

TECHFAST HOLDINGS BERHAD

(Company No.: 647820-D)

Incorporated in Malaysia

**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2009**

	(Unaudited) As at 31.03.2009 RM'000	(Audited) As at 31.12.2008 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	21,857	21,679
Prepaid land lease payments	2,280	2,286
	<u>24,137</u>	<u>23,965</u>
Current assets		
Inventories	4,014	5,742
Trade and other receivables	6,266	8,128
Fixed deposits with licensed banks	8,722	7,176
Cash and bank balances	1,346	3,248
	<u>20,348</u>	<u>24,294</u>
TOTAL ASSETS	<u>44,485</u>	<u>48,259</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	15,571	15,571
Share premium	9,971	9,971
Reserves	312	181
Retained earnings	3,950	6,323
	<u>29,804</u>	<u>32,046</u>
Minority interest	<u>1,079</u>	<u>1,074</u>
Total equity	<u>30,883</u>	<u>33,120</u>
Non-current liabilities		
Hire purchase creditors	514	620
Term loans	6,517	7,007
Deferred taxation	474	619
	<u>7,505</u>	<u>8,246</u>
Current liabilities		
Trade and other payables	2,195	3,121
Hire purchase creditors	572	572
Borrowings	3,330	3,200
	<u>6,097</u>	<u>6,893</u>
Total liabilities	<u>13,602</u>	<u>15,139</u>
TOTAL EQUITY AND LIABILITIES	<u>44,485</u>	<u>48,259</u>
Net assets per share attributable to equity holders of the parent (sen)	<u>19.1</u>	<u>20.6</u>

(The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.)

TECHFAST HOLDINGS BERHAD

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**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2009**

	(Unaudited)		(Unaudited)	(Unaudited)
	3 months ended (Quarter)		3 months ended (Cumulative)	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008
	RM'000	RM'000	RM'000	RM'000
Revenue	3,399	7,499	3,399	7,499
Operating expenses	(6,109)	(8,602)	(6,109)	(8,602)
Other operating income	287	145	287	145
	(2,423)	(958)	(2,423)	(958)
Finance costs	(202)	(248)	(202)	(248)
Loss before taxation	(2,625)	(1,206)	(2,625)	(1,206)
Income tax expense	125	374	125	374
Net loss after taxation	(2,500)	(832)	(2,500)	(832)
Attributable to:				
Equity holders of the parent	(2,373)	(789)	(2,373)	(789)
Minority interests	(127)	(43)	(127)	(43)
Net loss for the year	(2,500)	(832)	(2,500)	(832)
Loss per share attributable to equity holders of the parent:				
- Basic (sen)	(1.52)	(0.51)	(1.52)	(0.51)
- Diluted (sen)	NA	NA	NA	NA

(The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.)

TECHFASST HOLDINGS BERHAD

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2009**

	← Attributable to Equity Holders of the Parent →						Total Equity RM'000
	Non-Distributable			Distributable			
	Share Premium RM'000	Share (Loss)/ Reserve RM'000	Share Option Reserve RM'000	Retained Earnings RM'000	Minority Interests RM'000	Total Equity RM'000	
Balance at 1 January 2008	15,571	10,188	(221)	199	11,805	37,542	38,765
Exchange differences on translation of financial statements of foreign entity	-	126	-	-	-	126	95
Net loss for the year	-	-	-	-	(789)	(789)	(832)
Balance as at 31 March 2008	15,571	10,188	(95)	199	11,016	36,879	38,028
Balance at 1 January 2009	15,571	9,971	(68)	249	6,323	32,046	33,120
Exchange differences on translation of financial statements of foreign entity	-	131	-	-	-	131	263
Net profit/(loss) for the year	-	-	-	-	(2,373)	(2,373)	(2,500)
Balance as at 31 March 2009	15,571	9,971	63	249	3,950	29,804	30,883

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.)

TECHFAST HOLDINGS BERHAD

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2009**

	3 Months Ended	
	31.03.2009	31.03.2008
	RM'000	RM'000
Cash Flows From Operating Activities		
Loss before taxation	(2,625)	(1,206)
Adjustments for :-		
Depreciation of property, plant and equipment	602	782
Amortisation of prepaid land lease payments	7	4
Interest expense	202	791
Allowance for doubtful debt	417	193
Unrealised gain on foreign exchange	(170)	(122)
Net loss on disposal of plant and equipment	4	25
Inventories written off	1,359	-
Interest income	(43)	(33)
Operating profit/(Loss) before working capital changes	(247)	434
Decrease in:		
Inventories	368	236
Trade and other receivables	1,819	1,456
Increase/(Decrease) in:		
Trade and other payables	(1,149)	371
Cash generated from operations	791	2,497
Interest paid	(15)	(791)
Tax (paid)/refunded	(298)	(111)
Net cash generated from operating activities	478	1,595
Cash Flows From Investing Activities		
Proceeds from disposal of plant and equipment	-	383
Withdrawal/(Placement) of fixed deposits	-	1,500
Interest received	43	33
Purchase of property, plant and equipment	(403)	(106)
Net cash generated from/(used in) investing activities	(360)	1,810
Cash Flow From Financing Activities		
Repayment of term loans	(345)	(439)
Decrease in bills payable	(68)	(689)
Net repayment of hire purchase creditors	(106)	49
Net cash used in financing activities	(519)	(1,079)
NET INCREASE/(DECREASE) CASH AND CASH EQUIVALENTS	(401)	2,326
Effects of exchange rate changes	(7)	18
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF PERIOD	9,292	3,983
CASH AND CASH EQUIVALENTS AS AT END OF PERIOD	8,884	6,327
Cash and cash equivalents comprise:-	RM'000	RM'000
Fixed deposits with licensed banks	8,723	5,036
Cash and bank balances	1,346	1,811
	10,069	6,847
Less : Fixed deposits pledged to licensed banks	(624)	(520)
Bank overdraft	(561)	-
	8,884	6,327

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.)

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NOTES TO THE QUARTERLY REPORT – 31 MARCH 2009

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

A1. Basis of Preparation

The interim financial statements have been prepared under the historical cost convention.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134 – Interim Financial Reporting, and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the MESDAQ Market.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2008. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2008.

The significant accounting policies adopted in the unaudited interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2008.

A2. Auditor’s Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the financial year ended 31 December 2008 was not qualified.

A3. Comments about Seasonal or Cyclical Factors

The business of the Group is now more focused towards the manufacture and sales of fasteners for use in liquid crystal displays (“LCD”) and plasma televisions. As such, its sales were more exposed to the seasonal nature of the electronics industry. The industry typically experienced higher sales in the second half of the calendar year compared to the first half. However, amidst global recessionary fears sparked by financial turmoil in the United States, sales for the industry were now unpredictable.

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 March 2009.

A7. Dividend Paid

No dividend was paid during the current quarter ended 31 March 2009.

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NOTES TO THE QUARTERLY REPORT – 31 MARCH 2009

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

A8. Segmental Information

	Malaysia RM'000	Thailand RM'000	Elim. RM'000	Consolidated RM'000
Segment revenue				
Revenue from external customers	3,054	345	-	3,399
Inter-segment revenue	572	-	(572)	-
Total Revenue	<u>3,626</u>	<u>345</u>	<u>(572)</u>	<u>3,399</u>
Segment results				
Net profit/(loss) for the period	<u>(2,294)</u>	<u>(216)</u>	<u>137</u>	<u>(2,373)</u>
Segment assets				
Total assets	<u>65,279</u>	<u>6,652</u>	<u>(27,446)</u>	<u>44,485</u>
Segment liabilities				
Total liabilities	<u>15,271</u>	<u>4,398</u>	<u>(6,067)</u>	<u>13,602</u>

A9. Valuation of Property, Plant and Equipment

The valuations of property, plant and equipment have been brought forward without amendment from the financial statements for the financial year ended 31 December 2008.

A10. Subsequent Events

On 22 May 2009, the Company announced that Techfast Precision Sdn. Bhd (“TPSB”), a wholly-owned subsidiary of the Company, had entered into a conditional Sale and Purchase Agreement (“SPA”) with Nanowater Research Lab Sdn. Bhd. to dispose off TPSB’s property which comprises a single storey detached factory together with a double storey office for a total consideration of RM3.8 million. This proposed disposal is expected to be completed within eleven (11) months from the signing of the SPA.

A11. Changes in Composition of the Group

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

A12. Contingent Liabilities

The Company is contingently liable for corporate guarantees provided to financial institutions for banking facilities amounting to RM24.8 million granted to the subsidiary companies. As at 31 March 2009, the utilisation of the banking facilities stood at RM10.6 million.

The Royal Malaysian Customs has made a claim against a wholly-owned subsidiary company, Techfast Manufacturing Sdn. Bhd. (“TMSB”), in respect of underpaid duties and sales tax amounting to RM1,442,546, of which RM400,000 has already been provided for in the accounts to meet these claims. TMSB has made an appeal to the Finance Ministry through their solicitors for remission. As at 31 March 2009, TMSB is contingently liable for the balance sum of the claim of RM1,042,546 not provided for in the accounts in the event that the appeal to the Finance Ministry fails.

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NOTES TO THE QUARTERLY REPORT – 31 MARCH 2009

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

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 31 March 2009.

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

	<u>3 months ended</u> <u>(Quarter)</u> 31.03.2009	<u>3 months ended</u> <u>(Cumulative)</u> 31.03.2009
Related parties	RM'000	RM'000
Trifast and its subsidiary companies		
- Sale of goods	499	499
- Purchase of goods	125	125
Chin I Metal Co., Ltd.		
- Sale of goods	84	84

There was also a related party balance included in other payables of the Group as at 31 March 2009 which comprised of interest free loans from shareholders of Techfast Precision (Thailand) Co., Ltd. amounting to RM0.38 million.

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NOTES TO THE QUARTERLY REPORT – 31 MARCH 2009

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

B1. Review of Performance

The Group achieved an unaudited loss before taxation of RM2.6 million for the quarter ended 31 March 2009 on a turnover of RM3.4 million compared with loss before taxation of RM1.2 million on a turnover of RM7.5 million recorded in the previous year's corresponding quarter. The higher loss recorded for the current quarter compared to the corresponding quarter in the preceding year was due to the provision for obsolete stocks amounting to RM1.4 million and lower sales that have been affected by the global economic slow down.

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

The loss before taxation in the current quarter was RM2.6 million compared to a loss before taxation of RM6.2 million in the preceding quarter ended 31 December 2008. The higher loss in the preceding quarter was due to a one-off loss arising from the liquidation of a wholly-owned subsidiary, Techfast Precision (SIP) Co. Ltd. amounting to RM3.4 million.

B3. Commentary on Current Year Prospects

The Board continues to anticipate challenging times in the midst of a global recession sparked by the financial turmoil in the United States. The Company has been implementing cost cutting measures to persevere through the slow down in business and will endeavour to sustain sales orders from customers for the remaining 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)	
	31.03.2009 RM'000	31.03.2008 RM'000	31.03.2009 RM'000	31.03.2008 RM'000
Current tax:				
Malaysian income tax	20	-	20	-
Deferred taxation	(145)	(374)	(145)	(374)
	<u>(125)</u>	<u>(374)</u>	<u>(125)</u>	<u>(374)</u>
Underprovision in previous year	-	-	-	-
Total income tax expense	<u>(125)</u>	<u>(374)</u>	<u>(125)</u>	<u>(374)</u>

B6. Profits/(Losses) on Sale of Unquoted Investments and/or Properties

There was no sale of unquoted investments and/or properties during the current quarter and financial year-to-date under review.

B7. Quoted Securities

There was no purchase or disposal of quoted and marketable securities during the current quarter and financial year-to-date under review.

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B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

B8. Corporate Proposals

There were no corporate proposals announced as at the date of this report.

B9. Borrowings

	As at 31.03.2009 RM '000	As at 31.12.2008 RM '000
Hire purchase creditors (unsecured)		
Repayable within one year	572	572
Repayable after one year	514	620
	<u>1,086</u>	<u>1,192</u>
Current liabilities (secured)		
Trade facilities	360	428
Term loans	2,409	2,264
Bank overdraft	561	508
	<u>3,330</u>	<u>3,200</u>
Long term liabilities (secured)		
Term loans	<u>6,517</u>	<u>7,007</u>

B10. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at the date of this report.

B11. Changes in Material Litigation

The Group is not engaged in any 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.

B12. Proposed Dividend

There was no dividend proposed for the current quarter ended 31 March 2009.

B13. Earnings Per Share ("EPS")

(a) Basic loss per share

	3 months ended (Quarter)		12 months ended (Cumulative)	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008
Net loss attributable to equity holders of the parent (RM '000)	(2,373)	(789)	(2,373)	(789)
Weighted average number of ordinary shares in issue ('000)	155,706	155,706	155,706	155,706
Basic loss per share (sen)	(1.52)	(0.51)	(1.52)	(0.51)

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B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

(b) Diluted loss per share

The diluted loss per share in the current quarter under review and also in the comparative periods for the preceding year was not disclosed as the unissued ordinary shares granted to executive employees pursuant to the Company's ESOS have no dilutive effect as the exercise price was above the average market value of the Company's shares.

Dated 28th May 2009