

TECHFAST HOLDINGS BERHAD

(Company No.: 647820-D)

Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2012**

	(Unaudited)		(Unaudited)	(Audited)
	3 months ended (Quarter)		12 months ended (Cumulative)	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
Revenue	4,516	5,655	19,564	30,281
Operating expenses	(4,979)	(7,656)	(19,500)	(29,208)
Other operating income	423	53	1,393	646
	<u>(40)</u>	<u>(1,948)</u>	<u>1,457</u>	<u>1,719</u>
Finance costs	98	56	(83)	(220)
Profit/(Loss) before taxation	58	(1,892)	1,374	1,499
Income tax expense	(122)	(671)	(355)	(1,379)
Net profit/(loss) after taxation	(64)	(2,563)	1,019	120
Other comprehensive income:				
Exchange differences arising on translating foreign operations	129	(17)	42	(56)
Other comprehensive income/(loss) for the year, net of tax	129	(17)	42	(56)
Total comprehensive income/ (loss)	65	(2,580)	1,061	64
Profit/(loss) attributable to:				
Owners of the parent	(191)	(1,645)	94	(44)
Non-controlling interests	127	(918)	925	164
	<u>(64)</u>	<u>(2,563)</u>	<u>1,019</u>	<u>120</u>
Total comprehensive income/(loss) attributable to:				
Owners of the parents	(62)	(1,705)	136	(68)
Non-controlling interests	127	(875)	925	132
	<u>65</u>	<u>(2,580)</u>	<u>1,061</u>	<u>64</u>
Earnings/(loss) per share attributable to owners of the parent:				
Basic (sen)	(0.12)	(1.06)	0.06	(0.03)
Diluted (sen)	NA	NA	NA	NA

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.)

TECHFAST HOLDINGS BERHAD

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Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012**

	(Unaudited) As at 31.12.2012 RM'000	(Audited) As at 31.12.2011 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	10,628	11,480
Goodwill on acquisition	1,110	1,110
Development expenditure	-	86
	<u>11,738</u>	<u>12,676</u>
Current assets		
Inventories	3,409	4,163
Trade and other receivables	5,518	6,262
Fixed deposits with licensed banks	3,500	4,075
Derivative asset	-	15
Short term investment	5,514	2,549
Cash and bank balances	3,843	4,694
	<u>21,784</u>	<u>21,758</u>
Asset of disposal group classified as held-for-sale	-	2,570
	<u>21,784</u>	<u>24,328</u>
TOTAL ASSETS	<u>33,522</u>	<u>37,004</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	15,591	15,591
Share premium	9,978	9,978
Reserves	-	(42)
Accumulated losses	(478)	(572)
	<u>25,091</u>	<u>24,955</u>
Non-controlling interest	<u>4,547</u>	<u>5,392</u>
Total equity	<u>29,638</u>	<u>30,347</u>
Non-current liabilities		
Hire purchase creditors	385	387
Term loans	65	666
Deferred taxation	621	779
	<u>1,071</u>	<u>1,832</u>
Current liabilities		
Trade and other payables	2,217	3,479
Hire purchase creditors	462	101
Tax payable	12	53
Borrowings	122	1,192
	<u>2,813</u>	<u>4,825</u>
Total liabilities	<u>3,884</u>	<u>6,657</u>
TOTAL EQUITY AND LIABILITIES	<u>33,522</u>	<u>37,004</u>
Net assets per share attributable to equity holders of the parent (sen)	<u>16.1</u>	<u>16.0</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.)

TECHFAST HOLDINGS BERHAD

(Company No.: 647820-D)

Incorporated in Malaysia

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2012

	← Attributable to Equity Holders of the Parent →						Total Equity RM'000
	Non-Distributable		Distributable Retained		Total RM'000	Non- Controlling Interests RM'000	
	Share Capital RM'000	Share Premium RM'000	Transla- tion (Loss)/ Reserve RM'000	Earnings/ (Accumu- lated Losses) RM'000			
Balance at 1 January 2011	15,591	9,978	(18)	(528)	25,023	7,260	32,283
Net profit/(loss) for the year	-	-	-	(44)	(44)	164	120
Other comprehensive income	-	-	(24)	-	(24)	(32)	(56)
Dividends paid to non- controlling interests	-	-	-	-	-	(2,000)	(2,000)
Balance as at 31 December 2011	15,591	9,978	(42)	(572)	24,955	5,392	30,347
Balance at 1 January 2012	15,591	9,978	(42)	(572)	24,955	5,392	30,347
Net profit/(loss) for the year	-	-	-	94	94	925	1,019
Other comprehensive income	-	-	42	-	42	-	42
Disposal of shares in subsidiary	-	-	-	-	-	(120)	(120)
Dividends paid to non- controlling interests	-	-	-	-	-	(1,650)	(1,650)
Balance as at 31 December 2012	15,591	9,978	-	(478)	25,091	4,547	29,638

TECHFAST HOLDINGS BERHAD

(Company No.: 647820-D)

Incorporated in Malaysia

	(Unaudited)	(Audited)
	<u>12 months ended</u>	
	<u>31.12.2012</u>	<u>31.12.2011</u>
	<u>RM'000</u>	<u>RM'000</u>
Cash Flows From Operating Activities		
Profit before taxation	1,374	1,499
<u>Adjustments for:</u>		
Non-cash items	1,428	3,890
Non-operating items	(187)	(33)
Operating profit before working capital changes	<u>2,615</u>	<u>5,356</u>
<u>Changes in working capital:</u>		
Net change in current assets	1,703	3,291
Net change in current liabilities	(1,262)	(1,404)
Cash generated from operations	<u>3,056</u>	<u>7,243</u>
Interest paid	(39)	(16)
Tax (paid)/refunded	(566)	(795)
Net cash generated from operating activities	<u>2,451</u>	<u>6,432</u>
Cash Flows From Investing Activities		
Proceeds from disposal of assets-held-for-sale	2,578	12
Proceeds from disposal of plant and equipment	640	12
Interest received	187	-
Purchase of property, plant and equipment	(1,122)	(326)
Disposal/(Acquisition) of subsidiaries, net of cash	(158)	-
Short term investment income received	-	32
Net cash generated from/(used in) investing activities	<u>2,125</u>	<u>(270)</u>
Cash Flow From Financing Activities		
Decrease in bills payable	(125)	(279)
Net repayment of hire purchase creditors	360	(161)
Dividends paid to non-controlling interests	(1,650)	(2,000)
Repayment of term loans	(1,343)	(1,972)
Net cash used in financing activities	<u>(2,758)</u>	<u>(4,412)</u>
NET INCREASE CASH AND CASH EQUIVALENTS	1,818	1,750
Effects of exchange rate changes	-	(157)
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR	<u>11,039</u>	<u>9,446</u>
CASH AND CASH EQUIVALENTS AS AT END OF YEAR	<u>12,857</u>	<u>11,039</u>
<u>Cash and cash equivalents comprise:</u>		
Fixed deposits with licensed banks	3,500	4,075
Short term investment	5,514	2,549
Cash and bank balances	3,843	4,694
	<u>12,857</u>	<u>11,318</u>
Less : Fixed deposits pledged to licensed banks	-	(75)
Bank overdraft	-	(204)
	<u>12,857</u>	<u>11,039</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.)

TECHFAST HOLDINGS BERHAD

(Company No.: 647820-D)

Incorporated in Malaysia

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2012

A. EXPLANATORY NOTES AS PER FRS 134 – INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards 134 (MFRS 134): “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board (“MASB”) and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the ACE Market (“ACE LR”).

These interim financial statements are the Group’s first MFRS compliant interim financial statements and hence MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards (MFRS 1) has been applied. The date of transition to the MFRS framework is 1 January 2011. At that transition date, the Group reviewed its accounting policies and considered the transitional opportunities under MFRS 1. As the requirements under FRS and MFRS are similar, the significant accounting policies adopted in preparing this interim financial statements, are consistent with those of the audited financial statements for the financial year ended (“FYE”) 31 December 2011.

The interim financial statements should be read in conjunction with the Group’s audited financial statements presented in the annual report for the FYE 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

As at the date of authorization of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:

MFRSs, Amendments to MFRSs and IC Interpretation		Effective Date
MFRS 9	Financial Instruments	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

The initial adoption of the above applicable MFRSs (and its consequential amendments) and IC Interpretation, is expected to have no material impact on the interim financial statements of the Group.

A2. Auditor’s Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the financial year ended 31 December 2011 was not qualified.

TECHFAST HOLDINGS BERHAD

(Company No.: 647820-D)

Incorporated in Malaysia

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2012

A. EXPLANATORY NOTES AS PER FRS 134 – INTERIM FINANCIAL REPORTING

A3. Comments about Seasonal or Cyclical Factors

The business of the Group is generally not affected by seasonal and cyclical factors.

A4. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the quarter under review.

A5. Changes in Estimates

There were no changes in the estimates of amounts reported that have a material effect on the results in the current quarter under review.

A6. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter ended 31 December 2012.

A7. Dividend Paid

No interim nor final dividend has been declared, recommended or paid during the current quarter under review.

A8. Segmental Information

	Manu- facture of self- clinch- ing fasteners RM'000	Mould cleaning rubber sheets RM'000	LED Epoxy Encap- sulant compoun RM'000	Invest- ment Holding RM'000	Elimi - nation RM'000	Total RM'000
3 months ended 31.12.2012 (Quarter)						
Revenue from external customers	1,787	2,689	-	40	-	4,516
Inter-segment revenue	-	232	511	1,725	(2,468)	-
Total segment revenue	<u>1,787</u>	<u>2,921</u>	<u>511</u>	<u>1,765</u>	<u>(2,468)</u>	<u>4,516</u>
Operating segment profit/(loss)	(391)	338	112	1,404	(1,503)	(40)
Finance cost	108	(9)	(1)	-	-	98
Profit/(loss) before taxation	(283)	329	111	1,404	(1,503)	58
Income tax	69	(174)	(17)	-	-	(122)
Net profit/(loss) after taxation	<u>(214)</u>	<u>155</u>	<u>94</u>	<u>1,404</u>	<u>(1,503)</u>	<u>(64)</u>

TECHFAST HOLDINGS BERHAD

(Company No.: 647820-D)

Incorporated in Malaysia

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2012**A. EXPLANATORY NOTES AS PER FRS 134 – INTERIM FINANCIAL REPORTING****A8. Segmental Information (cont'd)**

	Manu- facture of self- clinching fasteners RM'000	Mould cleaning rubber sheets RM'000	LED Epoxy Encap- sulant compoun RM'000	Invest- ment Holding RM'000	Elimi - nation RM'000	Total RM'000
12 months ended 31.12.2012 (Cumulative)						
Revenue from external customers	7,868	11,549	-	147	-	19,564
Inter-segment revenue	-	1,518	2,765	4,064	(8,347)	-
Total Segment Revenue	<u>7,868</u>	<u>13,067</u>	<u>2,765</u>	<u>4,211</u>	<u>(8,347)</u>	<u>19,564</u>
Operating segment profit/(loss)	(507)	1,658	677	2,666	(3,037)	1,457
Finance Cost	(1)	(37)	(3)	-	(42)	(83)
Profit/(loss) before taxation	<u>(508)</u>	<u>1,621</u>	<u>674</u>	<u>2,666</u>	<u>(3,079)</u>	<u>1,374</u>
Income tax	69	(398)	(26)	-	-	(355)
Net profit/(loss) after taxation	<u>(439)</u>	<u>1,223</u>	<u>648</u>	<u>2,666</u>	<u>(3,079)</u>	<u>1,019</u>

A9. Valuation of Property, Plant and Equipment

The valuations of property, plant and equipment have been brought forward, without amendment, from the financial year ended 31 December 2011.

A10. Subsequent Events

There were no material events subsequent to the end of the current quarter that have not been reflected in the financial statements, which are likely to substantially affect the results of the current quarter under review.

TECHFAST HOLDINGS BERHAD

(Company No.: 647820-D)

Incorporated in Malaysia

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2012

A. EXPLANATORY NOTES AS PER FRS 134 – INTERIM FINANCIAL REPORTING

A11. Changes in Composition of the Group

On 12 December 2012, the Company completed the disposal of its 56.06% owned subsidiary, Techfast Precision (Thailand) Co. Ltd. ("Techfast Thailand") and it ceased to be a subsidiary of the Company. There were no other changes in the composition of the Group that occurred in quarter under review.

A12. Contingent Liabilities

The Company is contingently liable for corporate guarantees provided to financial institutions for banking facilities amounting to RM4.07 million granted to the subsidiary companies. As at 31 December 2012, the utilisation of the banking facilities stood at RM0.16 million.

A13. Capital Commitments

There were no capital commitments for the purchase of property, plant and equipment not provided for in the interim condensed financial statements as at the end of the quarter under review.

A14. Significant Related Party Transactions

Save as disclosed below, the Directors are of the opinion that there were no other related party transactions which would have a material impact on the financial position and the business of the Group during the current quarter.

The transactions with related parties by the Group are as follows:

	<u>3 months ended</u> <u>(Quarter)</u> <u>31.12.2012</u>	<u>12 months ended</u> <u>(Cumulative)</u> <u>31.12.2012</u>
Significant Related Party Transactions	RM'000	RM'000
Professional fees paid to firms connected to directors of the Company		
ML Taxation Services Sdn Bhd		
- Professional fee	-	18

TECHFAST HOLDINGS BERHAD

(Company No.: 647820-D)

Incorporated in Malaysia

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2012

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Performance

4th Quarter 2012 vs 4th Quarter 2011

The Group revenue for the current quarter decreased by 20.1% to RM4.52 million from RM5.66 million in the corresponding quarter last year. The Group recorded a profit before taxation of RM0.06 million in the quarter under review compared to a loss before taxation of RM1.89 million. The performance in the current quarter had improved as there was no longer consolidation of the operating loss from Techfast Thailand, which was the main reason for the loss before tax of RM1.89 million in the corresponding quarter last year. In the current quarter under review, there was also a gain on disposal of Techfast Thailand of about RM2.62 million before the realisation of the provision for impairment made in the prior year of RM2.69 million, which gave rise to a net loss on disposal to the Group of about RM0.07 million.

For the current quarter, the self-clinching fastener (“SCF”) segment reported a loss before tax of RM0.28 million compared with a loss before tax of RM1.81 million in the corresponding quarter of the previous year. The lower loss in the current quarter was mainly because the results of Techfast Thailand that is no longer consolidated following its disposal.

The mould cleaning rubber sheets (“rubber sheets”) segment reported a profit before tax of RM0.33 million compared to RM0.42 million in the previous year corresponding quarter.

The LED epoxy encapsulant compound (“epoxy”) segment reported a profit before tax of RM0.11 million in the current quarter compared with a loss before tax of RM0.01 million in the previous year corresponding quarter.

4th Quarter YTD 2012 vs 4th Quarter YTD 2011

For the financial year ended 31 December 2012, the Group recorded total revenue of RM19.56 million which was 35.4% lower than the RM30.28 million recorded in the previous year. Profit before tax for the year was lower at RM1.37 million compared with RM1.50 million recorded in the previous year.

The SCF segment reported a loss before tax for the year of RM0.51 million compared with a loss of RM1.06 million in the previous year. The higher loss last year was mainly due to the results of Techfast Thailand. The rubber sheets segment reported a profit before tax of RM1.62 million compared to a profit of RM2.97 million in the previous year. This segment was affected by the unexpected slowdown in the semi-conductor industries which affected the company’s business.

The epoxy segment reported a profit before tax of RM0.67 million compared to a profit of RM0.48 million in previous year.

B2. Comment on Material Change in Profit Before Taxation of Current Quarter Compared with Preceding Quarter

In the current quarter under review, the Group made a total net profit before taxation of RM0.06 million compared to a profit before taxation of RM0.39 million in the preceding quarter ended 30 September 2012. The total Group performance was marginally in line quarter-to-quarter.

TECHFAST HOLDINGS BERHAD

(Company No.: 647820-D)

Incorporated in Malaysia

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2012

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B3. Next Year's Prospects

The Group expects a challenging 2013 year with the introduction of the minimum wage policy by the Government with effect from 1 January 2013. Cost cutting measures will hopefully mitigate the effects of higher labour costs and deliver a breakeven business performance for the year for the SCF segment.

The rubber sheets and epoxy business segments of the Group which operate in the semiconductor industries are expecting further slow down in the first quarter of 2013. In spite of that, the Board expects the performance of both segments to be in line with that of the preceding financial year.

B4. Profit Forecast or Profit Guarantee

This is not applicable as no profit forecast was published.

B5. Income Tax Expense

	3 months ended (Quarter)		12 months ended (Cumulative)	
	31.12.2012 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000
Current tax:				
Malaysian income tax	225	147	458	911
Deferred taxation	(158)	516	(158)	516
	<u>67</u>	<u>663</u>	<u>300</u>	<u>1,427</u>
Underprovision in previous year	55	8	55	(48)
Total income tax expense	<u>122</u>	<u>671</u>	<u>355</u>	<u>1,379</u>

B6. Corporate Proposals

There were no corporate proposals announced but not yet completed as at the date of this report.

TECHFAST HOLDINGS BERHAD

(Company No.: 647820-D)

Incorporated in Malaysia

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2012

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B7. Group Borrowings

	As at 31.12.2012 RM '000	As at 31.12.2011 RM '000
Hire purchase creditors		
Repayable within one year denominated in Ringgit Malaysia	462	101
Repayable after one year denominated in Ringgit Malaysia	385	387
	<u>847</u>	<u>488</u>
Current liabilities (secured)		
Trade facilities denominated in Thai Baht	-	125
Term loans denominated in Ringgit Malaysia	122	547
Term loans denominated in Thai Baht	-	316
Bank overdraft denominated in Thai Baht	-	204
	<u>122</u>	<u>1,192</u>
Long term liabilities (secured)		
Term loans denominated in Ringgit Malaysia	65	213
Term loans denominated in Thai Baht	-	453
	<u>65</u>	<u>666</u>

B8. Changes in Material Litigation

The Company is not engaged in any other material litigation either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the Group as at the date of this report.

B9. Proposed Dividend

There was no dividend proposed for the current quarter ended 31 December 2012.

B10. Earnings Per Share ("EPS")

(a) Basic earnings / (loss) per share

	<u>3 months ended (Quarter)</u>		<u>12 months ended (Cumulative)</u>	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Net profit/(loss) attributable to owners of the Company (RM '000)	(191)	(1,645)	94	(44)
Weighted average number of ordinary shares in issue ('000)	155,912	155,912	155,912	155,912
Basic earnings/(loss) per share (sen)	(0.12)	(1.06)	0.06	(0.03)

(b) Diluted earnings per share

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

TECHFAST HOLDINGS BERHAD

(Company No.: 647820-D)

Incorporated in Malaysia

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2012

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B11. Notes to the Statement of Comprehensive Income

(Profit)/Loss before taxation is arrived at after (crediting)/charging the following (income)/expense items:

	3 months ended (Quarter)		12 months ended (Cumulative)	
	31.12.2012 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000
Interest income	(41)	(260)	(187)	-
Interest expense	10	104	39	16
Depreciation and amortisation	276	517	1,416	1,988
Provision for and write off of receivables	-	1	-	1
(Gain)/Loss on disposal of properties, plant and equipment	-	-	(330)	(9)
Impairment of assets	-	20	-	20
Foreign exchange (gain)/loss	(15)	221	(179)	111
(Gain)/Loss on derivatives	-	(16)	16	(16)

B12. Realised and Unrealised Profit / Losses

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits is as follows:

	(Unaudited) As at 31.12.2012 RM '000	(Audited) As at 31.12.2011 RM '000
Total accumulated losses of the Company and its subsidiaries		
Realised	12,436	7,727
Unrealised	158	773
	<u>12,594</u>	<u>8,500</u>
Less: Consolidation adjustments	(13,072)	(9,072)
Total accumulated losses as per consolidated accounts	<u>(478)</u>	<u>(572)</u>

Dated: 27 February 2013