

TECHFAST HOLDINGS BERHAD

(Company No.: 647820-D)

Incorporated in Malaysia

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

	(Unaudited) As at 31.12.2009 RM'000	(Audited) As at 31.12.2008 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	14,917	21,679
Prepaid land lease payments	<u>2,260</u>	<u>2,286</u>
	<u>17,177</u>	<u>23,965</u>
Current assets		
Assets held-for-sale	421	-
Inventories	2,347	5,742
Trade and other receivables	4,521	8,128
Fixed deposits with licensed banks	9,648	7,176
Cash and bank balances	<u>1,002</u>	<u>3,248</u>
	<u>17,939</u>	<u>24,294</u>
TOTAL ASSETS	<u>35,116</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	280	181
Retained earnings	<u>(2,875)</u>	<u>6,323</u>
	22,947	32,046
Minority interest	645	1,074
Total equity	<u>23,592</u>	<u>33,120</u>
Non-current liabilities		
Hire purchase creditors	36	620
Term loans	4,865	7,007
Deferred taxation	<u>328</u>	<u>619</u>
	<u>5,229</u>	<u>8,246</u>
Current liabilities		
Trade and other payables	3,668	3,121
Hire purchase creditors	308	572
Tax payable	52	-
Borrowings	<u>2,267</u>	<u>3,200</u>
	<u>6,295</u>	<u>6,893</u>
Total liabilities	<u>11,524</u>	<u>15,139</u>
TOTAL EQUITY AND LIABILITIES	<u>35,116</u>	<u>48,259</u>
Net assets per share attributable to equity holders of the parent (sen)	<u>14.7</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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Incorporated in Malaysia

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009**

	(Unaudited)		(Unaudited)	(Audited)
	3 months ended (Quarter)		12 months ended (Cumulative)	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
	RM'000	RM'000	RM'000	RM'000
Revenue	3,078	5,977	12,185	32,274
Operating expenses	(5,971)	(13,079)	(22,423)	(39,947)
Other operating income	566	856	1,042	2,059
	<u>(2,327)</u>	<u>(6,246)</u>	<u>(9,196)</u>	<u>(5,614)</u>
Finance costs	(134)	(110)	(682)	(890)
Loss before taxation	<u>(2,461)</u>	<u>(6,356)</u>	<u>(9,878)</u>	<u>(6,504)</u>
Income tax expense	-	611	270	858
Net loss after taxation	<u>(2,461)</u>	<u>(5,745)</u>	<u>(9,608)</u>	<u>(5,646)</u>
Attributable to:				
Equity holders of the parent	(2,239)	(5,674)	(9,198)	(5,482)
Minority interests	(222)	(71)	(410)	(164)
Net loss for the year	<u>(2,461)</u>	<u>(5,745)</u>	<u>(9,608)</u>	<u>(5,646)</u>
Loss per share attributable to equity holders of the parent:				
- Basic (sen)	(1.45)	(3.67)	(5.95)	(3.55)
- 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 YEAR ENDED 31 DECEMBER 2009

	← Attributable to Equity Holders of the Parent →						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	Total RM'000		
Balance at 1 January 2008	15,571	10,188	(221)	199	11,805	37,542	1,223	38,765
Share issue expenses	-	(217)	-	-	-	(217)	-	(217)
Exchange differences on translation of financial statements of foreign entity	-	-	153	-	-	153	15	168
Share options granted under ESOS	-	-	-	50	-	50	-	50
Net loss for the year	-	-	-	-	(5,482)	(5,482)	(164)	(5,646)
Balance as at 31 December 2008	15,571	9,971	(68)	249	6,323	32,046	1,074	33,120
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	-	-	99	-	-	99	(19)	80
Net profit/(loss) for the year	-	-	-	-	(9,198)	(9,198)	(410)	(9,608)
Balance as at 31 December 2009	15,571	9,971	31	249	(2,875)	22,947	645	23,592

(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 YEAR ENDED 31 DECEMBER 2009**

	(Unaudited) 12 Months Ended 31.12.2009 RM'000	(Audited) 12 Months Ended 31.12.2008 RM'000
Cash Flows From Operating Activities		
Loss before taxation	(9,878)	(6,504)
Adjustments for :-		
Loss on deconsolidation of subsidiary company	-	2,835
Depreciation of property, plant and equipment	2,065	2,736
Impairment of buildings, plant and equipment	2,394	-
Property, plant and equipment written off	346	680
Amortisation of prepaid land lease payments	26	26
Interest expense	682	890
Loss on disposal of assets-held-for-sale	162	20
Bad debts written off	1,910	481
Unrealised loss/(gain) on foreign exchange	212	(239)
Net loss on disposal of plant and equipment	47	180
Allowance for obsolete stocks	2,413	465
Realisation on disposal of subsidiary	(630)	-
Share options granted under ESOS	-	50
Interest income	(190)	(86)
Operating profit/(Loss) before working capital changes	(441)	1,534
Decrease in:		
Inventories	982	3,267
Trade and other receivables	3,498	5,465
Increase/(Decrease) in:		
Trade and other payables	547	(1,151)
Cash generated from operations	4,586	9,115
Interest paid	(682)	(57)
Tax (paid)/refunded	(17)	(2,348)
Net cash generated from operating activities	3,887	6,710
Cash Flows From Investing Activities		
Proceeds from disposal of plant and equipment	423	2,765
Proceeds from disposal of assets-held-for-sale	421	-
Withdrawal of fixed deposits	624	1,396
Interest received	190	86
Purchase of property, plant and equipment	(476)	(1,091)
Net cash generated from investing activities	1,182	3,156
Cash Flow From Financing Activities		
Repayment of term loans	(2,473)	(2,447)
Decrease in bills payable	(322)	(1,296)
Net repayment of hire purchase creditors	(848)	(520)
Net cash used in financing activities	(3,643)	(4,263)
NET INCREASE CASH AND CASH EQUIVALENTS	1,426	5,603
Effects of exchange rate changes	(296)	(294)
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR	9,292	3,983
CASH AND CASH EQUIVALENTS AS AT END OF YEAR	10,422	9,292
Cash and cash equivalents comprise:-		
Fixed deposits with licensed banks	9,648	7,176
Cash and bank balances	1,002	3,248
	10,650	10,424
Less : Fixed deposits pledged to licensed banks	-	(624)
Bank overdraft	(228)	(508)
	10,422	9,292

(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.)

TECHFAST HOLDINGS BERHAD

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NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 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 typically experienced higher sales in the second half of the calendar year compared to the first half. However, amidst the global recession, sales have been unpredictable.

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

Other than expenses disclosed in items B1: Review of Performance and B2: Comment on Material Change in Profit Before Taxation of Current Quarter Compared with Preceding Quarter, there were no other 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 2009.

A7. Dividend Paid

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

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NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 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	10,053	2,132	-	12,185
Inter-segment revenue	5,460	-	(5,460)	-
Total Revenue	<u>15,513</u>	<u>2,132</u>	<u>(5,460)</u>	<u>12,185</u>
Segment results				
Net profit/(loss) for the period	<u>(6,008)</u>	<u>(909)</u>	<u>(2,281)</u>	<u>(9,198)</u>
Segment assets				
Total assets	<u>54,856</u>	<u>7,048</u>	<u>(26,788)</u>	<u>35,116</u>
Segment liabilities				
Total liabilities	<u>11,354</u>	<u>5,493</u>	<u>(5,323)</u>	<u>11,524</u>

A9. Valuation of Property, Plant and Equipment

The valuations of property, plant and equipment have been brought forward, without amendment, from the quarter ended 30 June 2009.

A10. Subsequent Events

There were no material events subsequent to the end of this quarter.

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 RM19.76 million granted to the subsidiary companies. As at 31 December 2009, the utilisation of the banking facilities stood at RM7.26 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 taxes amounting to RM1,006,428 under the Customs Act, 1967 and RM436,118 under the Sales Tax Act, 1972 respectively, totaling RM1,442,546.

TMSB had made an appeal through their solicitors to the Ministry of Finance for remission and the case is currently under their consideration. Based on their solicitors' advice, the directors are of the view that TMSB has merits for appeal. Nevertheless, as a matter of prudence, the directors have provided for a sum of RM400,000 in the accounts for the year ended 31 December 2008 to meet the claim by the Royal Malaysian Customs.

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NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2009

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

A12. Contingent Liabilities (cont'd)

As at 31 December 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 31 December 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)	12 months ended (Cumulative)
	31.12.2009	31.12.2009
Related parties	RM'000	RM'000
Chin I Metal Co., Ltd.		
- Sale of goods	28	197

There was also related party balances included in other payables of the Group as at 31 December 2009 which comprised of interest free loans from shareholders of Techfast Precision (Thailand) Co., Ltd. amounting to RM0.87 million.

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NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2009

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

B1. Review of Performance

The Group recorded an unaudited loss before taxation of RM2.46 million for the quarter ended 31 December 2009 on a turnover of RM3.08 million compared with loss before taxation of RM6.36 million on a turnover of RM5.98 million recorded in the previous year's corresponding quarter. The loss recorded for the current quarter was mainly due to higher fixed overhead costs as a result of reduced turnover and loss on impairment on certain building premises whereas the loss in the previous year's corresponding quarter was mainly due to the loss of RM2.83 million due to the shut down of business in China and higher depreciation charges.

For the year ended 31 December 2009, total turnover of RM12.19 million was lower compared to RM32.27 million recorded in the corresponding period last year. The Group recorded a higher loss before taxation of RM9.88 million for the year ended 31 December 2009 compared to a loss of RM6.50 million for the same period in the prior year. The higher loss was largely attributable to the lower turnover coupled with impairment loss on certain building, plant and equipment, bad debts written off, fixed assets written off and allowance made for obsolete stocks that amounted to a total of approximately RM7.23 million.

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 RM2.46 million was higher than a loss before taxation of RM1.05 million in the preceding quarter ended 30 September 2009. The higher loss before taxation was mainly due to allowance made for slow moving and obsolete stocks and loss on impairment of certain building premises in the current quarter.

B3. Commentary on This Year's Prospects

As the global economy appears to be slowly recovering, the Group is expected to benefit from the recovery and pick up in its business accordingly. Barring unforeseen circumstances, the Board of Directors expect the Group to return to profitability for the financial year ending 31 December 2010.

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)	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	-	56	21	83
Deferred taxation	-	(661)	(291)	(935)
	-	(605)	(270)	(852)
Underprovision in previous year	-	(6)	-	(6)
Total income tax expense	-	(611)	(270)	(858)

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

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NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2009

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

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

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.

B9. Borrowings

	As at 31.12.2009 RM '000	As at 31.12.2008 RM '000
Hire purchase creditors (unsecured)		
Repayable within one year	308	572
Repayable after one year	36	620
	<u>344</u>	<u>1,192</u>
Current liabilities (secured)		
Trade facilities	106	428
Term loans	1,933	2,264
Bank overdraft	228	508
	<u>2,267</u>	<u>3,200</u>
Long term liabilities (secured)		
Term loans	<u>4,865</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

Saved for that already disclosed in item A12: Contingent Liabilities, the Group 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.

B12. Proposed Dividend

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

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NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 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)		12 Months Ended (Cumulative)	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Net loss attributable to equity holders of the parent (RM '000)	(2,239)	(5,674)	(9,198)	(5,482)
Weighted average number of ordinary shares in issue ('000)	154,480	154,480	154,480	154,480
Basic loss per share (sen)	(1.45)	(3.67)	(5.95)	(3.55)

(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: 25 February 2010