

TECHFAST HOLDINGS BERHAD

(Company No.: 647820-D)

Incorporated in Malaysia

**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2009**

	(Unaudited) As at 30.06.2009 RM'000	(Audited) As at 31.12.2008 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	19,022	21,679
Prepaid land lease payments	2,273	2,286
	<u>21,295</u>	<u>23,965</u>
Current assets		
Inventories	3,582	5,742
Trade and other receivables	4,335	8,128
Fixed deposits with licensed banks	7,124	7,176
Cash and bank balances	3,673	3,248
	<u>18,714</u>	<u>24,294</u>
TOTAL ASSETS	<u>40,009</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	290	181
Retained earnings	417	6,323
	<u>26,249</u>	<u>32,046</u>
Minority interest	872	1,074
Total equity	<u>27,121</u>	<u>33,120</u>
Non-current liabilities		
Hire purchase creditors	261	620
Term loans	6,117	7,007
Deferred taxation	328	619
	<u>6,706</u>	<u>8,246</u>
Current liabilities		
Trade and other payables	2,537	3,121
Hire purchase creditors	465	572
Borrowings	3,180	3,200
	<u>6,182</u>	<u>6,893</u>
Total liabilities	<u>12,888</u>	<u>15,139</u>
TOTAL EQUITY AND LIABILITIES	<u>40,009</u>	<u>48,259</u>
Net assets per share attributable to equity holders of the parent (sen)	<u>16.9</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

(Company No.: 647820-D)

Incorporated in Malaysia

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2009**

	(Unaudited)		(Unaudited)	
	3 months ended (Quarter)		6 months ended (Cumulative)	
	30.06.2009	30.06.2008	30.06.2009	30.06.2008
	RM'000	RM'000	RM'000	RM'000
Revenue	2,806	9,202	6,204	16,700
Operating expenses	(6,468)	(9,397)	(12,577)	(17,998)
Other operating income	110	822	398	967
	(3,552)	627	(5,975)	(331)
Finance costs	(189)	(266)	(391)	(514)
Profit/(Loss) before taxation	(3,741)	361	(6,366)	(845)
Income tax expense	146	(50)	270	324
Net profit/(loss) after taxation	(3,595)	311	(6,096)	(521)
Attributable to:				
Equity holders of the parent	(3,532)	341	(5,906)	(448)
Minority interests	(63)	(30)	(190)	(73)
Net profit/(loss) for the year	(3,595)	311	(6,096)	(521)

**Earnings/(loss) per share attributable to
equity holders of the parent:**

- Basic (sen)	(2.27)	0.22	(3.79)	(0.29)
- 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.)

TECHFAST HOLDINGS BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2009

	← Attributable to Equity Holders of the Parent →					Total RM'000	Minority Interests RM'000	Total Equity RM'000
	Non-Distributable			Distributable				
	Share Capital RM'000	Share Premium RM'000	Translation (Loss)/ Reserve RM'000	Share Option Reserve RM'000	Retained Earnings RM'000			
Balance at 1 January 2008	15,571	10,188	(221)	199	11,805	37,542	1,223	38,765
Exchange differences on translation of financial statements of foreign entity	-	-	194	-	-	194	(78)	116
Net loss for the year	-	-	-	-	(448)	(448)	(73)	(521)
Balance as at 30 June 2008	15,571	10,188	(27)	199	11,357	37,288	1,072	38,360
Balance at 1 January 2009	15,571	9,971	(68)	249	6,323	32,046	1,074	33,120
Exchange differences on translation of financial statements of foreign entity	-	-	109	-	-	109	(12)	97
Net profit/(loss) for the year	-	-	-	-	(5,906)	(5,906)	(190)	(6,096)
Balance as at 30 June 2009	15,571	9,971	41	249	417	26,249	872	27,121

(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 30 JUNE 2009**

	6 Months Ended	
	30.06.2009	30.06.2008
	RM'000	RM'000
Cash Flows From Operating Activities		
Loss before taxation	(6,366)	(845)
Adjustments for :-		
Depreciation of property, plant and equipment	1,205	1,377
Impairment of plant and equipment	2,000	-
Amortisation of prepaid land lease payments	13	13
Interest expense	391	514
Allowance for doubtful debt	860	212
Bad debts written off	-	44
Unrealised gain on foreign exchange	(130)	(487)
Net loss/(gain) on disposal of plant and equipment	(60)	339
Allowance for obsolete stocks	1,455	-
Interest income	(85)	(67)
Operating profit/(Loss) before working capital changes	(717)	1,100
(Increase)/Decrease in:		
Inventories	705	(49)
Trade and other receivables	2,936	1,432
Increase/(Decrease) in:		
Trade and other payables	(584)	654
Bills payable	-	(615)
Cash generated from operations	2,340	2,522
Interest paid	(353)	(514)
Tax (paid)/refunded	(26)	(536)
Net cash generated from operating activities	1,961	1,472
Cash Flows From Investing Activities		
Proceeds from disposal of plant and equipment	135	786
Withdrawal/(Placement) of fixed deposits	-	1,500
Interest received	85	67
Purchase of property, plant and equipment	(407)	(1,125)
Net cash generated from/(used in) investing activities	(187)	1,228
Cash Flow From Financing Activities		
Repayment of term loans	(774)	(721)
Net increase/(decrease) in bills payable	(68)	-
Net repayment of hire purchase creditors	(466)	74
Net cash used in financing activities	(1,308)	(647)
NET INCREASE CASH AND CASH EQUIVALENTS	466	2,053
Effects of exchange rate changes	(24)	119
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF PERIOD	9,292	3,983
CASH AND CASH EQUIVALENTS AS AT END OF PERIOD	9,734	6,155
Cash and cash equivalents comprise:-		
Fixed deposits with licensed banks	7,124	5,036
Cash and bank balances	3,673	1,639
	10,797	6,675
Less : Fixed deposits pledged to licensed banks	(624)	(520)
Bank overdraft	(439)	-
	9,734	6,155

(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 – 30 JUNE 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 ACE Market.

The interim financial statements should be read in conjunction with the audited financial statements for the 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 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 was 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 30 June 2009.

A7. Dividend Paid

No dividend was paid during the current quarter ended 30 June 2009.

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NOTES TO THE QUARTERLY REPORT – 30 JUNE 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	5,350	854	-	6,204
Inter-segment revenue	4,727	-	(4,727)	-
Total Revenue	10,077	854	(4,727)	6,204
Segment results				
Net profit/(loss) for the period	(3,462)	(271)	(2,173)	(5,906)
Segment assets				
Total assets	60,752	6,980	(27,723)	40,009
Segment liabilities				
Total liabilities	15,333	4,769	(7,214)	12,888

A9. Valuation of Property, Plant and Equipment

The Directors of the Company had made a provision for impairment of RM2.0 million on the carrying values of its idle plant and equipment which were no longer in use. This impairment had been incorporated into the unaudited financial report for the quarter ended 30 June 2009.

A10. Subsequent Events

The Company announced that on 17 August 2009, it had jointly entered into a conditional sale and purchase agreement together with Mr. Ng Wee Chong to dispose of 100% equity interest in Techfast Plating Sdn Bhd ("TPLSB") to Kum Hoi Engineering Industries Sdn Bhd for total consideration of RM600,010. The Company owns 80,000 ordinary shares, representing 80% of equity interest in TPLSB and the remaining 20% is owned by Mr. Ng Wee Chong.

Saved for the RM10 being the consideration for the transfer of shares, the balance of RM600,000 from the proposed disposal would be used to redeem machineries of TPLSB from existing lenders and to settle outstanding overdraft facilities.

The proposed disposal of TPLSB is expected to be completed within one (1) month from the signing of the sale and purchase agreement. The total loss on disposal was estimated at about RM1.22 million.

A11. Changes in Composition of the Group

As disclosed in item A10: Subsequent Events above, the Company had entered into a conditional sale and purchase agreement on 17 August 2009 to dispose of its 80% equity interest in TPLSB. Upon completion of the sale and purchase agreement, TPLSB will cease to be a subsidiary of the Company.

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

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NOTES TO THE QUARTERLY REPORT – 30 JUNE 2009

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

A12. Contingent Liabilities

The Company is contingently liable for corporate guarantees provided to financial institutions for banking facilities amounting to RM24.81 million granted to the subsidiary companies. As at 30 June 2009, the utilisation of the banking facilities stood at RM9.15 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 Ministry of Finance through their solicitors for remission. As at 30 June 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 Ministry of Finance fails.

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 30 June 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 transactions with related parties by the Group are as follows:

	3 months ended (Quarter)	6 months ended (Cumulative)
	30.06.2009	30.06.2009
Related parties	RM'000	RM'000
Trifast and its subsidiary companies		
- Sale of goods	352	851
- Purchase of goods	112	237
Chin I Metal Co., Ltd.		
- Sale of goods	49	133

There was also a related party balances included in other payables of the Group as at 30 June 2009 which comprised of interest free loans from shareholders of Techfast Precision (Thailand) Co., Ltd. amounting to RM0.54 million.

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NOTES TO THE QUARTERLY REPORT – 30 JUNE 2009

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

B1. Review of Performance

The Group achieved an unaudited loss before taxation of RM3.74 million for the quarter ended 30 June 2009 on a turnover of RM2.81 million compared with profit before taxation of RM0.36 million on a turnover of RM9.20 million recorded in the previous year's corresponding quarter. The loss recorded for the current quarter was due to lower turnover and also an impairment loss on the carrying value of idle plant and equipment, which were no longer in use.

For the half year ended 30 June 2009, total turnover of RM6.20 million was lower compared to RM16.70 million recorded in the corresponding period last year. The Group recorded a higher loss before taxation of RM6.37 million for the half year ended 30 June 2009 compared to a loss of RM0.85 million for the same period in the prior year. The lower sales was due to the shut down of business in China, the winding down of business for TMSB and allowances for doubtful debts, obsolete stocks and impairment loss on idle plant and equipment.

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

The loss before taxation in the current quarter of RM3.74 million was higher compared to a loss before taxation of RM2.63 million in the preceding quarter ended 31 March 2009. The higher loss before taxation was due to an impairment loss on its idle plant and equipment.

B3. Commentary on Current Year Prospects

The Board anticipates challenging times for the rest of the year due to the global economic slow down and the effects of margin squeeze due to increased competition from other industry players, especially those in China, will continue to affect the performance of the Company. Nevertheless, the Company has been implementing cost cutting measures to persevere through these difficult times and will endeavour to sustain sales orders.

B4. Profit Forecast or Profit Guarantee

This is not applicable as no profit forecast was published.

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NOTES TO THE QUARTERLY REPORT – 30 JUNE 2009

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

B5. Income Tax Expense

	3 months ended (Quarter)		6 Months Ended (Cumulative)	
	30.06.2009	30.06.2008	30.06.2009	30.06.2008
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	-	-	21	-
Deferred taxation	(146)	50	(291)	(324)
	<u>(146)</u>	<u>50</u>	<u>(270)</u>	<u>(324)</u>
Underprovision in previous year	-	-	-	-
Total income tax expense	<u>(146)</u>	<u>50</u>	<u>(270)</u>	<u>(324)</u>

There was no tax charge for the Group in the current quarter under review.

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

On 22 May 2009, Techfast Precision Sdn Bhd, a wholly owned subsidiary of the Company, had entered into a sale and purchase agreement for its property at No. 12, Jalan Pasaran 23/5, Seksyen 23, Off Jalan Persiaran Perusahaan, Kawasan MIEL, Fasa 10, 40300 Shah Alam, Selangor Darul Ehsan for a total consideration of RM3.8 million. This transaction had not been reflected in the accounts for the quarter ended 30 June 2009. Upon completion of the transaction, the sale is expected to give rise to a profit of about RM0.28 million after deducting estimated expenses related to the transaction.

There was no sale of unquoted investments nor any other 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.

B8. Corporate Proposals

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

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B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

B9. Borrowings

	As at 30.06.2009 RM '000	As at 31.12.2008 RM '000
Hire purchase creditors (unsecured)		
Repayable within one year	465	572
Repayable after one year	261	620
	<u>726</u>	<u>1,192</u>
Current liabilities (secured)		
Trade facilities	360	428
Term loans	2,381	2,264
Bank overdraft	439	508
	<u>3,180</u>	<u>3,200</u>
Long term liabilities (secured)		
Term loans	<u>6,117</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 30 June 2009.

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NOTES TO THE QUARTERLY REPORT – 30 JUNE 2009

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

B13. Earnings Per Share (“EPS”)

(a) Basic earnings / (loss) per share

	3 months ended (Quarter)		6 Months Ended (Cumulative)	
	30.06.2009	30.06.2008	30.06.2009	30.06.2008
Net profit/(loss) attributable to equity holders of the parent (RM '000)	(3,532)	341	(5,906)	(448)
Weighted average number of ordinary shares in issue ('000)	155,706	155,706	155,706	155,706
Basic earnings/(loss) per share (sen)	(2.27)	0.22	(3.79)	(0.29)

(b) Diluted earnings per share

The diluted earnings 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: 28 August 2009