NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

Part A - Explanatory Notes Pursuant To MFRS 134

1. First-time Adoption of Malaysian Financial Reporting Standards ("MFRS")

The condensed consolidated interim financial statements ("Report") are unaudited and have been prepared in accordance with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. For the periods up to and including the financial year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRSs").

The interim financial report should be read in conjunction with the most recent annual audited financial statements of the Group for the financial year ended 31 December 2011.

The explanatory notes attached to this Report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2011.

In preparing the opening MFRS Statement of Financial Position as at 1 January 2011 (which is also the date of transition), the Group has adjusted certain amounts previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group's financial position is set out in Note 2.1 below.

2. Significant accounting policies

2.1 Application of MFRS 1

The audited financial statements of the Group for the financial year ended 31 December 2011 were prepared in accordance with FRS. As the requirements under FRS and MFRS are similar, the significant accounting policies adopted in preparing this Report are consistent with those of the audited financial statements for the financial year ended 31 December 2011 except as discussed below:

Foreign currency translation reserve

Under FRS, the Group recognised translation differences on foreign operations as a separate component of equity. Cumulative foreign currency translation differences for all foreign operations are deemed to be nil as at the date of transition to MFRS.

Accordingly, at the date of transition to MFRS, the cumulative foreign currency translation differences of RM30,007 as at 1 January 2011 was adjusted to accumulated losses as at that date as well as at 31 December 2011.

The reconciliations of equity for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided as below:

Reconciliation of equity as at 1 January 2011

RM'000	FRS as at 1.1.11	Reclassifications	MFRS as at 1.1.11
Equity			
Foreign currency translation reserve	(30)	30	-
Accumulated losses	(83,172)	(30)	(83,202)

Reconciliation of equity as at 31 December 2011

RM'000	FRS as at 31.12.11	Reclassifications	MFRS as at 31.12.11
Equity			
Foreign currency translation reserve	(22)	30	8
Accumulated losses	(89,667)	(30)	(89,697)

2.2 Standards issued but not yet effective

At the date of authorisation of this Report, the following Malaysian Financial Reporting Standards ("MFRSs"), Amendments to MFRSs and IC Interpretation ("IC Int") were issued but not yet effective and have not been applied by the Group:

MFRSs, Amendments to MFRSs and IC Interpretation		Effective date
Amendments to MFRS 101	Presentation of Financial Statements. Amendments in Relation to Presentation of Items of Other Comprehensive Income	1 July 2012
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 (International Accounting Standard ("IAS") 19 as amended by IASB in June 2011)	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 1	Government Loans	1 January 2013
Amendments to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015

3. Auditors' qualification of preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2011 contained an emphasis of matter on the uncertainties which may cast significant doubt about the Group's ability to continue as a going concern which is dependent on the High Court's approval for the Capital Reduction and Share Premium Reduction and the successful implementation of the Proposed Revised Regularisation Plan.

4. Seasonality or cyclicality factors

The operations of the Group are subjected to seasonal orders throughout the financial year.

5. Unusual items

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

6. Changes in accounting estimates

There were no material changes in estimates of amounts reported in the prior financial year that have a material effect in the current quarter and financial year to date results.

7. Changes in debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial year ended 31 December 2012 other than the issuance of 335,000 and 8,405,000 new ordinary shares of RM0.10 each pursuant to the Employees Shares Option Scheme ("ESOS") on 30 November 2012 and the previous quarter respectively.

8. Dividend paid

No dividend was paid during the current quarter under review.

9. Segmental information

Segmental information is presented in respect of the Group's business segments.

	12 months ended 31.12.12 (RM'000)	**12 months ended 31.12.11 (RM'000)**
Segment Revenue		
Contract manufacturing	98,377	42,882
Others	3,613	3,388
Total revenue including inter-segment sales	101,990	46,270
Elimination of inter-segment sales	(3,461)	(2,941)
Total revenue to external customers	98,529	43,329
Segment Results		
Contract manufacturing	9,310	(3,232)
Others	24,143	(3,279)
Total results	33,453	(6,511)
Elimination	-	-
Profit/(Loss) before taxation	33,453	(6,511)
Taxation	(1,948)	16
Profit/(Loss) for the year	31,505	(6,495)

10. Revaluation of property, plant and equipment

There were no changes in the valuation of property, plant and equipment since the last audited financial statements for the financial year ended 31 December 2011.

11. **Material subsequent events**

There were no material events subsequent to the quarter under review other than the following:

The Board of Directors had on the following date announced that its dormant wholly-owned subsidiaries as stated below have submitted the strike off application ("Strike Off") to Suruhanjaya Syarikat Malaysia pursuant to Section 308 of the Companies Act, 1965:

(i) Luster Electronics (M) Sdn. Bhd. on 7 November 2012;
(ii) YTS Industries (M) Sdn. Bhd. on 7 November 2012; and
(iii) Demand Portfolio Sdn. Bhd. on 26 December 2012.

The purpose of the Strike Off is to rationalise and streamline the Group's structure. It is not expected to have any material impact on the earnings and net assets of the Group for the financial year ending 31 December 2012.

Barring any unforeseen circumstances, the Strike Off is expected to be completed by the fourth quarter of financial year ending 31 December 2013.

12. **Changes in Group's composition**

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

13. **Changes in contingent liabilities and contingent assets**

There were no changes in contingent liabilities and assets as at the date of this Report.

14. **Capital commitments**

The outstanding capital commitment as at the end of the current quarter is as follows:

	RM'000
Contracted but not provided for:	
- Property, plant and equipment	1,860

Part B - Explanatory Notes Pursuant To Appendix 9B Of The Listing Requirements Of Bursa Malaysia Securities Berhad

1. **Review of performance**

	Individual Quarter 3 Months Ended		Cumulative Quarter 12 Months Ended	
	(Unaudited) 31.12.12 RM'000	**(Unaudited) 31.12.11 RM'000**	**(Unaudited) 31.12.12 RM'000**	**(Unaudited) 31.12.11 RM'000**
Revenue	33,791	9,046	98,529	43,329
Profit/(Loss) before taxation	1,430	(2,025)	33,453	(6,511)

Comparison with Corresponding Quarter in Previous Year

Subsequent to the corporate exercise involving the acquisition of Exzone Plastics Manufacturers Sdn. Bhd. ("EPM") and Imetron (M) Sdn. Bhd. (collectively refer to as "Exzone"), Winco Precision Engineering (Melaka) Sdn. Bhd. ("WPE") and Winco Precision Technologies Sdn. Bhd. ("WPT") (collectively refer to as "Winco"), the Group had recorded higher revenue of RM33.8 million for the current quarter under review as compared to RM9.0 million in previous year corresponding quarter.

The enlarged Group had also recorded higher profit before taxation ("PBT") of RM1.4 million for the current quarter under review as compared to loss before taxation ("LBT") of RM2.0 million in previous year corresponding quarter.

Comparison with Corresponding Financial Period To Date in Previous Year

With the acquisition of the new subsidiaries as stated above, Group's revenue had increased by 127.4% from RM43.3 million in preceding year's corresponding period to RM98.5 million in current reporting period. The substantial increase in PBT as compared to a LBT of RM6.5 million recorded in the previous year corresponding period was mainly due to the waiver of debts and interest pursuant to the successful implementation of the Proposed Revised Regularisation Plan and the positive contributions from Exzone and Winco.

2. **Variation of results against preceding quarter**

The revenue had decreased from RM35.9 million in preceding quarter to RM33.8 million in current quarter under review mainly due to the seasonal factor.

The Group achieved lower PBT in the current quarter under review of RM1.4 million as compared to RM2.2 million in the preceding quarter mainly due to lower volume of activities as a result of seasonal factor.

3. **Prospects**

Notwithstanding the challenging global and domestic economic outlook over the past few years and the Company's position as a PN17 company, the Group has been able to maintain its existing customers which comprise brand owners including multinational companies. As the Group's products are ultimately exported, the uncertainties of the global economy especially in the European Union, United States of America and Japan, could impact the Group's future business condition to remain challenging in the next twelve months. The Group will carry on with its effort in managing costs and increasing operational efficiency, as well as rationalising its operations in order to stay competitive in the market. While the global economy still presents with much uncertainties, the Group had managed to continue to obtain business enquiries early this year. The Group's management is actively following up on these business enquiries and if concluded successfully, will translate into higher revenue to the Group.

The management continues to take steps in differentiating the Group from its competitors in order to command a stronger and leading position in the market. Based on the estimation by the Company's management, the market share of the Company is approximately 2.36% in the manufacturing segment of plastic injection molded components in Malaysia. The Board believes that with the successful implementation of the Group's Regularisation Plan and coupled with the new production facilities, will position the Group on a stronger platform to take advantage of the business opportunities in these regions.

These facilities includes, among others, the control and clean room production processes, sputtering process, laser marking processes and the rotary and robotic spraying processes of which will enable the Group to offer a different and diverse range of products and services and to provide its customers not only with the high precision and clear plastic parts but also high quality finishing onto the plastic part itself such as the automotive lamp with metalising effect. These higher value products had contributed approximately 5% to the Group's total revenue in the financial year 2012 and are expected to continue contributing favorably to the Group's results in the future.

Consequently, the Group will be able to generate better returns differentiating itself from other plastic injection players in the market.

With the achievement of profits in the two full quarters immediately after the completion of the Group's Regularisation Plan, the Board will submit the application for the upliftment of the PN17 status to Bursa Malaysia Securities Berhad in due course.

In light of the above developments, the Board expects the Group to deliver better performance in financial year 2013.

4. **Variance of profit forecast**

No profit forecast was published for the current quarter and financial year to date, except for the profit guarantees provided by the vendors of EPM, WPE and WPT of RM4.8 million, RM2.7 million and RM0.9 million respectively for the financial year ended 2011 and financial year ending 2012 which were announced in the Circular to shareholders dated 31 January 2012. The profit guarantees for financial year ended 2011 and 2012 had been met.

5. **Taxation**

	Individual Quarter 3 Months Ended		**Cumulative Quarter 12 Months Ended**	
	(Unaudited) 31.12.12 RM'000	**(Unaudited) 31.12.11 RM'000**	**(Unaudited) 31.12.12 RM'000**	**(Unaudited) 31.12.11 RM'000**
Malaysian income tax:				
Based on results for the period:				
- Current tax	(1,156)	5	(1,936)	(15)
- Deferred tax relating to the origination and reversal of temporary differences	(75)	(7)	(75)	(7)
	(1,231)	(2)	(2,011)	(22)
Over provision in prior year:				
- Current tax	39	38	39	38
- Deferred tax	24	-	24	-
	63	38	63	38
	(1,168)	36	(1,948)	16

The Group's effective tax rate for the current quarter and cumulative quarter ended 31 December 2012 was lower than the statutory tax rate of 25% due to utilisation of unabsorbed tax losses, capital allowances, reinvestment allowance and export allowance.

6. **Profit/(Loss) before taxation**

Individual Quarter 3 Months Ended		**Cumulative Quarter 12 Months Ended**	
(Unaudited) 31.12.12 RM'000	**(Unaudited) 31.12.11 RM'000**	**(Unaudited) 31.12.12 RM'000**	**(Unaudited) 31.12.11 RM'000**

Profit/(Loss) before taxation is arrived at after charging/ (crediting):				
Deemed gain on deconsolidation of a subsidiary	-	(85)	-	(85)
Depreciation	1,212	475	3,281	2,091
(Gain)/Loss on disposal of property, plant and equipment	229	(7)	(92)	(79)
Impairment loss on inventories	(64)	-	563	-
Impairment loss on receivables	(589)	(24)	647	(24)
Interest expense	321	1,388	3,069	5,657
Interest expense waived	-	-	(2,453)	-
Interest income	(65)	(7)	(153)	(21)
Realised loss/(gain) on foreign exchange	54	(111)	159	(15)
Rental income	185	-	198	(447)
Unrealised loss/(gain) on foreign exchange	(163)	531	362	8
Waiver of debt	-	(3)	(17,589)	(3)
Waiver of interest	-	(3)	(15,358)	(3)

Other than the above items, there are no impairment of assets, gain or loss on derivatives as well as other exceptional items incurred for the current quarter under review.

7. **Status of corporate proposals**

Save as disclosed below, there were no corporate proposals announced or not completed as at the date of this report:

The Board of Directors had on 13 December 2012 announced that the Company proposes to undertake the Proposed Private Placement with Warrants ("Private Placement") by way of issuance of up to 270,000,000 ordinary shares of RM0.10 each in the Company ("Placement Shares"), representing approximately 24.8% of the existing issued and paid-up share capital of the Company together with up to 216,000,000 free detachable warrants ("Placement Warrants") on the basis of four placement warrants for every five placement shares subscribed.

The Company made assumptions and expected to raise gross proceeds of approximately RM27.0 million pursuant to the Private Placement. The proposed utilisation of the gross proceeds is sets out as below:

	Expected time frame for utilisation of gross	

Description	proceeds from the date of listing of the Placement Shares	Amount (RM'000)
To redeem all outstanding Redeemable Convertible Secured Loan Stocks ("RCSLS") from the Banks	Within 3 months	17,904
Working capital for the Group	Within 1 year	8,796
To defray expenses in relation to the Proposed Placement	Within 3 months	300
	Total	27,000

On 10 January 2013, the Company announced that Bank Negara Malaysia had vide its letter dated 7 January 2013 approved the issuance of the Placement Warrants by the Company to its non-resident shareholders.

On 25 February 2013, the Company announced that Bursa Malaysia Securities Berhad had vide its letter dated 22 February 2013 approved the Private Placement, subject to certain conditions.

The Board is currently in the midst of arranging for the EGM to obtain shareholders' approval.

8. **Borrowings and debts securities**

The Group's borrowings as at end of the current period are as follows:

	RM'000
Secured:	
Short term	
Bank overdraft	116
Finance lease liabilities	871
Redeemable convertible secured loan stocks	3,750
Term loans	141
	4,878

	RM'000
Secured:	
Long term	
Finance lease liabilities	1,067
Redeemable convertible secured loan stocks	13,455
Term loans	509
	15,031

The above borrowings are denominated in Ringgit Malaysia.

9. **Material litigation**

There were no pending or threatened litigations or any facts likely to give rise to the proceedings which might materially and adversely affect the business of the Group.

10. **Proposed dividend**

No dividend was proposed for the current quarter under review.

11. **Earnings per share**

The basic earnings per share for the current quarter and cumulative period to date are computed as below:

	Individual Quarter 3 Months Ended		**Cumulative Quarter 12 Months Ended**	
	31.12.12	**31.12.11**	**31.12.12**	**31.12.11**
Profit/(Loss) attributable to owners of the parent (RM'000)	753	(1,989)	30,239	(6,495)
Number of issued ordinary shares of RM1.00 each at beginning ('000)	61,183	61,183	61,183	61,183
Effect of share split of RM0.10 each ('000)	183,549	183,549	183,549	183,549
Adjusted number of issued ordinary shares of RM0.10 each ('000)	244,732	244,732	244,732	244,732
Effect of shares issued pursuant to PRRP ('000)	476,286	-	476,286	-
Effect of shares issued pursuant to ESOS ('000)	4,407	-	4,407	-
Weighted average number of issued ordinary shares of RM0.10 each ('000)	725,425	244,732	725,425	244,732
Basic earnings/(loss) per share (sen)	0.10	(0.81)	4.17	(2.65)

The diluted earnings per share for the current quarter and cumulative period to date are computed as below:

	Individual Quarter 3 Months Ended		**Cumulative Quarter 12 Months Ended**	
	31.12.12	**31.12.11**	**31.12.12**	**31.12.11**
Profit/(Loss) attributable to owners of the parent (RM'000)	753	(1,989)	30,239	(6,495)
Accrued interest	268	-	492	-
Adjusted profit/(loss) attributable to owners of the parent (RM'000)	1,021	(1,989)	30,731	(6,495)

Weighted average number of issued

ordinary shares of RM0.10 each ('000)	725,425	244,732	725,425	244,732
Adjustments for dilutive effect on exercise of:				
- ICULS ('000)	107,355	-	107,355	-
- RCSLS ('000)	98,814	-	98,814	-
- Warrants ('000)	2,521,676	-	2,521,676	-
- ESOS options ('000)	5,368	-	5,368	-
Adjusted weighted average number of issued ordinary shares of RM0.10 each ('000)	3,458,638	244,732	3,458,638	244,732
Diluted earnings/(loss) per share (sen)	0.03	- *	0.89	- *

* Anti-dilutive in nature.

12. **Realised and unrealised accumulated losses**

	31.12.12 RM'000	**31.12.11 RM'000**
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(13,941)	(105,413)
- Unrealised	(3,161)	(69)
	(17,102)	(105,482)
Less: Consolidation adjustments	(5,646)	15,785
Total accumulated losses of the Group	(22,748)	(89,697)

BY ORDER OF THE BOARD
Liang Wooi Gee
Executive Director
Dated this 28th day of February 2013