		
At 1st January / 31st December	576,043	576,043
Less: Accumulated amortisation		
At beginning of year	489,600	374,400
Amortisation during the year	86,443	115,200
At end of year	576,043	489,600
Carrying amount	-	86,443

7. GOODWILL ON CONSOLIDATION

	Group	
	2012	2011
	RM	RM
Arising from acquisition of subsidiaries	1,126,999	1,126,999
Impairment losses	(17,223)	(17,223)
	1,109,776	1,109,776

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.

8. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2012	2011
	RM	RM
Unquoted shares, at cost	28,691,980	31,524,769
Less: Impairment losses	(4,396,000)	(6,849,510)
	24,295,980	24,675,259

Notes to the Financial Statements (cont'd)

8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(a) The subsidiary companies are:

Name of Company	Place of Incorporation	Equity Interest 2012	Equity Interest 2011	Principal Activities
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 automotive 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.
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%	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

* Subsidiary company not audited by the 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.

(b) Disposal of a subsidiary company

On 25th October 2012, the Company disposed of 2,750,000 ordinary shares of Baht 10 each representing 56% equity interest in Techfast Precision (Thailand) Co. Ltd. for a total consideration of Thai Baht 1,457,820 (approximately RM151,068).

The effect on the financial results of the Group on the disposal of a subsidiary company during the financial year are as follows:

	2012 RM
Revenue	266,864
Cost of sales	(473,377)
Gross loss	(206,513)
Other income	790,894
Selling and distribution expenses	(67,690)
Administrative expenses	(545,163)
Other expenses	(34,042)
Loss from operations	(62,514)
Finance costs	(41,430)
Loss for the year	(103,944)
Loss for the year attributable to:	
Owners of the Company	(58,209)
Non-controlling interest	(45,735)
	(103,944)

Notes to the Financial Statements (cont'd)

8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(b) Disposal of subsidiary company (cont'd)

The effect on the financial position of the Group on the disposal of a subsidiary company during the financial year is as follows:

	2012
	RM
Other receivables and deposits	27,221
Cash and bank balances	282,094
Other payables and accruals	(37,966)
Net assets and liabilities	271,349
Non-controlling interest	(119,975)
Reclassification adjustment – translation reserve	71,160
	222,534
Loss on disposal of subsidiary company	(71,466)
Consideration received, satisfied in cash	151,068
Cash and cash equivalents disposed of	(282,094)
Net cash outflow	(131,026)

9. INVENTORIES

	Group	
	2012	2011
	RM	RM
Raw materials	1,671,949	1,704,919
Finished goods	975,195	1,414,306
Tooling and chemicals	520,165	597,606
Work-in-progress	241,396	446,006
	3,408,705	4,162,837

10. TRADE RECEIVABLES

The credit terms of trade receivables range from 30 to 90 days. Other credit terms are assessed and approved on a case by case basis.

The currency exposure profile of trade receivables of the Group are as follows:

	Group	
	2012	2011
	RM	RM
Thai Baht	-	287,588
Ringgit Malaysia	2,328,022	2,950,282
United States Dollar	2,370,711	2,286,860
Euro	77,848	114,693
Singapore Dollar	15,749	3,884
	4,792,330	5,643,307

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2012	2011	**2012**	2011
	RM	RM	**RM**	RM
Other receivables	224,807	330,266	150,000	150,000
Less:				
Allowance for impairment of receivables	(150,000)	(150,000)	(150,000)	(150,000)
	74,807	180,266	-	-
Deposits	86,204	90,599	1,000	1,000
Prepayments	470,223	347,791	-	-
	631,234	618,656	1,000	1,000

12. AMOUNT OWING BY/(TO) SUBSIDIARY COMPANIES

The amount owing by subsidiary companies is unsecured, repayable upon demand and bears interest at Nil (2011: 8.5%) per annum.

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

13. DEPOSITS WITH LICENSED BANKS

	Group		Company	
	2012	2011	**2012**	2011
	RM	RM	**RM**	RM
Term deposit	3,550,923	3,574,827	3,500,000	3,500,000
Short term deposits	-	500,000	-	-
	3,550,923	4,074,827	3,500,000	3,500,000

Included in deposits of the Group is an amount of RM50,923 (2011: RM74,827) which has been pledged to licensed banks for banking facilities granted to the Group as mentioned in Note 25 to the Financial Statements.

The deposits of the Group and of the Company have maturity period ranging from 14 days to 3 months (2011: 14 days to 12 months). The effective interest rates of the deposits range from 0.75% to 3.15% (2011: 0.75% to 3.15%) per annum.

14. DERIVATIVE ASSETS

	Group	
	2012	2011
	RM	RM
Forward foreign currency exchange contract	-	15,761

The Group entered into a forward foreign currency exchange contract to manage its foreign currency exchange exposure arising from sales denominated in USD. The national principal amount of the forward foreign currency exchange contract was Nil (2011:USD175,542). The fair value of the forward foreign currency exchange contract, amounting to Nil (2011:RM15,761) is determined using mark-to-market rate for the same national amount. The changes in the fair value of the derivates are recognised immediately in profit and loss.

Notes to the Financial Statements (cont'd)

15. SHORT TERM INVESTMENT

	Group		Company	
	2012	2011	**2012**	2011
	RM	RM	**RM**	RM
At cost	5,514,328	2,548,884	1,957,739	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 2.78% (2011: 2.88%) and 2.91% (2011: 2.88%) per annum respectively and is readily convertible cash with insignificant risk of changes in value.

16. CASH AND BANK BALANCES

The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2012	2011	**2012**	2011
	RM	RM	**RM**	RM
Ringgit Malaysia	3,107,481	4,455,737	205,172	49,662
United States Dollar	558,139	384,950	-	-
Euro	122,723	32,576	-	-
Singapore Dollar	3,447	13,096	-	-
Thai Baht	-	(192,624)	-	-
	3,791,790	4,693,735	205,172	49,662

17. NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale comprise freehold land and building and plant and machinery.

Included in non-current assets held for sale of the Group is freehold land and building with carrying amount of Nil (2011: RM1,460,084) and Nil (2011: RM1,110,084) respectively which have been pledged to licensed financial institution for banking facilities granted to the Group.

18. SHARE CAPITAL

	Group and Company	
	2012	2011
	RM	RM
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	15,591,180	15,591,180

Notes to the Financial Statements (cont'd)

19. RESERVES

	Group		Company	
	2012	2011	**2012**	2011
	RM	RM	**RM**	RM
Non-distributable				
Share premium	9,977,920	9,977,920	9,977,920	9,977,920
Translation reserve	-	(41,692)	-	-
	9,977,920	9,936,228	9,977,920	9,977,920
Distributable				
(Accumulated losses)/Unappropriated profit	(477,526)	(572,388)	4,195,793	1,529,883
Total reserves	9,500,394	9,363,840	14,173,713	11,507,803

Translation Reserve

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

Unappropriated Profit

The Malaysian Budget 2008 introduced a single tier dividend system with effect from year of assessment 2008. As such, the Company is given an irrevocable option to disregard the balance of dividend franking credit that is available in order to switch to the new single tier system from the year of assessment 2008. Upon such election, the Company will only be allowed to distribute single tier tax exempt dividend (without tax credit attached) to shareholders and the recipient of the dividend will not be able to claim tax credit as in the previous imputation system. As at the end of the financial year, the Company has not elected to switch to the single tier tax 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 tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of RM25,200 (2011 : RM25,200) out of its unappropriated profit as at the financial year end.

20. HIRE PURCHASE PAYABLES

	Group	
	2012	2011
	RM	RM
Total principal outstanding	847,681	488,049
Less: Repayable within the next twelve months shown under current liabilities	(165,085)	(100,836)
Repayable after the next twelve months	682,596	387,213
Represented by:		
Minimum hire purchase payments:		
Within one year	198,084	121,114
Between two to five years	742,038	419,010
	940,122	540,124
Less: Future interest charges	(92,441)	(52,075)
Present value of hire purchase liabilities	847,681	488,049

21. TERM LOANS

	Group	
	2012	2011
	RM	RM
Total principal sum outstanding	186,612	1,529,122
Less: Repayable within the next twelve months shown under current liabilities (Note 25)	(132,518)	(863,598)
Repayable after the next twelve months	54,094	665,524
Repayment as follows:		
Within twelve months	132,518	863,598
Between two to five years	54,094	660,230
After five years	-	5,294
	186,612	1,529,122

The term loans are secured by the following:
(a) Facility agreement;
(b) A legal charge over the properties of the Group as mentioned in Note 5;
(c) Debenture by way of fixed charge over the Group's plant and machinery;
(d) A corporate guarantee by the Company; and
(e) Jointly and severally guaranteed by the directors of the Group and a third party.

The above term loans bear interest rates ranging from 4.00% to 8.00% (2011: 4.00% to 8.10%) per annum and are repayable over periods of between 60 to 120 monthly instalments from the date of full drawdown of the term loans.

22. DEFERRED TAXATION

	Group		Company	
	2012	2011	**2012**	2011
	RM	RM	**RM**	RM
At 1st January	779,200	263,100	200	400
Recognised in profit or loss (Note 28)	(158,210)	516,100	390	(200)
At 31st December	620,990	779,200	590	200

The components and movements of deferred tax liabilities/(assets) of the Group and of the Company are as follows:

GROUP	**Accelerated capital allowances**	**Other temporary differences**	**Unabsorbed tax losses**	**Total**
	RM	**RM**	**RM**	**RM**
At 1st January 2012	912,700	(22,300)	(111,200)	779,200
Recognised in profit or loss	(182,010)	68,700	(44,900)	(158,210)
At 31st December 2012	730,690	46,400	(156,100)	620,990

COMPANY	**Accelerated capital allowances**	**Other temporary differences**	**Unabsorbed tax losses**	**Total**
	RM	**RM**	**RM**	**RM**
At 1st January 2012	200	-	-	200
Recognised in profit or loss	390	-	-	390
At 31st December 2012	590	-	-	590

Notes to the Financial Statements (cont'd)

22. DEFERRED TAXATION (CONT'D)

GROUP	Accelerated capital allowances	Other temporary differences	Unabsorbed tax losses	Total
	RM	RM	RM	RM
At 1st January 2011	423,400	400	(160,700)	263,100
Recognised in profit or loss	489,300	(22,700)	49,500	516,100
At 31st December 2011	912,700	(22,300)	(111,200)	779,200

COMPANY	Accelerated capital allowances	Other temporary differences	Unabsorbed tax losses	Total
	RM	RM	RM	RM
At 1st January 2011	400	-	-	400
Recognised in profit or loss	(200)	-	-	(200)
At 31st December 2011	200	-	-	200

23. TRADE PAYABLES

The credit terms of trade payables range from 30 to 60 days.

The currency exposure profile of trade payables of the Group are as follows:

	Group	
	2012	2011
	RM	RM
Ringgit Malaysia	954,195	911,337
United States Dollar	2,821	184,644
Thai Baht	-	607,521
Singapore Dollar	77,400	115,308
	1,034,416	1,818,810

24. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2012	2011	**2012**	2011
	RM	RM	**RM**	RM
Other payables	357,893	625,824	3,634	3,634
Accrual	808,414	1,033,828	193,133	343,757
	1,166,307	1,659,652	196,767	347,391

Notes to the Financial Statements (cont'd)

25. SHORT TERM BORROWINGS

	Group	
	2012	2011
	RM	RM
Term loan (Note 20)	132,518	863,598
Bank overdrafts	-	203,773
Bills payable	-	124,904
	132,518	1,192,275

The bank overdrafts and bills payable of the Group are secured by:
(i) Fixed deposit of the Group as mentioned in Note 13; and
(ii) A corporate guarantee by the Company.

They bear interests ranging from Nil (2011: 7.63% to 8.13%) per annum. The maturity period of bills payable is Nil (2011: 90 days).

26. REVENUE

	Group		Company	
	2012	2011	**2012**	2011
	RM	RM	**RM**	RM
These represent:				
Sales of goods	19,471,414	30,142,864	-	-
Management fees	-	-	900,000	900,000
Dividend income	-	-	3,150,000	2,000,000
Interest income	161,287	138,160	161,287	138,160
	19,632,701	30,281,024	4,211,287	3,038,160

Notes to the Financial Statements (cont'd)

27. PROFIT BEFORE TAXATION

	Group		Company	
	2012	2011	**2012**	2011
	RM	RM	**RM**	RM
This is stated after charging:				
Auditor's remuneration:				
- current year	61,988	66,190	15,000	15,000
- (over)/underprovision in prior year	(1,000)	10,500	-	10,500
- other services	-	2,000	-	2,000
Allowance for impairment of receivables	-	150,000	-	150,000
Impairment loss on investment in subsidiary companies	-	-	234,000	2,549,510
Impairment of goodwill	-	17,223	-	-
Impairment loss on non-current asset held for sale	-	20,000	-	-
Amortisation of development expenditure	86,443	115,200	-	-
Bad debts written off	-	2,120	-	764
Depreciation of property, plant and equipment	1,478,866	1,868,556	840	480
Directors' remuneration	1,441,720	1,560,155	1,003,880	1,081,840
Directors' fees	150,000	130,000	90,000	90,000
Interest expenses on:				
- Hire purchase	32,980	20,109	-	-
- Bankers' acceptance interest	650	22,937	-	-
- Term loan interest	(9,680)	161,354	-	-
- Overdraft interest	1,412	15,963	-	-
- Other interest	17,855	-	-	-
Property, plant and equipment written off	4	13	-	-
Professional fee paid to firms connected to directors of the Company	19,600	32,100	6,400	3,200
Loss on disposal of investment in subsidiary company	71,466	-	-	-
Loss on foreign exchange				
- unrealised	-	6,152	-	2,289
- realised	104,582	36,810	74,684	-
Impairment loss on property, plant and equipment	-	1,526,595	-	-
Staff costs	4,616,947	7,855,805	95,208	1,180,340

Notes to the Financial Statements (cont'd)

27. PROFIT BEFORE TAXATION (CONT'D)

	Group		Company	
	2012	2011	**2012**	2011
	RM	RM	**RM**	RM
And crediting:				
Fair value gain on derivative assets	-	15,761	-	-
Gain on striking-off of a subsidiary company	-	144	-	-
Gain on disposal of non-current asset held for sale	277,349	8,770	-	-
Interest income	35,250	95,463	-	-
Income from short term investment	73,393	48,116	-	-
Gain on disposal of property, plant and equipment	327,761	11,499	-	-
Gain on foreign exchange				
- realised	37,935	177,045	-	-
- unrealised	139,194	-	-	-
Gain on disposal of investment in subsidiary company	-	-	5,789	-
Waiver of amount owing to subsidiary company	-	-	105,000	-
Staff costs				
Salaries, bonuses and wages	3,733,408	6,585,872	84,600	994,972
EPF and Socso contribution	406,781	653,260	10,608	181,068
Other benefits	476,758	616,673	-	4,300
	4,616,947	7,855,805	95,208	1,180,340

The number of employees (excluding directors) of the Group as at the end of the year was 158 (2011: 163).

DIRECTORS' REMUNERATION

	Group		Company	
	2012	2011	**2012**	2011
	RM	RM	**RM**	RM
Company's Directors :				
Executive Directors:				
Salaries and other emoluments	843,932	895,772	843,932	895,772
Benefits-in-kind	146,148	170,468	146,148	170,468
	990,080	1,066,240	990,080	1,066,240
Non-Executive Directors:				-
Fees	90,000	90,000	90,000	90,000
Allowances	13,800	15,600	13,800	15,600
	103,800	105,600	103,800	105,600
Other Directors – Directors of the subsidiaries				
Salaries and other emoluments	400,000	441,075	-	-
Benefits-in-kind	37,840	37,240	-	-
Fees	60,000	40,000	-	-
	497,840	518,315	-	-

Notes to the Financial Statements (cont'd)

27. PROFIT BEFORE TAXATION (CONT'D)

DIRECTORS' REMUNERATION (CONT'D)

The Directors' remuneration (including benefits-in-kind) of the Directors of the Company during the financial year ended 31st December 2012 fall within the following bands:

	No. of Executive Directors	No. of Non-Executive Directors
50,000 and below	-	3
450,001 and 500,000	1	-
600,001 to 650,000	1	-
Total	2	3

28. TAXATION

Based on the results for the year:

	Group		Company	
	2012	2011	**2012**	2011
	RM	RM	**RM**	RM
Current tax				
Malaysian Income Tax	452,140	910,700	-	-
Deferred taxation (Note 22)	(158,210)	516,100	390	(200)
	293,930	1,426,800	390	(200)
Overprovision in prior years	61,448	(48,220)	-	-
Tax expense/(income) for the year	355,378	1,378,580	390	(200)

Reconciliation between tax expense/(income) and the product of accounting profit/(loss) multiplied by the applicable tax rate:

	Group		Company	
	2012	2011	**2012**	2011
	RM	RM	**RM**	RM
Profit /(Loss) before taxation	1,374,614	1,499,122	2,666,300	(1,088,786)
Tax at Malaysian statutory tax rate of 25% (2011: 25%)	343,653	374,781	666,575	(272,200)
Non-allowable expenses	289,952	949,419	174,528	302,800
Non-taxable income	(83,770)	(53,200)	(840,713)	(30,600)
Utilisation of deferred tax assets previously not recognised	(36,772)	(14,400)	-	(200)
Deferred tax liabilities recognised upon expiry of pioneer status	-	314,900	-	-
Pioneer income exempted from tax	(109,269)	(118,700)	-	-
Tax effect for tax incentive:				
- Reduction in statutory tax rate on chargeable income of up to RM500,000 (2011: RM500,000)	(29,164)	(25,000)	-	-
Overprovision of deferred tax in prior year	(80,700)	(1,000)	-	-
	293,930	1,426,800	390	(200)
Under/(Over) provision in prior years	61,448	(48,220)	-	-
Tax expense/(income) for the year	355,378	1,378,580	390	(200)

Notes to the Financial Statements (cont'd)

28. TAXATION (CONT'D)

The Group has potential deferred tax assets/(liabilities) not recognised in the financial statements under the liability method in respect of the following deductible temporary differences:

	Group	
	2012	2011
	RM	**RM**
Unutilised capital allowance	60,800	61,800
Unabsorbed tax losses	418,700	476,400
Capital allowance claimed in excess of depreciation charge	(184,200)	(175,800)
Development expenditure	-	(17,300)
	295,300	345,100

The above deferred tax assets are available indefinitely to offset against future taxable profit of the Group in which those items arose. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset future taxable profit of the Group.

29. EARNINGS/(LOSS) PER ORDINARY SHARE

Basic earnings/(loss) per ordinary share

The basic earnings/(loss) per ordinary share for the financial year has been calculated based on the consolidated profit/(loss) after taxation divided by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2012	2011
	RM	RM
Profit/(Loss) attributable to owners of the Company	94,862	(43,734)
Weighted average number of ordinary shares in issue	155,911,800	155,911,800
Basic earnings/(loss) per ordinary share (sen)	0.06	(0.03)

30. SEGMENTAL REPORTING

The Group has two reportable segments that are based on information reported internally to the Group Managing Director. The reportable segments are summarised as follows:

(i) Manufacturing of self-clinching fasteners
(ii) Manufacturing of mould cleaning rubber sheets and LED epoxy encapsulant materials

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

The inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

2012	Self-clinching fasteners	Mould cleaning rubber sheets and LED epoxy encapsulant materials	Elimination	Consolidation
	RM	RM	RM	RM
Revenue				
External sales	8,014,967	11,617,734	-	19,632,701
Inter-segment sales	4,064,224	4,282,819	(8,347,043)	-
Total	12,079,191	15,900,553	(8,347,043)	19,632,701
Results				
Segment results (external)	(996,559)	2,428,614	-	1,432,055
Finance costs				(57,441)
Profit before taxation				1,374,614
Taxation				(355,378)
Profit after taxation				1,019,236
Other information				
Segment assets	21,628,989	10,767,349	-	32,396,338
Unallocated corporate asset	-	-	-	1,109,776
				33,506,114
Segment liabilities	(2,193,775)	(1,674,180)	-	(3,867,955)
Capital expenditure	660,473	461,213	-	1,121,686
Depreciation and amortisation	1,014,842	464,024	-	1,478,866
Non-cash expenses:				
- Unrealised loss on foreign exchange	74,684	-	-	74,684
- Amortisation of development expenditure	-	86,443	-	86,443

30. SEGMENTAL REPORTING (CONT'D)

2011	Self-clinching fasteners	Mould cleaning rubber sheets and LED epoxy encapsulant materials	Elimination	Consolidation
	RM	RM	RM	RM
Revenue				
External sales	15,977,425	14,303,599	-	30,281,024
Inter-segment sales	5,894,292	5,195,394	(11,089,686)	-
Total	21,871,717	19,498,993	(11,089,686)	30,281,024
Results				
Segment results (external)	(1,583,201)	3,302,686	-	1,719,485
Finance costs				(220,363)
Profit before taxation				1,499,122
Taxation				(1,378,580)
Profit after taxation				120,542
Other information				
Segment assets	23,683,425	12,210,811	-	35,894,236
Unallocated corporate asset				1,109,776
				37,004,012
Segment liabilities	(5,068,221)	(1,588,585)	-	(6,656,806)
Capital expenditure	144,350	182,021	-	326,371
Depreciation and amortisation	1,352,894	515,662	-	1,868,556
Non-cash expenses:				
- Amortisation of development expenditure	-	115,200	-	115,200
- Unrealised loss on foreign exchange	6,152	-	-	6,152
- Impairment loss on property, plant and equipment	1,526,595	-	-	1,526,595
- Impairment loss on loans and receivables	150,000	-	-	150,000
- Impairment loss on non-current assets held for sale	20,000	-	-	20,000

2011	Malaysia	Thailand	Elimination	Consolidated
	RM	RM	RM	RM
Revenue				
External sales	28,465,690	1,815,334	-	30,281,024
Inter-segment sales	8,657,338	2,432,348	(11,089,686)	-
Total	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
Other information				
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)

31. FINANCIAL INSTRUMENTS

(a) Financial risk management policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The main risks and corresponding management policies arising from the Group's normal course of business are as follows:

(i) Interest rate risk

Interest rate risk arises on interest-bearing financial instruments recognised in the statement of financial position. It will affect the Group's income or the value of its holdings of financial instruments.

The Group's exposures to interest rate risk for changes in interest rates mainly arise from its short term borrowings and term loans. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

The Group's policy is to obtain the most favourable interest rates available for its borrowings and term loans.

Sensitivity analysis for interest rate

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 the Company's profit after tax.

(ii) 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 is exposed to foreign currency risk mostly on its sales and purchases that are denominated in a currency other than the functional currency of the Company. The currency giving rise to this risk is primarily US Dollar, Singapore Dollar and Euro Dollar.

Based on carrying amounts as at the reporting date, foreign currency denominated financial assets and liabilities which expose the Company to currency risk are disclosed below:

Group	**USD**	**SGD**	**EUR**	**Total**
31st December 2012	**RM**	**RM**	**RM**	**RM**
Financial Assets	2,928,850	19,196	200,571	3,148,617
Financial Liabilities	(2,821)	(77,400)	-	(80,221)
Net exposure	2,926,029	(58,204)	200,571	3,068,396

Group	**THB**	**USD**	**SGD**	**EUR**	**Total**
31st December 2011	**RM**	**RM**	**RM**	**RM**	**RM**
Financial Assets	94,964	2,671,810	16,980	147,269	2,931,023
Financial Liabilities	(607,521)	(184,644)	(115,308)	-	(907,473)
Net exposure	(512,557)	2,487,166	(98,328)	147,269	2,023,550

31. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management policies (cont'd)

(ii) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

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

		Group	
		2012	2011
		RM	**RM**
THB	- strengthened by 5% against RM	-	(15,915)
	- weakened by 5% against RM	-	15,915
USD	- strengthened by 5% against RM	146,062	93,269
	- weakened by 5% against RM	(146,062)	(93,269)
SGD	- strengthened by 5% against RM	(2,910)	(3,687)
	- weakened by 5% against RM	2,910	3,687
EUR	- strengthened by 5% against RM	10,028	5,523
	- weakened by 5% against RM	(10,028)	(5,523)

(iii) Liquidity risk

The Group manages liquidity risk by maintaining sufficient working funds to enable them to meet their normal operating commitments.

The table below analyses the maturity profile of the financial liabilities (including derivative financial liabilities) of the Group based on contractual undiscounted cash flows.

GROUP	**On demand or less than 1 year**	**More than 1 year but not later than 5 years**	**More than 5 years**	**Total**
	RM	**RM**	**RM**	**RM**
At 31st December 2012				
Trade and other payables	2,200,723	-	-	2,200,723
Hire purchase payables	165,085	682,596	-	847,681
Term loans	132,518	54,094	-	186,612
	2,498,326	736,690	-	3,235,016
At 31st December 2011				
Trade and other payables	3,478,462	-	-	3,478,462
Hire purchase payables	100,836	387,213	-	488,049
Term loans	863,598	660,230	5,294	1,529,122
Bank overdrafts	203,773	-	-	203,773
Bills payable	124,904	-	-	124,904
	4,771,573	1,047,443	5,294	5,824,310

Notes to the Financial Statements (cont'd)

31. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management policies (cont'd)

(iv) Credit risk

Financial assets that are neither past due nor impaired

Bank balances are neither past due nor impaired. Bank balances are placed with reputable banks and financial institutions. Trade receivables that are neither past due nor impaired are substantially due from companies with a good collection track record with the Company.

Financial assets that are past due and/or impaired

The ageing analysis of trade receivables of the Group are as follows:

2012	Group		
	Gross	Individual Impairment	Net
	RM	RM	RM
Not past due	1,937,496	-	1,937,496
Past due 1-30 days	1,485,407	-	1,485,407
Past due 31-120 days	1,210,792	-	1,210,792
More than 120 days	158,635	-	158,635
	2,854,834	-	2,854,834
	4,792,330	-	4,792,330

2011	Group		
	Gross	Individual Impairment	Net
	RM	RM	RM
Not past due	2,464,298	-	2,464,298
Past due 1-30 days	2,228,090	-	2,228,090
Past due 31-120 days	939,050	-	939,050
More than 120 days	11,869	-	11,869
	3,179,009	-	3,179,009
	5,643,307	-	5,643,307

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 not impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM2,854,834 (2011: RM3,179,009) that are past due at the reporting date but not impaired. These receivables are creditworthy debtors with good payment records in the past. Directors are of the view that the balance due can be fully recovered in near future.

(v) Capital risk

The Group's objective in managing capital is to safeguard the Group's ability to continue as a going concern.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions or expansion of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders.

Notes to the Financial Statements (cont'd)

31. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management policies (cont'd)

(v) Capital risk (cont'd)

For capital management purposes, the Group considers shareholders' equality, 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 31st December 2012 and 31st December 2011, which are within the Group's objectives for capital management, are as follows:

	Group	
	2012	2011
	RM	**RM**
Cash and cash equivalents	(12,857,041)	(11,317,446)
Total borrowings	1,034,293	2,345,848
Net cash	(11,822,748)	(8,971,698)
Total equity	29,638,159	30,347,206
Debt to equity ratios	Nil	Nil

(b) Fair values

The carrying amount of the financial assets and financial liabilities of the Group as at the reporting date are approximate fair value due to the relative short term maturity.

The carrying amounts of term loans are reasonable approximation of their fair values 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.

(c) Fair value hierarchy

As at 31st December 2012, there were no financial instruments carried at fair values.

32. RELATED PARTY DISCLOSURES

(i) Identities of related parties

Parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities. The Company has a related party relationship with its subsidiary companies.

(ii) Significant related party transactions

	Group		Company	
	2012	2011	**2012**	2011
	RM	RM	**RM**	RM
Subsidiary companies				
Management fees	-	-	900,000	900,000
Interest income	-	-	14,224	27,253
Company connected to a director				
Professional fee payable to:				
- ML Taxation Services Sdn. Bhd.	19,600	31,900	6,400	3,200
- A.T. Aun & Associates	-	200	-	-

32. RELATED PARTY DISCLOSURES (CONT'D)

(ii) Significant related party transactions (cont'd)

	Group		Company	
	2012	2011	**2012**	2011
	RM	RM	**RM**	RM
Substantial shareholder of a subsidiary company				
Sales:				
- Chin-I Metal Co., Ltd	-	112,729	-	-

The Directors are of the opinion that the above transactions were carried out on terms and conditions not materially different from those obtainable in transactions with unrelated parties.

(iii) Compensation of the key management

Key management personnel include a person 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 who is also the directors of the Company are disclosed in Note 27 to the Financial Statements.

33. EXPLANATION OF TRANSITION TO MFRSs

As stated in Note 2.1, these are the financial statements of the Group and the Company prepared in accordance with MFRSs.

The above accounting policies set out in Note 2 have been applied in the financial statements of the Group and the Company for the financial year ended 31st December 2012, the comparative information presented in these financial statements for the year ended 31st December 2011 and in the preparation of the opening MFRS statement of financial position at 1st January 2011 (the Group's and the Company's date of transition to MFRSs).

The transition to MFRSs does not have financial impact to the Group's and the Company's financial statements.

34. CONTINGENT LIABILITIES

	Group		Company	
	2012	2011	**2012**	2011
	RM	RM	**RM**	RM
Corporate guarantees given to financial institution in respect of credit facilities granted to subsidiary companies	-	-	4,067,500	1,811,353

35. DISCLOSURE OF REALISED AND UNREALISED UNAPPROPRIATED PROFIT

	Group		Company	
	2012	2011	**2012**	2011
	RM	RM	**RM**	RM
Unappropriated profit:				
- realised	13,178,759	7,726,997	4,196,383	1,531,972
- unrealised	(585,347)	773,048	(590)	(2,089)
	12,593,412	8,500,045	4,195,793	1,529,883
Add: Consolidation adjustments	(13,070,938)	(9,072,433)	-	-
	(477,526)	(572,388)	4,195,793	1,529,883

The disclosure of realised and unrealised profit or losses is solely for compliance in accordance to the Malaysian Institute of Accountants Guidance of Special Matter No.1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements issued on 20 December 2010.

Notes to the Financial Statements (cont'd)

36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(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 Thai Baht 28,000,000 (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.

(d) On 25 October 2012, the Company disposed of 2,750,000 ordinary shares of Thai Baht 10 each representing 56% of equity interest in Techfast Precision (Thailand) Co. Ltd, for a total consideration of Thai Baht 1,457,820 (approximately RM151,068).

Statement by Directors

We, LIM TOCK OOI and YAP YOON SING, being two of the Directors of **TECHFAST HOLDINGS BERHAD**, do hereby state on behalf of the Directors that, in our opinion, the financial statements set out on pages 23 to 64 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirement of 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 at 31ST DECEMBER 2012 and of their results, changes in equity and cash flows of the Group and of the Company for the year ended on that date.

The supplementary information set out in Note 35 to the financial statements have been prepared 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.

Signed on behalf of the Board in accordance with a resolution of the Directors.

LIM TOCK OOI **YAP YOON SING**

Kuala Lumpur
Dated: 8 April 2013

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 financial statements set out on pages 23 to 64 are in my opinion correct, and belief, 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 the abovenamed
LIM TOCK OOI
at Petaling Jaya, Selangor
on 8 April 2013

Before me,

NG SAY HUNG
B185
Pesuruhjaya Sumpah
Malaysia

Independent Auditors' Report to the Members of

Techfast Holdings Berhad (Company Number. 647820-D) (cont'd)

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of TECHFAST HOLDINGS BERHAD, which comprise the statement of financial position as at 31st December 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statement of cash flow 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 5 to 63.

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 Malaysian Financial Reporting Standards, International 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 Malaysian Financial Reporting Standards, International 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 31st December 2012 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 have been properly kept in accordance with the provisions of the Act.

(b) 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.

(c) Our audit reports on the financial statements 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 as set out in Note 35 in the financial statements 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 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')
(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.

The financial statements of the Group and of the Company as of 31st December 2011 were audited by another auditor whose report dated 17th April 2012 expressed an unqualified opinion.

TAI, YAPP & CO
AF 0205
Chartered Accountants

YAPP HOCK HOE
No. 723/03/14 (J/PH)
Partner

Kuala Lumpur
Dated: 8 April 2013

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 31.12.2012 (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	15	39,579	29,419	Leasehold 99 Years Expiry date: 14.08.2096	3,746	3,245
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	24	-	2,259 (Aggre-gate)	Freehold	249	119
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	24	-	4,275 (Aggre-gate)	Freehold	476	211
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	24	-	1,803 (Aggre-gate)	Freehold	183	84
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	21	43,846	24,000	Leasehold 66 years Expiry: 21 Feb 2058	2,814	2,232

Analysis of Shareholdings
as at 28 March 2013

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	0.661	269	0.000
100 – 1,000 shares	182	13.372	106,900	0.068
1,001 – 10,000 shares	575	42.248	3,545,900	2.274
10,001 – 100,000 shares	443	32.549	18,061,400	11.584
100,001 to less than 5% of issued shares	149	10.947	72,137,588	46.268
5% and above of issued shares	3	0.220	62,059,743	39.804
Total	**1,361**	**100.000**	**155,911,800**	**100.000**

DIRECTORS' SHAREHOLDINGS AS AT 28 MARCH 2013

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 substantial shareholdings in AVB Ventures Sdn Bhd (Company No. 1032333-X)
@ By virtue of his substantial shareholdings in Botanic Cove Sdn Bhd (Company No. 1032374-P)
^ By virtue of his wife, Ho Siew Ming's shareholdings in the Company
* Held through HLIB Nominees (Tempatan) Sdn Bhd, Hong Leong Bank Bhd (Company No. 270268-W)

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 28 MARCH 2013

No.	Name of Shareholders	Direct interest		Deemed interest	
		Number of shares	% of shares	Number of shares	% of shares
1.	AVB Ventures Sdn Bhd	28,173,982	18.070	-	-
2.	Botanic Cove Sdn Bhd	21,942,861	14.073	-	-
3.	Lembaga Tabung Haji	11,942,900	7.660	-	-

Analysis of Shareholdings (cont'd)
as at 28 March 2013

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 28 MARCH 2013

No.	Name of Shareholders	No. of Shares	%
1.	AVB VENTURES SDN BHD	28,173,982	18.070
2.	BOTANIC COVE SDN BHD	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.	HDM NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Chew Cheong Ber)	3,835,100	2.459
7.	YEOW TAN KOOI	3,569,900	2.289
8.	BAPTIST A/L I.W.JOHN	2,500,000	1.603
9.	CHUAH KITRATIPRASAN	2,128,600	1.365
10.	LOH WAN LIN	2,000,000	1.282
11.	YEO CHEO TEE	2,000,000	1.282
12.	CHIA MING HOW	1,700,000	1.090
13.	JF APEX NOMINEES (TEMPATAN) SDN BHD	1,266,600	0.812
14.	TEOH GUAT KHOON	1,050,000	0.673
15.	GONG WOOI TEIK	1,000,000	0.641
16.	HDM NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Teh Poo Seng)	1,000,000	0.641
17.	LIM TZE WIN	1,000,000	0.641
18.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Peter Ling Ee Kong)	900,000	0.577
19.	WONG LAI PINK	870,000	0.558
20.	HLIB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Chew Ching Yinn)	800,000	0.513
21.	CHUNG LEA CHUN	744,900	0.477
22.	LIM TOH MENG	733,000	0.470
23.	PUBLIC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Eng Weng Cheow)	694,900	0.445
24.	LAU HAI HONG	682,000	0.437
25.	TNG KAY LIM	682,000	0.437
26.	PUBLIC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Ng Tee Yew)	643,000	0.412
27.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Teh Poo Seng)	630,000	0.404
28.	SHEA LEE YUN	620,000	0.397
29.	PACIFIC HANGER CORPORATION SDN BHD	608,700	0.390
30.	HLIB NOMINEE (TEMPATAN) SDN BHD (Pledged Securities Account for Tan Wee Sing)	607,100	0.389
	TOTAL	**103,914,331**	**66.649**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Ninth Annual General Meeting of Techfast Holdings Berhad will be held at Bankers Club Kuala Lumpur, Keluli Room, Level 21, Penthouse, Amoda, 22, Jalan Imbi, 55100 Kuala Lumpur on Friday, 17 May 2013 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 2012 together with the Directors' and Auditors' Reports thereon. ***(Please refer to Note A below)***

2. To approve the payment of final single tier dividend of 5% per ordinary share for the financial year ended 31 December 2012. ***Resolution 1***

3. To approve the payment of Directors' fees of RM90,000 for the financial year ended 31 December 2012. ***Resolution 2***

4. 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) Yap Yoon Sing ***Resolution 3***
   ii) Yap Kok Ching ***Resolution 4***

5 To re-appoint Messrs Tai, Yapp & Co. as Auditors of the Company and to authorise the Directors to fix their remuneration. ***Resolution 5***

SPECIAL BUSINESS

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

6. **Authority to Allot and Issue Shares pursuant to Section 132D of the Companies Act, 1965** ***Resolution 6***
   "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised 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 authorised 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."

7. **Proposed Share Buy-Back by the Company of up to 10% of its own Issued and Paid-up Share Capital** ***Resolution 7***
   "THAT subject to the Companies Act, 1965, rules, regulations and orders made pursuant to the Companies Act, 1965, provisions of the Company's Memorandum and Articles of Association and ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and requirements of any other relevant authorities, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares of RM0.10 each in the Company's issued and paid-up share capital through Bursa Malaysia Securities Berhad at anytime ("Proposed Share Buy-Back") and upon such terms and conditions and for such purposes as the Directors may in their discretion deem fit, subject further to the following:
   (a) the maximum number of ordinary shares which may be purchased and/or held by the Company as treasury shares shall not exceed ten per-centum (10%) of the issued and paid-up share capital of the Company ("Shares") at the time of purchase;
   (b) the maximum funds to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the unappropriated profit and/or share premium reserve of the Company. Based on the last audited accounts as at 31 December 2012, the unappropriated profit and the share premium reserve of the Company was RM4,195,793 and RM9,977,920 respectively;

Notice of Annual General Meeting (cont'd)

(c) the authority conferred by this resolution shall commence immediately upon the passing of this ordinary resolution and will continue to be in force until:

i) the conclusion of the next Annual General Meeting of the Company, at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions; or

ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or

iii) the authority is revoked or varied by ordinary resolution passed by the shareholders in a general meeting.

whichever occurs first.

(d) upon completion of the purchase(s) of the Shares by the Company, the Directors of the Company be and are hereby authorised to deal with the Shares in the following manner:

i) to cancel the Shares so purchased; or

ii) to retain the Shares so purchased as treasury shares held by the Company; or

iii) to retain part of the Share so purchased as treasury shares and cancel the remainder; or

iv) to distribute the treasury shares as dividends to shareholders; or

v) to resell the treasury shares on Bursa Malaysia Securities Berhad in accordance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad; or

vi) any combination of the above.

and in any other manner as prescribed by the Companies Act, 1965, rules, regulations and orders made pursuant to the Companies Act, 1965, ACE Market Listing Requirements and any other relevant authorities for the time being in force;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient (including the appointment of a stock broking firm and the opening and maintaining of a Central Depository Account designated as Share Buy-Back Account) and to enter into any agreements, arrangements and guarantees with any party and parties to implement or to effect the purchase(s) of the Shares with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto."

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

NOTICE OF FINAL SINGLE TIER DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT a final single tier dividend of 5% per ordinary share for the financial year ended 31 December 2012, if approved by shareholders at the Ninth Annual General Meeting, will be paid on 10 June 2013 to the depositors whose names appear in the Record of Depositors of the Company at the close of business on 27 May 2013.

A depositor shall qualify for entitlement to the dividend in respect of:

(a) Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 27 May 2013 in respect of the transfers; and

(b) Shares brought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By order of the Board

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

Kuala Lumpur
24 April 2013

Notice of Annual General Meeting (cont'd)

NOTES:

1. *Only a depositor whose name appears on the Record of Depositors as at 10 May 2013 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 authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.*

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 NOTES ON SPECIAL BUSINESS

Resolution No. 6 (item 6)

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 2012 which was not exercised by the Company during the year, will expire at the forthcoming Ninth 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.

Resolution No. 7 (item 7)
Proposed Share Buy-Back by the Company of up to 10% of its own Issued and Paid-up Share Capital

The proposed Ordinary Resolution 7, if approved, will empower the Company to purchase and/or hold up to ten per centum (10%) of the issued and paid-up share of the Company. This authority unless revoked or varied by the Company at a general meeting will expire at the next Annual General Meeting.

Further information on the Proposed Share Buy-Back by the Company is set out in the Share Buy-Back Circular to Shareholders of the Company which is dispatched together with this Annual Report.

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 Ninth Annual General Meeting are as follows:

i) Yap Yoon Sing
ii) Yap Kok Ching

Further details of the above Directors are set out in the Profile of Directors on pages 5 to 7 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 to 13 of this Annual Report.

3. DATE, TIME AND PLACE OF THE MEETING

The Ninth Annual General Meeting of the Company will be held at Bankers Club Kuala Lumpur, Keluli Room, Level 21, Penthouse, Amoda, 22, Jalan Imbi, 55100 Kuala Lumpur on Friday, 17 May 2013 at 10.00 a.m.

TFM ®

Driving Excellence For Mutual Success

TECHFAST HOLDINGS BERHAD (Co. 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 Ninth Annual General Meeting of the Company to be held at Bankers Club Kuala Lumpur, Keluli Room, Level 21, Penthouse, Amoda, 22, Jalan Imbi, 55100 Kuala Lumpur on Friday, 17 May 2013 at 10.00 a.m. and at any adjournment thereof.

No.	Resolutions	*FOR	*AGAINST
1.	**Ordinary Business** To approve the payment of final single tier dividend of 5% per ordinary share for the financial year ended 31 December 2012.		
2.	To approve the payment of Directors' fees of RM90,000 for the financial year ended 31 December 2012.		
3.	To re-elect Yap Yoon Sing		
4.	To re-elect Yap Kok Ching		
5.	To re-appoint Auditors and to authorise the Directors to fix their remuneration.		
6.	**Special Business** Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		
7.	Proposed share buy-back by the Company of up to 10% of its own issued and paid-up share capital.		

* 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 _______________, 2013

____
Signature / Common Seal of Shareholder

NOTES:

1. *Only a depositor whose name appears on the Record of Depositors as at 10 May 2013 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

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