

TECHFAST HOLDINGS BERHAD

(Company No.: 647820-D)

Incorporated in Malaysia

**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2010**

	(Unaudited) As at 30.06.2010 RM'000	(Audited) As at 31.12.2009 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	13,079	12,547
Prepaid land lease payments	3,907	1,543
Goodwill on acquisition	2,106	-
	<u>19,092</u>	<u>14,090</u>
Current assets		
Inventories	4,467	2,307
Trade and other receivables	9,943	4,688
Fixed deposits with licensed banks	2,017	9,674
Cash and bank balances	7,750	1,002
	<u>24,177</u>	<u>17,671</u>
Non-current assets held-for-sale	3,043	3,469
	<u>27,220</u>	<u>21,140</u>
TOTAL ASSETS	<u>46,312</u>	<u>35,230</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	15,591	15,571
Share premium	9,978	9,971
Reserves	213	276
Retained earnings	(2,348)	(3,303)
	<u>23,434</u>	<u>22,515</u>
Minority interest	8,784	691
Total equity	<u>32,218</u>	<u>23,206</u>
Non-current liabilities		
Hire purchase creditors	419	28
Term loans	3,869	4,864
Deferred taxation	334	22
	<u>4,622</u>	<u>4,914</u>
Current liabilities		
Trade and other payables	6,320	4,490
Hire purchase creditors	137	341
Tax payable	839	10
Borrowings	2,176	2,269
	<u>9,472</u>	<u>7,110</u>
Total liabilities	<u>14,094</u>	<u>12,024</u>
TOTAL EQUITY AND LIABILITIES	<u>46,312</u>	<u>35,230</u>
Net assets per share attributable to equity holders of the parent (sen)	<u>15.1</u>	<u>14.5</u>

(The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2009 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 30 JUNE 2010**

	(Unaudited)		(Unaudited)	
	3 months ended (Quarter)		6 months ended (Cumulative)	
	30.06.2010	30.06.2009	30.06.2010	30.06.2009
	RM'000	RM'000	RM'000	RM'000
Revenue	13,849	2,806	17,767	6,204
Operating expenses	(10,628)	(6,468)	(14,254)	(12,577)
Other operating income	496	110	709	398
	3,717	(3,552)	4,222	(5,975)
Finance costs	(137)	(189)	(274)	(391)
Profit/(Loss) before taxation	3,580	(3,741)	3,948	(6,366)
Income tax expense	(641)	146	(641)	270
Net profit/(loss) after taxation	2,939	(3,595)	3,307	(6,096)
Attributable to:				
Equity holders of the parent	583	(3,532)	955	(5,906)
Minority interests	2,356	(63)	2,352	(190)
Net profit/(loss) for the period	2,939	(3,595)	3,307	(6,096)
Earnings/(loss) per share attributable to equity holders of the parent:				
- Basic (sen)	0.37	(2.27)	0.61	(3.79)
- 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 2009 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 2010**

	← Attributable to Equity Holders of the Parent →							
	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	Minority Interests RM'000	Total Equity RM'000
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 loss for the period	-	-	-	-	(5,906)	(5,906)	(190)	(6,096)
Balance as at 30 June 2009	<u>15,571</u>	<u>9,971</u>	<u>41</u>	<u>249</u>	<u>417</u>	<u>26,249</u>	<u>872</u>	<u>27,121</u>
Balance at 1 January 2010	15,571	9,971	18	258	(3,303)	22,515	691	23,206
Exchange differences on translation of financial statements of foreign entity	-	-	(63)	-	-	(63)	(53)	(116)
Shares issued from exercise of ESOS	20	7	-	-	-	27	-	27
Minority interests	-	-	-	-	-	-	5,794	5,794
Net profit/(loss) for the period	-	-	-	-	955	955	2,352	3,307
Balance as at 30 June 2010	<u>15,591</u>	<u>9,978</u>	<u>(45)</u>	<u>258</u>	<u>(2,348)</u>	<u>23,434</u>	<u>8,784</u>	<u>32,218</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2009 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 2010**

	(Unaudited)	
	6 Months Ended	
	30.06.2010	30.06.2009
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit/(Loss) before taxation	3,948	(6,366)
Adjustments for :-		
Depreciation of property, plant and equipment	1,003	1,205
Impairment of buildings, plant and equipment	-	2,000
Amortisation of prepaid land lease payments	9	13
Interest expense	274	391
Loss on disposal of assets-held-for-sale	(103)	-
Allowance for doubtful debt	-	860
Unrealised loss/(gain) on foreign exchange	284	(130)
Net loss/(gain) on disposal of plant and equipment	-	(60)
Allowance for obsolete stocks	-	1,455
Rental income	(108)	-
Interest income	(103)	(85)
Operating profit/(Loss) before working capital changes	5,204	(717)
(Increase)/Decrease in:		
Inventories	(2,160)	705
Trade and other receivables	(5,151)	2,936
Increase/(Decrease) in:		
Trade and other payables	1,631	(584)
Cash generated from/(used in) operations	(476)	2,340
Interest paid	(274)	(353)
Tax (paid)/refunded	1,410	(26)
Net cash generated from operating activities	660	1,961
Cash Flows From Investing Activities		
Proceeds from disposal of plant and equipment	-	135
Proceeds from disposal of assets-held-for-sale	513	-
Acquisition of subsidiaries, net of cash acquired	(2,187)	-
Rental income	108	-
Interest received	103	85
Purchase of property, plant and equipment	(90)	(407)
Net cash used in investing activities	(1,553)	(187)
Cash Flow From Financing Activities		
Proceeds from issuance of shares	21	-
Proceeds from shares issued to minority interests	828	-
Repayment of term loans	(1,044)	(774)
Net increase/(decrease) in bills payable	184	(68)
Net repayment of hire purchase creditors	187	(466)
Net cash generated from/(used in) financing activities	176	(1,308)
NET INCREASE/(DECREASE) CASH AND CASH EQUIVALENTS	(717)	466
Effects of exchange rate changes	36	(24)
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR	10,422	9,292
CASH AND CASH EQUIVALENTS AS AT END OF YEAR	9,741	9,734
Cash and cash equivalents comprise:-		
Fixed deposits with licensed banks	2,017	7,124
Cash and bank balances	7,750	3,673
	9,767	10,797
Less : Fixed deposits pledged to licensed banks	(26)	(624)
Bank overdraft	-	(439)
	9,741	9,734

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.)

TECHFAST HOLDINGS BERHAD

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NOTES TO THE QUARTERLY REPORT – 30 JUNE 2010

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 2009. 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 2009.

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 2009.

A2. Auditor’s Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the financial year ended 31 December 2009 was not qualified.

A3. Comments about Seasonal or Cyclical Factors

The business of the Group, save for the business of the newly acquire 50% subsidiary companies, Cape Technology Sdn Bhd (“Cape”) and Oriem Technology Sdn Bhd (“Oriem”), typically experienced higher sales in the second half of the calendar year compared to the first half. However, amidst the recovery from the global recession, sales have been 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 2010.

A7. Dividend Paid

No dividend was paid during the current quarter ended 30 June 2010.

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NOTES TO THE QUARTERLY REPORT – 30 JUNE 2010**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	15,102	2,665	-	17,767
Inter-segment revenue	1,519	-	(1,519)	-
Total Revenue	<u>16,621</u>	<u>2,665</u>	<u>(1,519)</u>	<u>17,767</u>
Segment results				
Net profit/(loss) for the period	<u>3,276</u>	<u>91</u>	<u>(2,412)</u>	<u>955</u>
Segment assets				
Total assets	<u>76,732</u>	<u>7,036</u>	<u>(37,456)</u>	<u>46,312</u>
Segment liabilities				
Total liabilities	<u>22,662</u>	<u>3,531</u>	<u>(12,099)</u>	<u>14,094</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 2009.

A10. Subsequent Events

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

A11. Changes in Composition of the Group

On the 18 May 2010, the Company acquired 50% of the equity stake in each of Cape and Oriem. The results of these companies are consolidated into the Techfast Group for the quarter under review.

As announced on 24 June 2010, Techfast subscribed to its right entitlement of 1,100,000 shares of Baht 10 each amounting to Baht 11 million by the capitalisation of advances equivalent to RM1,124,497 made to Techfast Precision (Thailand) Co., Ltd ("TP Thailand").

Following the subscription of the rights issue, the percentage ownership in TP Thailand has increased to from 55% to 56%.

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 30 June 2010, the utilisation of the banking facilities stood at RM6.13 million.

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NOTES TO THE QUARTERLY REPORT – 30 JUNE 2010

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 30 June 2010.

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) 30.06.2010 RM'000	6 months ended (Cumulative) 30.06.2010 RM'000
Related parties		
Chin I Metal Co., Ltd.		
- Sale of goods	35	61

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NOTES TO THE QUARTERLY REPORT – 30 JUNE 2010

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

B1. Review of Performance

The Group recorded an unaudited profit before taxation of RM3.58 million for the quarter ended 30 June 2010 on a turnover of RM13.85 million compared with loss before taxation of RM3.74 million on a turnover of RM2.81 million recorded in the previous year's corresponding quarter. The profit recorded for the current quarter was mainly due to the consolidation of results in newly acquired 50% subsidiary companies, Cape and Oriem.

For the half year ended 30 June 2010, total turnover of RM17.77 million was higher compared to RM6.20 million recorded in the corresponding period last year. The Group recorded a profit before taxation of RM3.95 million for the half year ended 30 June 2010 compared to a loss before taxation of RM6.37 million for the same period in the prior year. The higher turnover was mainly due to the consolidation of results from the newly acquired 50% subsidiary companies, Cape and Oriem. Improved sales in the current year also resulted in a turnaround in the bottom line, which were not impacted by the impairment of buildings, plant and equipment and allowance for obsolete stocks which occurred in the same period last year.

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

The profit before taxation in the current quarter of RM3.58 million was higher than RM0.37 million in the preceding quarter ended 31 March 2010. The improved performance was mainly due to contribution from newly acquired subsidiary companies mentioned above in the quarter under review.

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 which should result in an improvement 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)		6 Months Ended (Cumulative)	
	30.06.2010 RM'000	30.06.2009 RM'000	30.06.2010 RM'000	30.06.2009 RM'000
Current tax:				
Malaysian income tax	581	-	581	20
Deferred taxation	60	(146)	60	(290)
	<u>641</u>	<u>(146)</u>	<u>641</u>	<u>(270)</u>
Underprovision in previous year	-	-	-	-
Total income tax expense	<u>641</u>	<u>(146)</u>	<u>641</u>	<u>(270)</u>

The effective tax rate of the Group is lower than the statutory rate mainly due to the benefits of pioneer status income tax incentives enjoyed by two of the subsidiary companies.

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NOTES TO THE QUARTERLY REPORT – 30 JUNE 2010

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 30.06.2010 RM '000	As at 31.12.2009 RM '000
Hire purchase creditors (unsecured)		
Repayable within one year	137	341
Repayable after one year	419	28
	<u>556</u>	<u>369</u>
Current liabilities (secured)		
Trade facilities	291	106
Term loans	1,885	1,935
Bank overdraft	-	228
	<u>2,176</u>	<u>2,269</u>
Long term liabilities (secured)		
Term loans	<u>3,869</u>	<u>4,864</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 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.

B12. Proposed Dividend

There was no dividend proposed for the current quarter ended 30 June 2010.

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NOTES TO THE QUARTERLY REPORT – 30 JUNE 2010**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)	
	30.06.2010	30.06.2009	30.06.2010	30.06.2009
Net profit/(loss) attributable to equity holders of the parent (RM '000)	583	(3,532)	955	(5,906)
Weighted average number of ordinary shares in issue ('000)	155,864	155,706	155,864	155,706
Basic earnings/(loss) per share (sen)	0.37	(2.27)	0.61	(3.79)

(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: 30 August 2010