



**Driving Excellence for
Mutual Success**

TECHFAST HOLDINGS BERHAD
(Company No. 647820-D)

TECHFAST HOLDINGS BERHAD (Company No. 647820-D)
No. 11, Jalan Pasaran 23/5, Seksyen 23, 40300 Shah Alam
Selangor Darul Ehsan, Malaysia

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**ANNUAL
REPORT
2008**

Contents

	Pages
Statement by the Chairman Cum Group Managing Director	2
Corporate Information	3
Corporate Structure	4
Profile of Directors	5 - 7
Statement on Corporate Governance	8 -12
Statement on Internal Control	13
Audit Committee Report	14 - 16
Additional Compliance Information	17
Financial Statements	18 - 58
List of Properties	59
Analysis of Shareholdings	60 - 61
Notice of Annual General Meeting	62 - 64
Statement Accompanying Notice of Annual General Meeting	65
Form of Proxy	

Statement by the Chairman Cum Group Managing Director

On behalf of the Board of Directors, it is my pleasure to present to you the Annual Report and the audited financial statements of the Group and the Company for the financial year ended 31 December 2008.

Financial Performance

For the financial year ended 31 December 2008, the Company recorded lower turnover of RM32.3 million compared to RM35.0 million in the last financial year. The Group made a net loss after taxation of RM5.6 million compared to a net profit after taxation of RM4.7 million in the financial year ended 31 December 2007. Businesses of the Group was much lower due to global economic slow down sparked by the mortgage crisis in the United States of America. In line with trying to stay competitive in the market, the Group experienced margin squeeze in the most part of 2008, as costs of raw materials such as steel skyrocketed. Such increases in raw materials were in turn, difficult to pass on to customers, who demanded lower prices in order to maintain sales.

The net loss recorded by the Group for the current financial year was also impacted by the loss on liquidation of wholly-owned subsidiary company in China, Techfast Precision (SIP) Co., Ltd. ("TPSIP"), which amounted to about RM3.5 million. The operations in China had been faced with changing operating environments. There were increases in labour costs, aggressive price competition, new tax regulations and also strengthening of the Chinese Yuan which made it no longer feasible for the Group to operate in China. The Board of Directors finally made the decision to close down the operations in China, and TPSIP was placed in members' voluntary liquidation. The liquidation is now pending the tax clearance before the excess funds can be repatriated to Malaysia.

Industry Trends and Development

As major global industrial economies are now in recession, global economic demand and trade face an inevitable downward trend. This has not spared the Malaysian industrial output, which contracted in four successive months from September to December 2008. The manufacturing sector, especially for the electronics and electrical industry, is expected to see a decline in demands.

The business of the Group is now more focused on the production of self-clinching fasteners for use in liquid crystal display televisions ("LCD TV"). As the prices of LCD TVs have dropped significantly, the supplier of components, such as Techfast, have seen their margins squeezed. This trend is expected to continue in the future.

Corporate Development

In compliance with the Mesdaq Market Listing Requirements and National Economic Policy requirements, Techfast had to ensure that a minimum of 30% of its shares must be held by bumiputra investors who are approved by the Ministry of International Trade and Industry ("Bumiputra Equity Requirement"). The Group had since on 22 January 2009, obtained an exemption from the Securities Commission from complying with the Bumiputra Equity Requirement.

Review of Operations

Due to reduced business, the Board of Directors have streamlined all businesses of its Malaysian subsidiary companies into that of Techfast Precision Sdn Bhd. This is in order to keep fixed overheads lean in face of challenging times. The plating business of the Group, which was previously operated by Techfast Plating Sdn Bhd, did not have sufficient business to sustain its operations and was constantly looking for external business opportunities.

The Group's business in Thailand which is operated through its 55%-owned subsidiary, Techfast Precision (Thailand) Co., Ltd, started commercial production in the year 2007. The Thai business had not gained significant traction since then and falls below expectations of the Board of Directors. However, the Group perseveres in its efforts in this market to maintain its foothold that it believes will contribute positively to the bottom line in the future when the economy recovers.

Outlook

The Board continues to anticipate challenging times in the midst of a global recession. The major industrial economies are now experiencing recession and this increases the risk of global economic growth. Management of the Company has implementing cost cutting measures to persevere through the slow down in business. The Group's total labour force had been reduced from a peak of over 450 employees to a current workforce of only 150 people. They have also made efforts to sustain sales orders from customers for the coming year.

Corporate Social Responsibility Statement

The Company operates as a responsible and ethical corporate entity, ensuring its business practices comply with general respect for its environment, community, employees, customers and suppliers. It will continually evaluate its contribution to the community in kind as part of its corporate goals.

Directorate

I am pleased to welcome Mr. Aun Ah Thim, who was appointed on 17 February 2009 as an Independent Non-Executive Director. He was appointed following the resignation of Mr. Geoffrey Paul Budd as Non-Independent Non-Executive Director on 31 December 2008. Mr. Aun also replaces Mr. Budd as a member of the Audit Committee. Mr. Aun has more than fifteen (15) years of experience in the field of legal advisory. He will be a great asset and we look forward to his positive contribution to the Group.

Acknowledgements

We would like to express our appreciation to our staff for their perseverance during challenging times and committing to the goals of the Group. We thank our shareholders, customers, distributors, business associates, bankers for their continued support and commitments towards the Group.

Yap Yoon Sing
Chairman cum Group Managing Director

Corporate Information

BOARD OF DIRECTORS

Chairman cum Group Managing Director

Yap Yoon Sing

Executive Director

Lim Tock Ooi

Independent Non-Executive Directors

Yap Kok Ching

Gan Ping Shou @ Gan Ping Sieu

Aun Ah Thim

AUDIT COMMITTEE

Chairman

Yap Kok Ching

Members

Gan Ping Shou @ Gan Ping Sieu

Aun Ah Thim

REMUNERATION COMMITTEE

Chairman

Yap Kok Ching

Members

Lim Tock Ooi

Gan Ping Shou @ Gan Ping Sieu

NOMINATION COMMITTEE

Chairman

Gan Ping Shou @ Gan Ping Sieu

Members

Yap Kok Ching

Yap Yoon Sing

OPTION COMMITTEE

Chairman

Yap Yoon Sing

Members

Yap Kok Ching

Gan Ping Shou @ Gan Ping Sieu

COMPANY SECRETARIES

Chin Ooi Wee (LS 006616)

Lim Li Shiang (MIA 19661)

HEAD OFFICE

No. 11, Jalan Pasaran 23/5
Seksyen 23, 40300 Shah Alam
Selangor Darul Ehsan

Tel : 03-5548 5112

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REGISTERED OFFICE

Suites 7.21 & 7.22, 7th Floor
Imbi Plaza, Jalan Imbi

55100 Kuala Lumpur

Tel : 03-2142 3584

Fax : 03-2142 0327

AUDITORS

GEP Associates (AF 1030)

Chartered Accountants

25 Jalan PJU 1/42A, Dataran Prima

47301 Petaling Jaya, Selangor

Tel : 03-7803 3390

Fax : 03-7803 3502

SPONSOR

AmInvestment Bank Berhad

22nd Floor, Bangunan AmBank Group

55 Jalan Raja Chulan

50200 Kuala Lumpur

Tel : 03-2036 2633

Fax : 03-2070 2170

SHARE REGISTRAR

Epsilon Registration Services Sdn Bhd

Level 17, The Gardens North Tower

Mid Valley City

Lingkaran Syed Putra

59200 Kuala Lumpur

Tel : 03-2264 3883

Fax : 03-2282 1886

LISTING

MESDAQ Market of Bursa Malaysia Securities Berhad

Stock Name : TECFAST

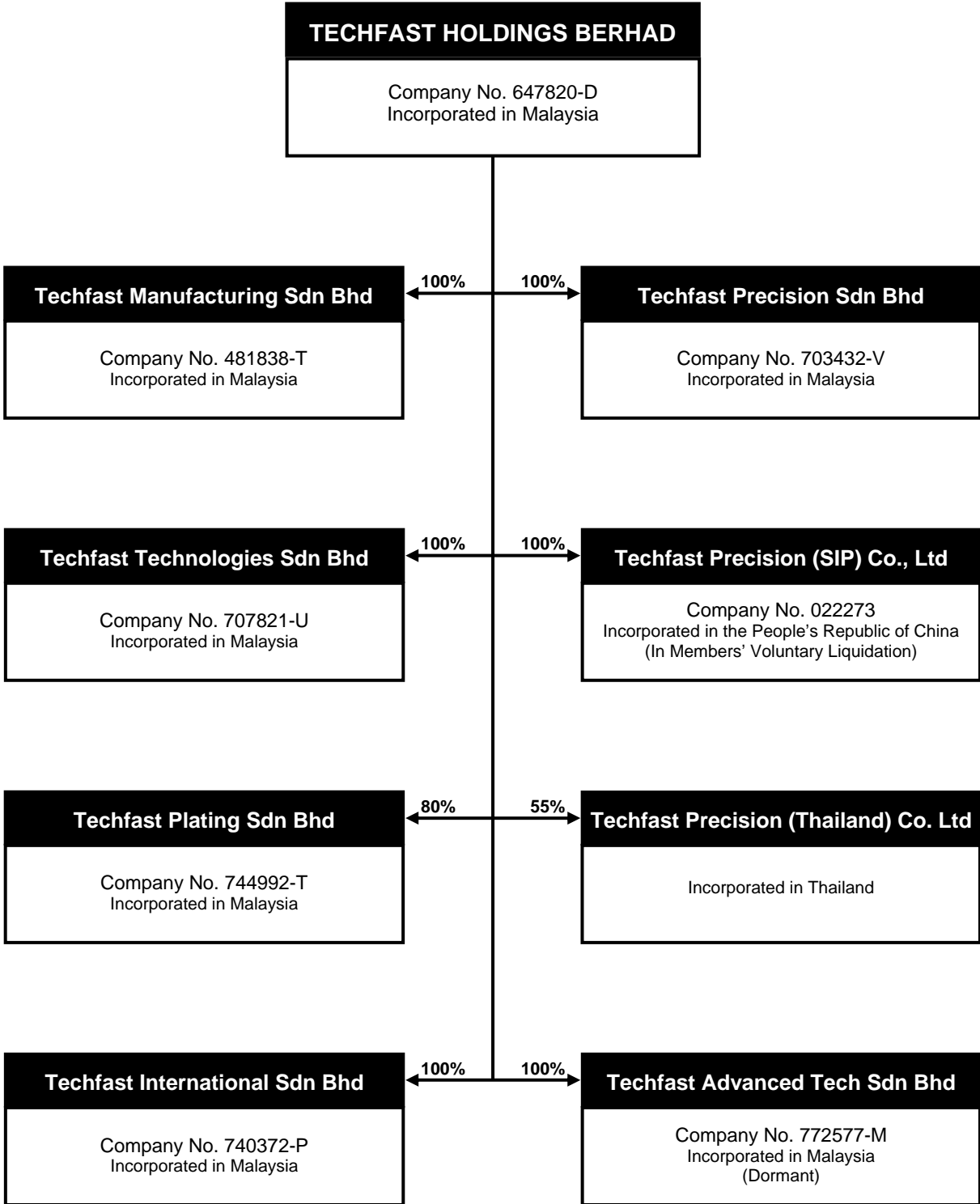
Stock Code : 0084

PRINCIPAL BANKERS

Hong Leong Bank Berhad

AmBank Berhad

Corporate Structure



Profile of Directors

YAP YOON SING

*Chairman cum Group Managing Director
Malaysian / Aged 43*

Mr. Yap was appointed to the Board on 31 March 2005 as the Chairman and Group Managing Director. He graduated from the National Chengchi University, Taiwan in 1989 with a Bachelor of Commerce degree majoring in Business Administration.

Upon his graduation, Mr. Yap joined the Chinese Management Association (“CMA”) Taiwan as a Management Consultant where his job function was to give management diagnosis and consultation to the small and medium-sized industries in Taiwan. Upon his return to Malaysia in 1991, he helped to set up a precision turned parts manufacturing company and joined the company as an Assistant General Manager, where he was in charge of marketing, purchasing, planning and production matters.

Mr. Yap together with Mr. Fong Kok Leong were the founders of Techfast Manufacturing Sdn Bhd, a subsidiary of the Company. He has a hands-on approach in managing the Group’s operations and is recognised by his peers in the self-clinching fastener (“SCF”) industry worldwide through his direct marketing efforts. He has more than thirteen (13) years of experience in the SCF industry and is very focused on the long-term development and formulation of overall strategies and business plans for the Techfast Group.

He is Chairman of the Option Committee and member of the Nomination Committee of the Company.

He also holds directorship in each of the subsidiary companies of the Techfast Group.

LIM TOCK OOI

*Executive Director
Malaysian / Aged 62*

Mr. Lim was appointed to the Board on 31 March 2005 as an Executive Director of the Company.

He is a graduate from the University of New England, Australia in 1971 with a Bachelor degree in Economics. He is a member of the Institute of Chartered Accountants in Australia, the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. He is also a Fellow of the Malaysian Institute of Taxation.

Mr. Lim qualified as a Chartered Accountant in 1974 while working for an international firm of chartered accountants in Sydney, Australia. In 1976, he returned to Malaysia and worked for an international firm of chartered accountants for approximately four (4) years. In 1980, he started his accounting practice under the name of Messrs. Michael Lim & Co.

He is currently responsible for the formulation of corporate strategies and plans for the Techfast Group and is responsible for the overall financial management and corporate affairs of the Group.

He is a member of the Remuneration Committee of the Company.

He is also a director in each of the subsidiary companies of the Techfast Group

Mr. Lim also holds directorship in other private limited companies in a non-executive capacity.

Profile of Directors (cont'd)

GAN PING SHOU @ GAN PING SIEU

Independent Non-Executive Director
Malaysian / Aged 43

Mr. Gan was appointed to the Board on 31 March 2005 as an Independent Non-Executive Director of the Company.

He obtained his Bachelor degree in Law from Queen Mary College, University of London in 1989 and thereafter became a Barrister-at-law of the Honourable Society of Lincoln's Inn. His post-graduate studies include a degree of Master of Law (LLM) from University Malaya and Diploma (Syariah) from the International Islamic University Malaysia.

He is the Chairman of the Nomination Committee and member of the Audit, Option and Remuneration committees of the Company.

He is a practising advocate and solicitor and the managing partner of Messrs. Gan and Zul., Advocates and Solicitors.

AUN AH THIM

Independent Non-Executive Director
Malaysian / Aged 57

Mr. Aun was appointed to the Board on 17 February 2009 as an Independent Non-Executive Director of the Company.

Mr. Aun is a member of the Malaysian Bar since 1990. He holds an Honours Degree in law from University of London and a Certificate in Legal Practice from the Malaysian Qualifying Board. He did his chambering and thereafter commenced his practice with Messrs Suhaimi Khor Zulkifli & Chang. He later continued his practice with Messrs Nga Hock Cheh & Co. and eventually became a partner. In 1998, he ventured out on his own under the style and name of Messrs A T Aun & Associates in Petaling Jaya. Since then, he has been practising as a sole proprietor. In his years of practice, he has exposure to varieties of legal works, including conveyancing, corporate matters and litigations.

Prior to taking up law as a self study student, he was involved in the field of education after graduated from University of Malaya in 1977 with a First Class Honours Degree in Science. His service in education included the training of school teachers. He has co-authored a book in the area of mathematical recreation which was published by Dewan Bahasa & Pustaka in the 80s.

He is a member of the Audit Committee of the Company.

Profile of Directors (cont'd)

YAP KOK CHING

*Independent Non-Executive Director
Malaysian / Aged 52*

Mr. Yap was appointed on 31 March 2005 as an Independent Non-Executive Director of the Company.

He graduated from the University of Melbourne, Australia with a Bachelor of Commerce degree majoring in Accounting and Economics. Mr. Yap is also a member of the Malaysian Institute of Accountants and a Fellow member of CPA Australia.

He started his career as an Accountant in 1982 with Clipper Express Co., Australia. In 1985, he took up the position of Regional Accountant with ANL Shipping Agencies ("ANL"), Australia. He left ANL in 1988 to join Steeves Lumley Limited, Australia as a Group Accountant until December 1995 when he returned to Malaysia. In July 1996, he was appointed as the Financial Controller of Tamadam Bonded Warehouse Berhad where he served until November 2001 before joining Otto Industrial Pte. Ltd. in Singapore as a Financial Controller. In June 2002, he was transferred back to Malaysia to serve in a related company, Perdana Park City Sdn Bhd, where he remained until March 2003. Mr. Yap then serves as the Chief Financial Officer of the Tan Cheong Leong Group of Companies until December 2005.

Mr. Yap is the Chairman of both the Audit and Remuneration Committees and a member of the Option and Nomination Committees. He is also the Senior Independent Director to whom all concerns regarding the Group may be conveyed.

Mr. Yap also sits on the boards of several private limited companies in Malaysia and he is currently running his own consulting business.

ADDITIONAL INFORMATION ON DIRECTORS

Conflict of Interest and Family Relationships with any Director and/or Major Shareholder

None of the Directors have any conflict of interest with the Group. None of the directors has family relationships with any other directors.

Convictions for offences (within past 10 years, other than traffic offences)

None of the Directors have any convictions for offences other than traffic offences.

Securities held in the Company and its subsidiary

The details are disclosed in the Directors' Report on page 20 of this Annual Report.

Statement on Corporate Governance

The Board of Directors (“the Board”) of Techfast Holdings Berhad (“the Company”) undertakes measures to enhance corporate governance framework which are practiced throughout the Company and its subsidiaries (“the Group”) as a fundamental part of discharging its responsibilities to protect, realise and enhance shareholders’ value and the financial performance of the Group. To this end, the Board fully supports the recommendations of the Malaysian Code on Corporate Governance (“the Code”).

The Board is pleased to outline the key principles applied and best practices adopted by the Group to comply with Parts 1 and 2 of the Code.

1. BOARD OF DIRECTORS

The Board is entrusted with the proper stewardship of the Company’s resources for the best interest of its shareholders and also to steer the Group towards achieving the maximum economic value.

Composition and Balance of the Board

The Board consists of six (6) members, comprising one (1) Chairman cum Group Managing Director, two (2) Executive Directors and three (3) Independent Non-Executive Directors.

Collectively, the composition equips the Board with a mix of industry-specific knowledge and broad business, financial, regulatory and technical experience. The Board complies with paragraph 15.2 of Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the MESDAQ Market which states that at least two (2) directors or one-third (1/3) of the board of director of a listed company must be independent directors. A brief profile of each Director is set out on pages 5 to 7 of this Annual Report.

Due to the strong independent component of the Board, the roles of the Chairman and Managing Director have not been divided, and both functions continue to be discharged by Mr. Yap Yoon Sing. He is primarily responsible for the Board’s effectiveness and conduct as well as overall management and development of strategic direction of the Group.

The presence of Independent Non-Executive Directors, Mr. Gan Ping Shou @ Gan Ping Sieu and Mr. Yap Kok Ching, both whom are of sufficient caliber and experience to bring objectivity, balance and independent judgment to Board decision making process of the Board.

Mr. Yap Kok Ching is also the Senior Independent Non-Executive Director to whom all concerns regarding the Group may be conveyed.

Board Responsibilities

The Board has reserved appropriate strategic, financial and organizational matters for its collective decision. Key matters, such as approval of annual and interim results, material investment, material agreements, major capital expenditures, budgets, long term plans and succession planning for top management are reserved for the Board.

Board Meetings

The Board meets every quarter and additional meetings are held as and when necessary. The Board met for a total of five (5) times during the financial year ended 31 December 2008. The number of meetings attended by the Board members is as follows:

Directors	Board Meetings		
	Held	Attended	% of Attendance
Yap Yoon Sing	5	5	100%
Lim Tock Ooi	5	5	100%
Yap Kok Ching	5	5	100%
Gan Ping Shou @ Gan Ping Sieu	5	4	80%
Fong Kok Leong*	5	5	100%
Geoffrey Paul Budd**	5	5	100%
Aun Ah Thim***	-	-	-

* Resigned on 25 May 2009

** Appointed on 25 February 2008, resigned on 31 December 2008

*** Appointed on 17 February 2009

Appointment to the Board

The appointment of any additional Director is made as and when it is deemed necessary by the Board with due consideration given to the mix of expertise and experience required for discharging its duties and responsibilities effectively. The Board is assisted in this regard by the Nomination Committee details of which are set out on page 11 of the Annual Report.

Statement on Corporate Governance (cont'd)

1. BOARD OF DIRECTORS (cont'd)

Re-election of Director

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors for the time being or if the number is not three (3) or a multiple of three (3) then the nearest one-third (1/3) shall retire from office at each Annual General Meeting. All Directors shall retire from office once at least every three (3) years but shall be eligible for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by the shareholders at the next Annual General Meeting following their appointments.

Supply of Information

Members of the Board have access to information on a timely basis to enable them to discharge their duties and responsibilities.

Directors are each provided with Notices of Board Meeting and Board papers for each agenda item in advance of each meeting to ensure that Directors have ample time to study them and be properly prepared for discussion and decision making. The Board papers provide updates on business, operational and corporate developments and other useful information to enable Directors to discharge their responsibilities effectively.

Any new requirements and/or amendments to regulations as issued by regulatory bodies, such as Bursa Malaysia Securities Berhad and Securities Commission, are circulated for the attention of Directors.

Access to Information and Advice

Directors have access to the advice and services of the Company Secretaries who are responsible for ensuring that Board procedures are followed and applicable rules and regulations are complied with. Any additional information requested by Directors is readily available, wherever possible. Minutes of all meetings are maintained as a record of proceedings carried out.

Directors may also consult with the Chairman cum Group Managing Director and other Board members prior to seeking any independent professional advice.

Directors' Training

All Directors have successfully completed the Mandatory Accreditation Programme as required by Bursa Malaysia Securities Berhad.

The Directors are encouraged to evaluate their own training needs on a continuous basis and to determine the relevant programmes, seminars, briefings or dialogue available that would best enable them to enhance their knowledge and contributions to the Board. Areas of concern include those related to corporate governance, as well as changes in laws and regulations affecting the business community

Descriptions of the type of training attended by the Directors for financial year ended 31 December 2008 are as follows:

	Mode of Training	No. of hours/day(s) spent
Lim Tock Ooi		
National Tax Conference 2008	Conference	2 days
MIT Workshop on Investment Incentives	Workshop	1 day
Gan Ping Shou @ Gan Ping Sieu		
Corporate Tax Planning	Workshop	1 day

The other Directors who have not attended any training during the year had an exceptionally committed schedule for year. However, they will continue to undergo other relevant training programmes to keep abreast with regulatory developments and requirements in compliance with Bursa Malaysia Listing Requirements on Continuing Education. Throughout the year, directors also received updates and briefings, particularly on regulatory, industry and legal developments, including information on significant changes in business risks and procedures instituted to mitigate such risks.

2. DIRECTORS' REMUNERATION

Level, make-up and procedure for determination

The Remuneration Committee is responsible for recommending to the Board the remuneration framework for Directors as well as the remuneration package for Executive Directors and senior management. The Company's remuneration scheme for Directors is linked to their performance, service seniority, experience and scope of responsibilities. This aims to attract, motivate and retain Directors with the relevant experience and expertise required to manage the business of the Group effectively and successfully. Executive Directors are abstained from deliberations and voting on the decision in respect of their own remuneration package.

The Board as a whole determines the remuneration of Non-Executive Director. The individual Directors concerned are abstained from decision in respect of their own remuneration package.

Details of the Remuneration Committee are set out on page 11 of this Annual Report.

Statement on Corporate Governance (cont'd)

2. DIRECTORS' REMUNERATION (cont'd)

Details of Directors' remuneration

The aggregate remuneration of directors for the financial year ended 31 December 2008 were as follows:

Components	Executive Directors RM '000	Non-Executive Directors* RM '000	Total RM '000
Fees	-	60	60
Salaries/Other emoluments	676	5	681
Benefits-in-kind	90	-	90
Total	766	65	831

* includes Mr. Geoffrey Paul Budd who resigned on 31 December 2008.

The number of directors of the Company whose remuneration fell within the respective bands is as follows:

Range of Remuneration (RM)	Executive Directors	Non-Executive Directors*
Below 50,000	-	3
50,001-100,000	-	-
100,001-150,000	-	-
150,001-200,000	-	-
200,001-250,000	2	-
250,001-300,000	-	-
300,001-350,000	1	-

* includes Mr. Geoffrey Paul Budd who resigned on 31 December 2008.

3. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

Shareholders and Investors Relations

The Group values dialogue with investors as a means of effective communication that enables the Board to convey information about the Group's performance, corporate strategy and other matters affecting shareholders' interests. Such information is communicated through the Annual Report and the various disclosures and announcements to Bursa Malaysia Securities Berhad including quarterly and annual results.

Care is taken to ensure that no market sensitive information such as corporate proposals, financial results and other material information is disseminated to any party without first making an official announcement through Bursa Malaysia Securities Berhad.

Annual General Meeting ("AGM")

The AGM provides a vital forum for dialogue with shareholders. At the AGM, shareholders are encouraged to participate in the question-and-answer session on the resolutions being proposed or to share viewpoints and acquire information on issues relevant to the business operation of the Group in general.

Copies of the Annual Report and Notice of the AGM are sent to all shareholders at least twenty-one (21) days before the meeting. The Notice of the AGM is also published in widely circulated newspapers.

Each item of special business included in the Notice of the meeting will be accompanied by an explanatory statement for the effects of a proposed resolution to facilitate full understanding and evaluation of issues involved.

4. ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors are aware of their responsibilities to present a balance and understandable assessment of the Group's financial performance and prospects. In this respect, the Audit Committee assists the Board in overseeing the Group's financial reporting processes and the quality of its financial reporting.

Internal Control

The Board of Directors is responsible for maintaining a sound system of internal control to provide reasonable assurance regarding the achievement of the Group's objectives in ensuring effectiveness and efficiency of operation, reliability and transparency of financial information and compliance with laws and regulations.

The Board recognises that reviewing the Group's system of internal control is a continuing process, designed to manage rather than eliminate the risk of failure to achieve business objectives. Accordingly, the systems, processes and procedures being put in place are aimed at minimizing those risks and to provide reasonable but not absolute assurance against material misstatement, fraud and loss.

Statement on Corporate Governance (cont'd)

4. ACCOUNTABILITY AND AUDIT (cont'd)

Internal Control (cont'd)

The Statement on Internal Control as set out on page 13 of this Annual Report provide overview of the state of internal controls within the Group.

Relationship with the External Auditors

The external auditors, Messrs GEP Associates have continued to report to the members of the Company on their findings which are included as part of the Company's financial reports with respect to each year's audit on the statutory financial statements. In doing so the Company has established a transparent arrangement with the auditors to meet their professional requirements.

The role of the Audit Committee in relation to the external auditors is set out on pages 14 to 16 to of this Annual Report.

5. THE BOARD COMMITTEES

As appropriate or whenever required as provided by the Articles of Association, the Board has delegated certain responsibilities to certain Committees, namely Nomination Committee, Remuneration Committee, Audit Committee and Option Committee to assist the Board in the discharge of its duties effectively, which operates within clearly defined terms of reference.

Nomination Committee

The Nomination Committee was established on 21 July 2005. The members of the Committee are as follows:-

Gan Ping Shou @ Gan Ping Sieu	(Chairman, Independent Non-Executive Director)
Yap Kok Ching	(Independent Non-Executive Director)
Yap Yoon Sing	(Group Managing Director)

The objectives of the Nomination Committee are to:

- assist the Board of Directors of Techfast Holdings Berhad ("the Board") in assessing existing directors and identifying, nominating and orienting new directors to enhance corporate governance.
- assist the Board in ensuring that appointments of Directors are made on merit basis.
- assist the Board in identifying and reviewing on an annual basis the desired mix of skills, experience, qualifications and other core competencies required of Directors to enable the Board to function effectively and efficiently.
- examine and review the overall composition of the Board in terms of size and balance between Executive Directors, Non-Executive Directors and Independent Directors.

One (1) meeting was held during the financial year ended 31 December 2008 with full attendance from all the Committee members.

Remuneration Committee

The Remuneration Committee was established on 21 July 2005. The members of the Committee are as follows:-

Yap Kok Ching	(Chairman; Independent Non-Executive Director)
Lim Tock Ooi	(Executive Director)
Gan Ping Shou @ Gan Ping Sieu	(Independent Non-Executive Director)

The objectives of the Remuneration Committee is to assist the Board of Directors in ensuring that the Executive Directors and key senior managerial staff of the Techfast Group ("the Group") are fairly rewarded for their individual contributions to the Group's overall performance and that the levels of remuneration package are sufficient to attract, retain and motivate the Executive Directors and key senior management staff needed to manage the business of the Group successfully.

The determination of remuneration package of Non-Executive Directors is a matter of the Board as a whole.

No meeting was held during the financial year ended 31 December 2008.

Audit Committee

The report of the Audit Committee is set out on pages 14 to 16 of this Annual Report.

Statement on Corporate Governance (cont'd)

5. THE BOARD COMMITTEES (cont'd)

Option Committee

The Option Committee was established on 31 March 2005. The members of the Committee are as follows:

Yap Yoon Sing	(Chairman, Group Managing Director)
Yap Kok Ching	(Independent Non-Executive Director)
Gan Ping Shou @ Gan Ping Sieu	(Independent Non-Executive Director)

The objectives of the Option Committee are to:

- assist the Board of the Company in discharging its responsibilities relating to the implementation of the Employees' Share Option Scheme ("the Scheme") in accordance with the relevant laws and regulations including the By-Law of the Scheme.
- regulate and administer the Scheme subject to the Company's Memorandum and Articles of Association, the By-Laws of the Scheme, the Company's policy guidelines and other relevant laws and regulations.
- carry out functions relating to the Scheme assigned by the Board of the Company.

No meeting was held during the financial year ended 31 December 2008.

STATEMENT OF COMPLIANCE WITH BEST PRACTICES

The Board considers that it has complies with Best Practices set in accordance with the Malaysian Code of Corporate Governance.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE PREPARATION OF THE AUDITED FINANCIAL STATEMENTS

The Directors are required to prepare audited financial statements that give a true and fair view of the state of affairs, including the cash flow and results, of the Group and the Company as at the end of each financial year.

In preparing these financial statements, the Director have considered the following:

- the Group and the Company have used appropriate accounting policies, and that these were consistently applied;
- that reasonable and prudent judgments and estimates were made;
- that the approved accounting standards in Malaysia have been applies; and
- that the financial statements were prepared on a going concern basis.

The Director are responsible for ensuring that the Company maintains proper accounting records which disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have the general responsibility for taking such steps that are reasonably available to them to safeguard the assets of the Group and the Company, and to prevent and detect fraud and other irregularities.

Statement on Internal Control

The Board of Directors is pleased to present the Statement on Internal Control of the Techfast Group of companies which outlines the key elements of internal control for the year ended 31 December 2008.

RESPONSIBILITY OF THE BOARD

The Board of Directors acknowledges its responsibility for the Group's system of internal control to cover the financial, compliance and operational controls of the Group. The Board also recognises its responsibility for reviewing the adequacy and integrity of the system of internal control to safeguard shareholders' investments and the Group's assets.

However, it should be noted that the system of internal control is designed to manage rather than to eliminate the risk of failure to achieve business objectives. As such, it can only provide reasonable and not absolute assurance against material misstatement or loss regarding:

- (a) the safeguarding of assets against unauthorized use or disposition; and
- (b) the maintenance of proper accounting records and the reliability of financial information used within the business or for publication.

RISK MANAGEMENT FRAMEWORK

The Executive Directors with the assistance of the senior management are continuously identifying, evaluating and managing significant business risks that affect the day-to-day operations of the Group.

The Audit Committee, on behalf of the Board, considers the effectiveness of the operation of the internal control procedures in the Group during the financial year. The Audit Committee reviews internal control issues identified by the external auditors and management and evaluates the adequacy and effectiveness of the Group's risk management and internal control system.

KEY ELEMENTS

The Board is fully committed to ensure that a proper and conducive control environment is maintained within the Group to govern the manner in which the Group and its employees conducting themselves. The key elements of the Group's internal control system include the following :

- There is a clear organizational structure with well-defined lines of responsibility and delegation of authority to ensure proper identification of accountabilities and segregation of duties which are communicated to all levels of the organization.
- Policy guidelines, procedures and authority limits are established for Executive Directors and management within the Group in respect of day to day operations, acquisitions and disposal of assets.
- There are standard operating policies and procedures which are set out and communicated to all levels of the organization.
- The Managing Director regularly updates the Board on industry trend, key customers and performance of the Group.
- The Executive Directors maintain a "close-to-operations" attitude with managerial staff, which provides an ideal platform for assessment and management of those identified risks in the business operations.
- Through delegation of job responsibilities to and constant communication with key management personnel who are responsible for the daily operations, the Executive Directors are able to make reasonable assessment about the operations of the Group.
- The Company has a framework for recruitment activities to maintain a capable workforce. Ongoing training is conducted to enhance the skill and knowledge of the workforce, which aids in maintaining a risk conscious culture within the organisation.

CONCLUSION

Saved for the claim by Royal Malaysian Custom for underpaid duty and sale tax against one of the subsidiary companies against which the subsidiary is appealing, the Board is satisfied that for the financial year under review, there were no other material losses, deficiencies or errors arising from any inadequacy or failure of the Group's system of internal control that would require disclosure in the Annual Report of the Group.

Audit Committee Report

The Audit Committee was established on 31 March 2005. The Board of Directors is pleased to present the report of the Audit Committee for the financial year ended 31 December 2008.

1. MEMBERS

The Audit Committee comprises the following members:-

Yap Kok Ching	(Chairman, Independent Non-Executive Director)
Gan Ping Shou @ Gan Ping Sieu	(Independent Non-Executive Director)
Geoffrey Paul Budd*	(Non-Independent Non-Executive Director)
Aun Ah Thim**	(Independent Non-Executive Director)

* Appointed on 25 February 2008, resigned on 31 December 2008

** Appointed on 17 February 2009

2. TERMS OF REFERENCE

Membership

The Committee shall be appointed by the Board from amongst the Directors of the Company and shall consist of not less than three (3) members, all the members must be non-executive directors with a majority of them being independent directors and at least one member of the Committee must be a member of the Malaysian Institute of Accountants or such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

The member of the Audit Committee shall elect a chairman from among their number who shall be an independent director.

No alternate director shall be appointed as a member of the Audit Committee.

Authority

As empowered by the Board, the Audit Committee shall:

- have explicit authority to investigate any matter within its terms of reference;
- have the resources which are required to perform its duties;
- have full and unrestricted access to any information, records, properties and personnel including the chief executive officer and/or the chief financial officer of the Company and of the Group which it requires in the course of performing its duties;
- have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- be able to obtain independent professional or other advice in the performance of its duties at the cost of the Company;
- be able to invite outsiders with relevant experience to attend its meeting if necessary; and
- be able to convene meetings with external auditors, the internal auditor(s) or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Management shall provide the fullest co-operation in providing information and resources to the Audit Committee, and in implementing or carrying out all requests made by the Audit Committee.

Duties and Responsibilities

The duties of the Committee shall be:

- (a) to review the quarterly and annual financial statements with both the external auditors and management before approval by the Board, focusing particularly on:
 - changes in accounting policies and practices;
 - implementation of major accounting policy changes;
 - significant and unusual events; and
 - compliance with accounting standards and other legal requirements.
- (b) to review with external auditors:
 - their audit plan, encompassing the nature and scope of the audit before the commencement of the audit;
 - their evaluation of the system of internal controls;
 - their audit report;
 - their audit findings; and
 - the assistance given by the employees of the Company to the external auditors.

Audit Committee Report (cont'd)

2. TERMS OF REFERENCE (cont'd)

Duties and Responsibilities (cont'd)

- (c) to review the adequacy of the scope, quality, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
- (d) to review internal audit programme and to consider major findings of internal audit investigations and management's response thereto and ensure that appropriate actions are taken on the recommendations of the internal audit function;
- (e) to review the effectiveness of the internal control and management information systems;
- (f) to review any related party transaction and conflict of interest situation that may arise within the Company or Group, including any transaction, procedure or course of conduct that raises questions on the integrity of management;
- (g) to review any letter of resignation from the external auditors of the Company;
- (h) to review any management letter sent by the external auditors to the Company and the management's response to such letter;
- (i) to review whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment;
- (j) to make recommendations to the Board on the nomination and remuneration of the external auditors;
- (k) to review the assistance given by the Company's officers to the external auditors;
- (l) to review all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels; and
- (m) to carry out any additional duties which may arise from time to time as prescribed by the Board.

Meetings

Meetings shall be held not less than four (4) times a year and such additional meetings as the Chairman may decide to fulfill its duties. The external auditors may request a meeting if they consider this necessary.

The Committee may require any employee and/or the external auditors and/or the internal auditor(s) to attend meetings. If necessary, the Committee shall meet with the external auditors without any Executive Director present.

In order to form a quorum in respect of a meeting of an audit committee, the majority of members present must be independent director. A quorum at each meeting shall be two (2) members.

If the Chairman is not present, the members present shall elect one (1) of their members to be the Chairman of the Meeting.

Retirement and Resignation

A member of the Audit Committee who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves. In the event of any vacancy in the Audit Committee resulting in the non-compliance of the above recruitment, the Board must fill the vacancy within (3) months.

Secretary of the Audit Committee

The Company Secretary shall be the Secretary of the Audit Committee.

Rights of External / Internal Auditors

The external auditors and internal auditors (if any) have the right to appear and be heard at any meeting for the Audit Committee and shall so appear when required by the Audit Committee.

Upon the request of the external auditors or internal auditors (if any), the Chairman of the Audit Committee shall convene a meeting of the Committee to consider any matters that the auditors believe should be brought to the attention of the directors or shareholders. The Committee may invite any persons to be in attendance to assist in its deliberations.

Functional Independence

The Audit Committee shall function independently of the other directors and officers of the Group. Such other directors and officers may attend any particular Audit Committee meeting only upon invitation by the Audit Committee, specific to the relevant meeting.

Other than as provided herein, the Audit Committee may regulate its own procedures including the calling of meeting, the notice to be given of such meetings, the voting and proceedings thereat, the keeping of minutes and the custody, production and inspection of such minutes.

Audit Committee Report (cont'd)

3. NUMBER OF MEETINGS AND DETAILS OF ATTENDANCE

During the financial year ended 31 December 2008, five (5) Audit Committee meetings were held. The number of meetings attended by the Committee members is as follows:-

Members	Audit Committee Meetings		
	Held	Attended	% of Attendance
Yap Kok Ching	5	5	100%
Gan Ping Shou @ Gan Ping Sieu	5	5	100%
Geoffrey Paul Budd*	5	5	100%
Aun Ah Thim**	-	-	-

* Appointed on 25 February 2008, resigned on 31 December 2008

** Appointed on 17 February 2009

The meetings were appropriately structured through the use of agendas, which were distributed to members with sufficient notice period.

The Company Secretary was in attendance as secretary of the Committee in all meetings. The Operation Manager-Finance & Admin, Group Operation Manager and Senior Accounts Executive of the Group also attended meetings, where appropriate, upon invitation.

4. SUMMARY OF ACTIVITIES

The Committee had carried out the following activities during the five (5) meetings held during the financial year ended 31 December 2008 in discharging their duties and responsibilities:

- reviewed the quarterly reports of the Group and the recommendation of the same to the Board for approval and release of the Group's result to Bursa Malaysia Securities Berhad.
- reviewed the audit planning memorandum on the statutory audit of the Group for the financial year ended 31 December 2008 with external auditors.
- reviewed the results and issues arising from the audit of the financial statements and resolutions of such issues highlighted in the auditors report to the Committee with the external auditors.
- considered and recommended the external auditors for re-appointment.
- reviewed internal audit findings and recommendations for improvement in the system of internal control;
- reviewed the related party transactions entered into by the Company and the procedures established to ensure that the transactions were entered into at arm's length and on the Company's normal commercial terms which are not more favourable to the related parties than those generally available to the public and were not detrimental to the majority shareholder.

5. STATEMENT BY AUDIT COMMITTEE IN RELATION TO EMPLOYEES' SHARE OPTION SCHEME ("ESOS") ALLOCATION

The Audit Committee has reviewed and verified that the allocations of options pursuant to the ESOS were in accordance with the provisions set out in the By-Laws of the ESOS.

No options were granted to Non-Executive Directors during the year ended 31 December 2008.

6. INTERNAL AUDIT FUNCTION

An Internal Audit Department (IAD) was established on to assist the Board in monitoring and managing risks and internal controls, and to assist the Audit Committee in discharging its duties and responsibilities. The function of the IAD is to provide the Audit Committee with independent and objective reports on the state of internal controls and the compliance with policies and procedures of the Company. It is also responsible in providing independent assessments for adequate, efficient and effective internal control systems in anticipating potential risk exposures over key business processes.

During the financial year ended 31 December 2008, the IAD prepared an internal audit plan focusing on audits and reviews on the effectiveness of the Company's internal control system and management processes, and to ensure compliance to company policies and procedures, as well as other relevant regulatory rules and regulations. Findings and recommendations for improvements in these areas were communicated to the respective management for responses and corrective actions wherever necessary. Every quarter, an internal audit report on the findings and recommendations was submitted to the Audit Committee. There were no internal control weaknesses which have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Company's Annual Report.

Additional Compliance Information

In compliance with the Bursa Malaysia Securities Berhad Listing Requirements, the following additional compliance information is provided:

1. SHARE BUY-BACKS

During the financial year, the Company did not enter into any share buy-back transactions.

2. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The Company's Employees' Share Option Scheme was implemented on 30 May 2005, details of which are set out in Note 8 to the audited Financial Statements, on pages 45 to 46 of this Annual Report.

There were no warrants or convertible securities issued by the Company during the financial year.

3. AMERICAN DEPOSITORY RECEIPT ("ADR") / GLOBAL DEPOSITORY RECEIPT ("GDR") PROGRAMME

The Company did not sponsor any ADR or GDR programmes during the financial year.

4. SANCTIONS / PENALTIES

There were no material sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year.

5. NON-AUDIT FEES

The amount of non-audit fees paid and payable to the external auditors by the Group for the financial year ended 31 December 2008 was RMNil (2007: RMNil).

6. VARIATION IN RESULTS

There were no variance of 10% or more between the audited results and the unaudited results announced previously. The Company did not make any release on the profit estimate, forecast or projections for the financial year.

7. PROFIT GUARANTEE

There were no profit guarantees given by the Company during the financial year.

8. MATERIAL CONTRACT INVOLVING DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The Company and its subsidiary companies have not entered into any material contracts outside the ordinary course of business, involving directors and substantial shareholders in the current financial year ended 31 December 2008.

9. REVALUATION POLICY

The policy of revaluation on landed properties is as disclosed in the Financial Statements of this Annual Report.

10. RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF REVENUE NATURE

The details are set out in Note 27 to the Financial Statements on page 56 of the Annual Report.

Financial Statements

	Pages
Directors' Report	19 - 22
Statement by Directors	23
Statutory Declaration	23
Independent Auditors' Report	24 - 25
Consolidated Balance Sheet	26
Balance Sheet	27
Consolidated Income Statement	28
Income Statement	29
Consolidated Statement of Changes in Equity	30
Statement of Changes in Equity	31
Consolidated Cash Flow Statement	32 - 33
Cash Flow Statement	34
Notes to the Financial Statements	35 - 58

Directors' Report

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and provision of management services. The principal activities of the subsidiary companies are disclosed in Note 15 to the Financial Statements. There have been no significant changes in the principal activities of the Company and its subsidiary companies during the financial year.

RESULTS

	Group	Company
	RM	RM
(Loss)/Profit for the year	(5,646,096)	1,866,177
Attributable to:		
Equity holders of the Company	(5,482,122)	1,866,177
Minority interests	(163,974)	-
	<u>(5,646,096)</u>	<u>1,866,177</u>

In the opinion of the Directors, the results of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors also do not recommend any dividend payment in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

EMPLOYEE SHARE OPTIONS SCHEME ("ESOS")

The Techfast Holdings Berhad ESOS is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on the 12 April 2005. Details of the ESOS are set out in Note 8 to the Financial Statements.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of the employees who have been granted options to subscribe for less than 400,000 ordinary shares in the Company. The list of employee granted options to subscribe for 400,000 and more ordinary shares in the Company is as follows:

Name	Grant Date	Expiry Date	Exercise Price	Number of Share Options			
				1.1.2008	Granted	Exercised	31.12.2008
			RM				
Chan Chun Yi	30.5.2005	29.5.2010	0.39	420,000	-	-	420,000

Details of options granted to directors are disclosed in the section on Directors' Interest in this report.

Directors' Report (cont'd)

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Yap Yoon Sing	
Lim Tock Ooi	
Fong Kok Leong	
Gan Ping Shou @ Gan Ping Sieu	
Yap Kok Ching	
Aun Ah Thim	(Appointed on 17.02.2009)
Geoffrey Paul Budd	(Resigned on 31.12.2008)

In accordance with the Company's Articles of Association, Mr Fong Kok Leong, Mr Yap Kok Ching and Mr Aun Ah Thim shall retire from the Board at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

DIRECTORS' INTEREST

The shareholdings in the Company of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 are as follows:

Shares in the Company Registered in Name of Director	Number of ordinary shares of RM0.10 each			Balance as at 31.12.2008
	Balance as at 1.1.2008	Bought	Sold	
Yap Yoon Sing	17,473,982	-	-	17,473,982
Fong Kok Leong	5,435,597	-	-	5,435,597
Lim Tock Ooi	8,007,264	-	-	8,007,264
Gan Ping Shou @ Gan Ping Sieu	200,000	-	-	200,000
Yap Kok Ching	150,000	-	-	150,000

The Company	Number of options over ordinary shares of RM0.10 each			Balance as at 31.12.2008
	Balance as at 1.1.2008	Granted	Exercise	
Yap Yoon Sing	900,000	-	-	900,000
Lim Tock Ooi	1,200,000	-	-	1,200,000
Fong Kok Leong	900,000	-	-	900,000

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefits (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

At the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than the Company's ESOS as disclosed above.

Directors' Report (cont'd)

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 16 July 2008, a wholly-owned subsidiary company, Techfast Precision Sdn. Bhd. ("TPSB") has increased its issued and fully paid-up share capital from RM1,000,000 to RM2,000,000 through the allotment of an additional 1,000,000 new ordinary shares of RM1 each. On 18 November 2008, the issued and fully paid-up share capital of TPSB has increased from RM2,000,000 to RM8,000,000 through the allotment of an additional 6,000,000 new ordinary shares of RM1 each.

The Company has subscribed for the entire allotment shares for a total consideration of RM7,000,000.

- (b) On 9 October 2008, the Company acquired 40 ordinary shares of RM1 each in Techfast Advanced Tech Sdn. Bhd., for a total consideration of RM40. Following the acquisition, Techfast Advanced Tech Sdn. Bhd. became a wholly-owned subsidiary company of the Company.
- (c) On 11 November 2008, the directors of a wholly-owned subsidiary company, Techfast Precision (SIP) Co. Ltd. applied to Economic & Trade Development Board of Suzhou Industrial Park Administrative Committee to liquidate the said subsidiary company.

OTHER FINANCIAL INFORMATION

Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and have satisfied themselves that all known bad debts had been written off and adequate provision had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:

- (a) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

Other than as disclosed in Note 26 to the Financial Statements, no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the Group and of the Company for the succeeding financial year.

REGISTERED OFFICE

The register office of the Company is located at:

Suites 7.21 & 7.22
7th Floor, Imbi Plaza
Jalan Imbi
55100 Kuala Lumpur
Malaysia

Directors' Report (cont'd)

PRINCIPAL PLACE OF BUSINESS

The principal place of business of the Company is located at:

No. 11, Jalan Pasaran 23/5
Seksyen 23
40300 Shah Alam
Selangor Darul Ehsan
Malaysia

AUDITORS

The auditors, Messrs GEP Associates, have indicated their willingness to continue in office.

Signed in accordance with a resolution of the Directors dated 23 April 2009.

YAP YOON SING

LIM TOCK OOI

Kuala Lumpur

Statement by Directors

The directors of **TECHFAST HOLDINGS BERHAD**, state that, in their opinion, the accompanying balance sheets, income statements, statements of changes in equity and cash flow statements, together with the notes thereto, are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved Financial Reporting Standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2008, their results and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors dated 23 April 2009.

YAP YOON SING

LIM TOCK OOI

Kuala Lumpur

Statutory Declaration

I, **LIM TOCK OOI**, being the Director primarily responsible for the accounting records and financial management of **TECHFAST HOLDINGS BERHAD**, do solemnly and sincerely declare that the accompanying balance sheets, income statements, statements of changes in equity and cash flow statements, together with the notes thereto, are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by

LIM TOCK OOI

at Petaling Jaya, Selangor D.E

on 23 April 2009

Before me,

K. CHERIAN ABRAHAM

B299

COMMISSIONER FOR OATHS

Independent Auditors' Report to the Members of Techfast Holdings Berhad (Company No. 647820-D) (Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Techfast Holdings Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 26 to 58

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following :

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 15 to the Financial Statements.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Independent Auditors' Report to the Members of (cont'd)
Techfast Holdings Berhad (Company No. 647820-D)
(Incorporated in Malaysia)

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

GEP ASSOCIATES
AF 1030
Chartered Accountants

GONG WOUI TEIK
741/04/10(J)
Partner

Petaling Jaya
23 April 2009

Consolidated Balance Sheet

as at 31 December 2008

	Note	2008 RM	2007 RM
ASSETS			
Non-current assets			
Property, plant and equipment	3	21,678,581	26,910,986
Prepaid land lease payments	4	2,286,244	2,312,291
		23,964,825	29,223,277
Current assets			
Inventories	5	5,741,660	9,472,989
Trade and other receivables	6	8,128,439	13,939,548
Fixed deposits with licensed banks	7	7,175,881	4,535,549
Cash and bank balances		3,247,985	2,218,517
		24,293,965	30,166,603
TOTAL ASSETS		48,258,790	59,389,880
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital	8	15,570,580	15,570,580
Reserves	9	16,474,868	21,971,493
		32,045,448	37,542,073
Minority interests		1,073,523	1,223,452
Total equity		33,118,971	38,765,525
Non-current liabilities			
Hire purchase creditors	10	620,136	925,594
Term loans	11	7,007,157	9,040,664
Deferred taxation	12	619,184	1,554,100
		8,246,477	11,520,358
Current liabilities			
Trade and other payables	13	3,120,765	4,227,321
Hire purchase creditors	10	572,415	439,126
Bank borrowings	14	3,200,162	4,400,425
Current tax payable		-	37,125
		6,893,342	9,103,997
Total liabilities		15,139,819	20,624,355
TOTAL EQUITY AND LIABILITIES		48,258,790	59,389,880

The accompanying Notes form an integral part of the Financial Statements.

Balance Sheet

as at 31 December 2008

	Note	2008 RM	2007 RM
ASSETS			
Non-current assets			
Property, plant and equipment	3	2,239	2,719
Investment in subsidiary companies	15	21,388,392	18,791,461
		21,390,631	18,794,180
Current assets			
Other receivables	6	2,380,846	3,510,018
Fixed deposits with licensed banks	7	3,552,044	3,515,494
Cash at bank		193,842	144,219
		6,126,732	7,169,731
TOTAL ASSETS		27,517,363	25,963,911
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital	8	15,570,580	15,570,580
Reserves	9	11,867,239	10,169,015
Total Equity		27,437,819	25,739,595
Current liability			
Other payables	13	79,544	224,316
Total liability		79,544	224,316
TOTAL EQUITY AND LIABILITIES		27,517,363	25,963,911

The accompanying Notes form an integral part of the Financial Statements.

Consolidated Income Statement

for the year ended 31 December 2008

	Note	2008 RM	2007 RM
Revenue	16	32,274,082	35,034,188
Cost of goods sold / service rendered		(29,843,162)	(23,299,434)
Gross profit		2,430,920	11,734,754
Other income		2,058,560	1,395,320
Selling and distribution expenses		(1,121,402)	(327,950)
Administrative expenses		(2,825,640)	(3,434,833)
Other expenses		(6,155,986)	(3,294,337)
Operating (loss)/profit	17	(5,613,548)	6,072,954
Finance costs	18	(890,420)	(786,907)
(Loss)/Profit before taxation		(6,503,968)	5,286,047
Income tax expense	19	857,872	(568,729)
Net (loss)/profit for the year after taxation		(5,646,096)	4,717,318
Attributable to:			
Equity holders of the Company		(5,482,122)	4,809,254
Minority interests		(163,974)	(91,936)
		(5,646,096)	4,717,318
(Loss)/Earnings per share (sen)			
- basic	20	(3.55)	3.11

The accompanying Notes form an integral part of the Financial Statements.

Income Statement

for the year ended 31 December 2008

	Note	2008 RM	2007 RM
Revenue	16	9,731,705	4,123,316
Other income		-	11
Administrative expenses		(1,574,930)	(1,488,817)
Other expenses		(4,206,247)	(359,476)
Profit before taxation	17	3,950,528	2,275,034
Income tax expense	19	(2,084,351)	(3,649)
Net profit after taxation		1,866,177	2,271,385
Attributable to:			
Equity holders of the Company		1,866,177	2,271,385

The accompanying Notes form an integral part of the Financial Statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2008

	Attributable to Equity Holders of the Company							
	Non-Distributable				Distributable			
	Share Capital (Note 8)	Share Premium (Note 9)	Translation (Loss)/ Reserve (Note 9)	Share Option Reserve (Note 9)	Retained Earnings (Note 9)	Total	Minority Interests	Total Equity
	RM	RM	RM	RM	RM	RM	RM	RM
Balance at 1 January 2007	15,223,300	9,101,372	(203,742)	270,960	9,331,374	33,723,264	30,944	33,754,208
Issue of shares - ESOS (Note 8)	347,280	1,086,773	-	(79,501)	-	1,354,552	-	1,354,552
Dividend paid (Note 21)	-	-	-	-	(2,335,442)	(2,335,442)	-	(2,335,442)
Share options granted under ESOS [Note 17 (b)]	-	-	-	7,770	-	7,770	-	7,770
Exchange differences on translation of financial statements of foreign entities	-	-	(17,325)	-	-	(17,325)	(68,655)	(85,980)
Minority interests	-	-	-	-	-	-	1,353,099	1,353,099
Net profit for the year	-	-	-	-	4,809,254	4,809,254	(91,936)	4,717,318
Balance at 31 December 2007	15,570,580	10,188,145	(221,067)	199,229	11,805,186	37,542,073	1,223,452	38,765,525
Share issue expenses	-	(217,435)	-	-	-	(217,435)	-	(217,435)
Share options granted under ESOS [Note 17 (b)]	-	-	-	49,482	-	49,482	-	49,482
Exchange differences on translation of financial statements of foreign entities	-	-	153,450	-	-	153,450	14,085	167,535
Acquisition of additional equity interest in a subsidiary company	-	-	-	-	-	-	(40)	(40)
Net loss for the year	-	-	-	-	(5,482,122)	(5,482,122)	(163,974)	(5,646,096)
Balance at 31 December 2008	15,570,580	9,970,710	(67,617)	248,711	6,323,064	32,045,448	1,073,523	33,118,971

The accompanying Notes form an integral part of the Financial Statements.

Statement of Changes in Equity

for the year ended 31 December 2008

	Non-Distributable			Distributable	Total Equity RM
	Share Capital (Note 8) RM	Share Premium (Note 9) RM	Share Option Reserve (Note 9) RM	(Accumulated Losses)/Re- tained Earnings (Note 9) RM	
Balance at 1 January 2007	15,223,300	9,101,372	270,960	(154,302)	24,441,330
Issue of shares - ESOS (Note 8)	347,280	1,086,773	(79,501)	-	1,354,552
Dividend paid (Note 21)	-	-	-	(2,335,442)	(2,335,442)
Net profit after taxation	-	-	-	2,271,385	2,271,385
Share options granted under ESOS [Note 17(b)]	-	-	7,770	-	7,770
Balance at 31 December 2007	15,570,580	10,188,145	199,229	(218,359)	25,739,595
Share issue expenses	-	(217,435)	-	-	(217,435)
Net profit after taxation	-	-	-	1,866,177	1,866,177
Share options granted under ESOS [Note 17(b)]	-	-	49,482	-	49,482
Balance at 31 December 2008	15,570,580	9,970,710	248,711	1,647,818	27,437,819

The accompanying Notes form an integral part of the Financial Statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2008

	Note	2008 RM	2007 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		(6,503,968)	5,286,047
Adjustments for:			
Loss on deconsolidation of a subsidiary company		2,835,466	-
Depreciation of property, plant and equipment		2,736,276	2,703,331
Interest expense		890,420	786,907
Property, plant and equipment written off		679,883	270,868
Bad debts written off		480,462	85,209
Inventories written off		464,801	-
Loss/(Gain) on disposal of property, plant and equipment		180,487	(11,985)
Share options granted under ESOS		49,482	7,770
Amortisation of prepaid land lease payments		26,047	26,048
Allowance for doubtful debt		19,745	60,000
Interest income		(85,739)	(60,842)
Unrealised (gain)/loss on foreign exchange		(238,759)	127,682
Operating profit before working capital changes		1,534,603	9,281,035
Decrease/(Increase) in inventories		3,266,528	(688,954)
Decrease/(Increase) in trade and other receivables		5,464,963	(1,297,473)
Decrease in trade and other payables		(1,150,739)	(4,804,665)
Cash generated from operations		9,115,355	2,489,943
Tax refund		120,546	-
Bank overdraft interest paid		(56,928)	(29,209)
Tax paid		(2,469,373)	(815,945)
Interest received		-	5,502
Net cash generated from operating activities		6,709,600	1,650,291
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		2,765,306	150,442
Uplift/(Placement) of fixed deposits		1,396,218	(1,300,000)
Fixed deposit interests received		85,739	55,340
Purchase of property, plant and equipment	22	(1,090,687)	(4,110,225)
Net cash generated from/(used in) investing activities		3,156,576	(5,204,443)

The accompanying Notes form an integral part of the Financial Statements.

Consolidated Cash Flow Statement (cont'd)

for the year ended 31 December 2008

	Note	2008 RM	2007 RM
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of hire purchase creditors		(438,469)	(366,252)
Payment of hire purchase interests		(81,173)	(48,768)
Net decrease in bills payables		(1,295,795)	(569,645)
Repayment of term loans		(1,734,418)	(1,456,775)
Payment of term loan interests		(712,911)	(621,973)
Drawdown of term loans		-	5,133,144
Proceeds from shares issued to minority interests		-	1,354,552
Proceeds from issuance of shares		-	1,353,098
Dividend paid		-	(2,335,442)
Net cash (used in) / generated from financing activities		(4,262,766)	2,441,939
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		5,603,410	(1,112,213)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES		(294,427)	(85,979)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		3,983,063	5,181,255
CASH AND CASH EQUIVALENTS AT END OF YEAR	23	9,292,046	3,983,063

The accompanying Notes form an integral part of the Financial Statements.

Cash Flow Statement

for the year ended 31 December 2008

	Note	2008 RM	2007 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		3,950,528	2,275,034
Adjustments for:			
Loss on liquidation of a subsidiary company		3,541,469	-
Bad debt written off		436,092	-
Share options granted under ESOS		49,482	7,770
Depreciation of property, plant and equipment		480	480
Unrealised loss on foreign exchange		-	39,932
Operating profit before working capital changes		7,978,051	2,323,216
Decrease in other receivables		1,336,828	347,648
(Decrease)/Increase in other payables and accruals		(144,772)	80,828
Cash generated from operations		9,170,107	2,751,692
Tax paid		(2,083,894)	(12,949)
Net cash generated from operating activities		7,086,213	2,738,743
CASH FLOWS FROM INVESTING ACTIVITIES			
Uplift/(Placement) of fixed deposits		(7,000,040)	(1,653,798)
Investment in subsidiary companies		1,500,000	(1,500,000)
Net cash used in investing activities		(5,500,040)	(3,153,798)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares		-	1,354,552
Dividend paid		-	(2,335,442)
Purchase of property, plant and equipment	22	-	(3,199)
Net cash used in financing activities		-	(984,089)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,583,173	(1,399,144)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,159,713	3,558,857
CASH AND CASH EQUIVALENTS AT END OF YEAR	23	3,745,886	2,159,713

The accompanying Notes form an integral part of the Financial Statements.

Notes to the Financial Statements

31 December 2008

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved Financial Reporting Standards in Malaysia.

On 1 January 2008, the Group and the Company adopted the following revised Financial Reporting Standards ("FRSs"), Amendments to FRS and Issued Committee ("IC") Interpretation:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 119	Employee Benefits
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 126	Accounting and Reporting by Retirement Benefit Plans
FRS 129	Financial Reporting in Hyperinflationary Economies
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

Amendment to FRS 121 The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation

IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129 ²⁰⁰⁴ - Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

The adoption of the above revised FRSs, Amendments to FRS and IC Interpretation does not have any significant financial impact on the Group's and Company's financial statements.

At the date of authorisation of these financial statements, the following new FRSs and interpretations were issued but not yet effective and have not been applied by the Group and the Company:

FRSs and Interpretations	Effective for financial periods beginning on or after	
FRS 4 :	Insurance contracts	1 January 2010
FRS 7 :	Financial Instruments: Disclosures	1 January 2010
FRS 8 :	Operating Segments	1 July 2009
FRS 139 :	Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9:	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10:	Interim Financial Reporting and Impairment	1 January 2010

The above new FRSs and IC interpretations are expected to have no significant impact on the financial statements of the Group and of the Company upon their initial application.

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

The financial statements were approved and authorised for issue by the Board of Directors on 23 April 2009.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below.

(b) Basis of Consolidation

The consolidated financial statements include the audited financial statements of the Company and all its subsidiary companies as listed in Note 15 to the Financial Statements, made up to the end of the financial year. The financial statements of the subsidiary companies are prepared for the same reporting date as the Company. Subsidiary companies are those companies in which the Group has power to exercise control over the financial and operating activities so as to obtain benefit from their activities.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Basis of Consolidation (cont'd)

Subsidiary companies are consolidated from the date, on which control is transferred to the Group and are no longer consolidated from the date that control ceases. In preparing the consolidated financial statements, all intercompany transactions, balances and unrealised gains or losses on transactions between group companies are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in Income Statements.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

(c) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Income Statements during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of property, plant and equipment is computed on the straight-line method to write off the cost of each asset to its residual value at the following rates based on the estimated useful lives of the various property, plant and equipment:

	Rate per annum (%)
Buildings	2
Plant and machinery	10
Electrical installation	15
Renovation	15 to 20
Motor vehicles	10 to 20
Office equipment	15 to 20
Furniture and fittings	15
Tools and equipment	15

The residual values, useful life and depreciation method are reviewed at each financial year and to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in Income Statements.

(d) Impairment of Assets

The carrying amounts of the assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the Income Statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Impairment of Assets (cont'd)

Recoverable amount of an asset is the greater of its value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the Income Statements in the year in which the reversals are recognised.

(e) Investment in Subsidiary Companies

Investment in subsidiary companies is stated at cost less impairment losses.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the Income Statements.

(f) Inventories

Inventories are stated at lower of cost and net realisable value. Cost is determined principally on first in, first out method. The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise direct materials, direct labour and an appropriate proportion of factory overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

(g) Trade and Other Receivables

Trade and other receivables are carried at anticipated realisable values. Bad debts are written off when identified. Specific allowance is made for any debt which is considered to be doubtful of collection based on a review of all outstanding amounts as at the balance sheet date.

(h) Trade and Other Payables

Trade and other payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(i) Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and building are classified as operating or finance leases in the same way as leases of other assets and the land and building elements of a lease of land and buildings are considered separately for the purposes of lease classification.

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expenses over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(j) Property, Plant and Equipment Acquired under Hire Purchase

Property, plant and equipment acquired under hire purchase are capitalised in the financial statements and corresponding obligations treated as liabilities. Finance charges are allocated to the Income Statements on the sum-of-digits method over the period of the respective agreements.

(k) Interest-Bearing Loans and Borrowings

Interest-bearing loans and borrowings are initially recorded at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Equity Instruments

Ordinary shares are classified as equity.

Dividends on ordinary shares are recognised in the statement of changes in equity in the period in which they are declared.

(m) Revenue Recognition

Revenue from sale of goods is recognised when the goods are delivered and upon customer's acceptance.

Revenue from electroplating/surface services is recognised when the services are rendered.

Revenue from management services is recognised when the services are rendered.

Interest income from fixed deposits is recognised on time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity.

Rental income is recognised on accrual basis.

Dividend income is recognised when the right to receive payment is established.

(n) Employee Benefits

(i) Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the Income Statements as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund. Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes.

(iii) Share-Based Payment Transactions

The share-based compensation plan allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employee is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted by excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

(o) Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Foreign Currencies (cont'd)

(ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operation, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign Operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

(p) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the Income Statements for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Financial Instruments

Financial Instruments carried on the balance sheets include cash and bank balances, investment, receivables, payables and borrowings. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(r) Cash Equivalents

The Group and the Company adopt the indirect method in the preparation of the cash flow statements.

Cash equivalents are short-term, highly-liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risk of changes in value.

3. PROPERTY, PLANT AND EQUIPMENT

2008 GROUP COST

	Balance at 1.1.2008	Addition	Disposal	Written off	Deconsoli- dation of a subsidiary company	Exchange Difference	Balance at 31.12.2008
	RM	RM	RM	RM	RM	RM	RM
Freehold land	1,522,535	-	-	-	-	15,928	1,538,463
Buildings	7,100,165	-	-	-	-	14,648	7,114,813
Plant and machinery	19,086,306	589,198	(4,110,331)	(1,045,333)	(389,765)	211,730	14,341,805
Electrical installation	1,040,277	2,442	-	-	-	-	1,042,719
Renovation	985,147	606,264	-	(478,198)	(72,151)	14,960	1,056,022
Motor vehicles	1,629,527	11,514	-	-	(111,180)	16,986	1,546,847
Office equipment	766,495	15,595	-	(109,105)	(68,046)	7,682	612,621
Furniture and fittings	364,051	13,570	(2,640)	(38,389)	(29,467)	4,048	311,173
Tools and equipment	393,701	118,404	-	-	-	104	512,209
	32,888,204	1,356,987	(4,112,971)	(1,671,025)	(670,609)	286,086	28,076,672

ACCUMULATED DEPRECIATION

	Balance at 1.1.2008	Current Depreciation	Disposal	Written off	Deconsoli- dation of a subsidiary company	Exchange Difference	Balance at 31.12.2008
	RM	RM	RM	RM	RM	RM	RM
Freehold land	-	-	-	-	-	-	-
Buildings	340,149	142,399	-	-	-	117	482,665
Plant and machinery	3,873,270	1,706,165	(1,166,121)	(827,328)	(58,430)	29,155	3,556,711
Electrical installation	458,235	156,348	-	-	-	-	614,583
Renovation	88,191	251,315	-	(27,773)	(72,151)	5,762	245,344
Motor vehicles	699,606	252,359	-	-	(27,082)	3,282	928,165
Office equipment	280,934	107,796	-	(100,410)	(27,076)	2,178	263,422
Furniture and fittings	118,520	53,319	(1,057)	(35,631)	(14,556)	1,715	122,310
Tools and equipment	118,313	66,575	-	-	-	3	184,891
	5,977,218	2,736,276	(1,167,178)	(991,142)	(199,295)	42,212	6,398,091

Notes to the Financial Statements (cont'd)

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

NET BOOK VALUE	2008	2007
	RM	RM
Freehold land	1,538,463	1,522,535
Buildings	6,632,148	6,760,016
Plant and machinery	10,785,094	15,213,036
Electrical installation	428,136	582,042
Renovation	810,678	896,956
Motor vehicles	618,682	929,921
Office equipment	349,199	485,561
Furniture and fittings	188,863	245,531
Tools and equipment	327,318	275,388
	21,678,581	26,910,986

2007 GROUP COST	Balance at 1.1.2007	Addition	Disposal	Written off	Exchange Difference	Balance at 31.12.2007
	RM	RM	RM	RM	RM	RM
Freehold land	88,590	1,452,222	-	-	(18,277)	1,522,535
Buildings	5,571,674	1,545,298	-	-	(16,807)	7,100,165
Plant and machinery	17,617,252	3,038,356	(1,563,420)	-	(5,882)	19,086,306
Electrical installation	947,587	93,568	(878)	-	-	1,040,277
Renovation	509,398	930,220	-	(444,399)	(10,072)	985,147
Motor vehicles	1,380,493	412,530	(161,630)	-	(1,866)	1,629,527
Office equipment	568,793	198,582	-	-	(880)	766,495
Furniture and fittings	261,099	102,912	-	-	40	364,051
Tools and equipment	302,088	101,264	(9,450)	-	(201)	393,701
	27,246,974	7,874,952	(1,735,378)	(444,399)	(53,945)	32,888,204

ACCUMULATED DEPRECIATION	Balance at 1.1.2007	Current Depreciation	Disposal	Written off	Exchange Difference	Balance at 31.12.2007
	RM	RM	RM	RM	RM	RM
Freehold land	-	-	-	-	-	-
Buildings	207,770	132,637	-	-	(258)	340,149
Plant and machinery	3,576,193	1,794,442	(1,497,524)	-	159	3,873,270
Electrical installation	306,404	151,831	-	-	-	458,235
Renovation	96,805	165,512	-	(173,531)	(595)	88,191
Motor vehicles	542,804	253,952	(96,917)	-	(233)	699,606
Office equipment	180,434	100,558	-	-	(58)	280,934
Furniture and fittings	66,381	52,110	-	-	29	118,520
Tools and equipment	68,524	52,289	(2,480)	-	(20)	118,313
	5,045,315	2,703,331	(1,596,921)	(173,531)	(976)	5,977,218

Notes to the Financial Statements (cont'd)

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

NET BOOK VALUE	2007	2006
	RM	RM
Freehold land	1,522,535	88,590
Buildings	6,760,016	5,363,904
Plant and machinery	15,213,036	14,041,059
Electrical installation	582,042	641,183
Renovation	896,956	412,593
Motor vehicles	929,921	837,689
Office equipment	485,561	388,359
Furniture and fittings	245,531	194,718
Tools and equipment	275,388	233,564
	<u>26,910,986</u>	<u>22,201,659</u>

2008 COMPANY COST	Balance at 1.1.2008	Addition	Disposal	Balance at 31.12.2008
	RM	RM	RM	RM
Office equipment	3,199	-	-	3,199

ACCUMULATED DEPRECIATION	Balance at 1.1.2008	Current Depreciation	Disposal	Balance at 31.12.2008
	RM	RM	RM	RM
Office equipment	480	480	-	960

NET BOOK VALUE	2008	2007
	RM	RM
Office equipment	2,239	2,719

2007 COMPANY COST	Balance at 1.1.2007	Addition	Disposal	Balance at 31.12.2007
	RM	RM	RM	RM
Office equipment	-	3,199	-	3,199

ACCUMULATED DEPRECIATION	Balance at 1.1.2007	Current Depreciation	Disposal	Balance at 31.12.2007
	RM	RM	RM	RM
Office equipment	-	480	-	480

NET BOOK VALUE	2007	2006
	RM	RM
Office equipment	2,719	-

Notes to the Financial Statements (cont'd)

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The following are the net book values of property, plant and equipment which are being pledged to licensed banks for term loan facilities granted to the Group as mentioned in Note 11 to the Financial Statements.

	Group	
	2008	2007
	RM	RM
Freehold land	1,538,463	88,590
Buildings	6,632,148	6,760,016
Plant and machinery	4,825,430	7,328,882
Tools and equipment	16,156	20,281
	13,012,197	14,197,769

Net book values of property, plant and equipment of the Group held under hire purchase are as follows:

	Group	
	2008	2007
	RM	RM
Plant and machinery	1,377,947	-
Motor vehicles	440,051	763,708
	1,817,998	763,708

Included in property, plant and equipment of the Group are the following costs of fully depreciated assets which are still in use:

	Group	
	2008	2007
	RM	RM
Office equipment	-	43,963
Furniture and fittings	-	7,269
Plant and machinery	-	27,600
Motor vehicles	-	317,041
	-	395,873

4. PREPAID LAND LEASE PAYMENTS

	Group	
	2008	2007
	RM	RM
At beginning of year	2,312,291	2,338,339
Amortisation for the year	(26,047)	(26,048)
At end of year	2,286,244	2,312,291
Analysed as:		
Long term leasehold land	2,286,244	2,312,291

The long term leasehold land have been pledged to licensed banks for banking facilities granted to the Group as mentioned in Note 11 of the Financial Statements.

Notes to the Financial Statements (cont'd)

5. INVENTORIES

	Group	
	2008	2007
	RM	RM
Finished goods	2,534,747	2,071,139
Raw materials	1,806,446	5,138,795
Tooling and chemicals	628,057	107,939
Work-in-progress	535,675	1,959,823
Chemicals	236,735	195,293
	5,741,660	9,472,989

6. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Trade receivables				
Third parties	6,035,868	10,813,387	-	-
Less:				
Allowance for doubtful debts	(19,745)	(60,000)	-	-
	6,016,123	10,753,387	-	-
Other receivables				
Subsidiary companies	-	-	1,356,515	3,098,045
	-	-	1,356,515	3,098,045
Prepayments	92,541	1,285,218	5,750	255,973
Other receivables	1,682,596	1,605,670	1,017,581	155,000
Deposits	337,179	295,273	1,000	1,000
	2,112,316	3,186,161	2,380,846	3,510,018
	8,128,439	13,939,548	2,380,846	3,510,018

(a) Trade receivables

The currency exposure profile of trade receivables is as follows:

	2008	2007
	RM	RM
United States Dollar	3,058,178	4,337,404
Ringgit Malaysia	1,860,091	4,005,206
Japanese Yen	460,234	39,582
Euro	307,624	166,006
Thai Baht	182,915	351,950
Singapore Dollar	166,826	95,433
Chinese Renminbi	-	1,817,806
	6,035,868	10,813,387

The Group's normal credit term ranges from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

Notes to the Financial Statements (cont'd)

6. TRADE AND OTHER RECEIVABLES (cont'd)

(b) Amount owing by subsidiary companies

The amount owing by subsidiary companies is unsecured, interest-free and without fixed terms of repayment except for an amount of RM762,400 (2007: RM2,618,413) which bear interests charged at 7.75% (2007: 3.00% to 7.75%) per annum.

7. FIXED DEPOSITS WITH LICENSED BANKS

Included in fixed deposits of the Group and the Company are amounts of RM623,837 (2007: RM2,020,055) and RMNil (2007: RM1,500,000) respectively which have been pledged to licensed banks for banking facilities granted to the Group and the Company as mentioned in Note 11 and Note 14 of the Financial Statements.

The fixed deposits of the Group and of the Company have maturity period of 1 month (2007: 1 month to 12 months). The effective interest rates of the fixed deposits are between 3.0% to 3.7% (2007: 3.1% to 3.7%) per annum.

8. SHARE CAPITAL

Share capital is represented by:

Authorised

500,000,000 ordinary shares of RM0.10 each

Issued and fully paid

155,705,800 ordinary shares of RM0.10 each

At beginning of year

Issued during the year – ESOS

At end of year

Group and Company	
2008	2007
RM	RM
50,000,000	50,000,000
15,570,580	15,223,300
-	347,280
15,570,580	15,570,580

The newly issued shares ranked pari-passu with the existing shares of the Company.

EMPLOYEE SHARE OPTIONS SCHEME (“ESOS”)

At an Extraordinary General Meeting held on 12 April 2005, the shareholders of the Company approved the establishment of an Employee Share Options Scheme (“ESOS”). The salient features of the ESOS are as follows :

- (a) The Options Committee appointed by the Board of Directors to administer the ESOS, may from time to time grant options to eligible employees of the Group to subscribe for new ordinary shares of RM0.10 each in the Company.
- (b) Subject to the discretion of the Options Committee, any employee whose employment has been confirmed and any executive directors holding office in a full-time executive capacity of the Group, shall be eligible to participate in the ESOS.
- (c) The total number of shares to be issued under the ESOS shall not exceed in aggregate 10% of the issued share capital of the Company at any point of time during the tenure of the ESOS and out of which not more than 50% of the shares shall be allocated, in aggregate, to directors and senior management.

Not more than 10% of the shares available under the ESOS shall be allocated to any individual director or employee who, either singly or collectively through his/her associates, holds 20% or more in the issued and paid-up capital of the Company.
- (d) The ESOS shall be in force for a period of five years and the Company may, if the Board deems fit upon the recommendation of the Options Committee, renew the ESOS for a further five years, without further approval from the relevant authorities.
- (e) The options may be exercised in full or in lesser number of shares provided that the number shall be in the multiples of 100 shares.
- (f) The price at which the options are to be exercised shall be the average of the mean market quotation of the shares as shown in the daily official list issued by the Bursa Malaysia Securities Berhad for five days preceding the date of offer with a discount of not more than 10%.

Notes to the Financial Statements (cont'd)

8. SHARE CAPITAL (cont'd)

EMPLOYEE SHARE OPTIONS SCHEME ("ESOS") (cont'd)

- (g) The options shall become exercisable to the extent of one-fifth of the shares granted on each of the five anniversaries from the date of grant provided that the employee has been in continuous services with the Group throughout the period other than stated in the offer letter. The employees' entitlements to the options are vested as soon as they become exercisable. Options which are exercisable in a particular year but are not exercised shall be carried forward to subsequent years subject to the Option Period. Any balance of Options not exercised within six (6) months preceding the Date of Expiry shall be capable of being exercised in full. Any Options which remain unexercised at the expiry of the Option Period shall be automatically terminated without any claim against the Company.
- (h) The employees to which the options have been granted have no right to participate, by virtue of these options, in any share issue of another company within the Group.

The movements of number of options granted, exercised and lapsed pursuant to the ESOS during the financial year are as follows:

Grant Date	Expiry Date	Exercise Price RM/share	Number of Share Options				At 31.12.2008
			At 1.1.2008	Granted	Exercised	Lapsed	
30.5.2005	29.5.2010	0.39	6,549,200	-	-	(266,200)	6,283,000
17.4.2006	29.5.2010	0.39	980,000	-	-	(600,000)	380,000
7.8.2006	29.5.2010	0.43	270,000	-	-	(110,000)	160,000
20.9.2007	29.5.2010	0.37	1,900,000	-	-	(250,000)	1,650,000
			9,699,200	-	-	(1,226,200)	8,473,000

9. RESERVES

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Non-distributable				
Share premium	9,970,710	10,188,145	9,970,710	10,188,145
Translation loss	(67,617)	(221,067)	-	-
Share option reserve	248,711	199,229	248,711	199,229
	10,151,804	10,166,307	10,219,421	10,387,374
Distributable				
Retained earnings / (Accumulated losses)	6,323,064	11,805,186	1,647,818	(218,359)
Total reserves	16,474,868	21,971,493	11,867,239	10,169,015

Share Premium

	2008	2007
	RM	RM
Share premium arose as follows:		
At beginning of year	10,188,145	9,101,372
ESOS issue of 3,468,800 and 4,000 ordinary shares issued at a premium of RM0.29 and RM0.33 per ordinary share respectively	-	1,007,272
Exercise of share options	-	79,501
Shares issue expenses	(217,435)	-
At end of year	9,970,710	10,188,145

Notes to the Financial Statements (cont'd)

9. RESERVES (cont'd)

Translation Loss

Exchange differences arising on translation of foreign entities are taken to the translation loss as described in the accounting policies of the Group in Note 2 to the Financial Statements.

Share Option Reserve

The share option reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on grant of share options.

Retained Earnings

Subject to the agreement by the Inland Revenue Board, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank in full its retained earnings by way of dividend up to the maximum of approximately RM25,200 (2007 : RMNil).

The Malaysian Budget 2008 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

10. HIRE PURCHASE CREDITORS

	Group	
	2008	2007
	RM	RM
Total hire purchase instalments due:		
Within one year	679,838	539,724
Between two and five years	705,860	1,053,392
	1,385,698	1,593,116
Unexpired term charges	(193,147)	(228,396)
Outstanding principal amount due	1,192,551	1,364,720
Within one year (included in current liabilities)	(572,415)	(439,126)
Between two to five years	620,136	925,594

Hire purchase liabilities are subject to interest rates ranging from 2.30% to 9.05% (2007: 2.30% to 4.50%) per annum.

11. TERM LOANS

	Group	
	2008	2007
	RM	RM
Total repayable	9,271,336	11,005,754
Amount repayable within one year (Note 14)	(2,264,179)	(1,965,090)
	7,007,157	9,040,664
Amount repayable between two to five years	(5,059,140)	(7,287,713)
Amount repayable after five years	1,948,017	1,752,951

The term loans are secured by the Group's properties, plant and machinery and fixed deposits as mentioned in Note 3, Note 4 and Note 7 to the Financial Statements and also a corporate guarantee by the Company. The repayment period ranges from 60 to 120 (2007: 60 to 120) monthly instalments and the term loans bear interest rates ranging from 4.00% to 8.00% (2007: 4.00% to 8.25%) per annum.

Notes to the Financial Statements (cont'd)

12. DEFERRED TAXATION

	Group	
	2008 RM	2007 RM
At beginning of year	1,554,100	1,651,800
Recognised in Income Statement (Note 19)	(934,916)	(97,700)
At end of year	619,184	1,554,100

The component and movement of deferred tax liability during the year are as follows:

GROUP	Revaluation of leasehold land and building	Accelerated capital allowances	Others	Total
	RM	RM	RM	RM
At beginning of year	94,884	1,459,243	(27)	1,554,100
Recognised in Income Statement (Note 19)	-	(934,943)	27	(934,916)
At end of year	94,884	524,300	-	619,184

13. TRADE AND OTHER PAYABLES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Trade payables				
Third parties	1,912,983	2,903,586	-	-
Other payables				
Other payables	522,385	688,311	3,673	5,729
Directors	124,250	-	-	-
Accruals	561,147	635,424	75,871	105,809
Subsidiary company	-	-	-	112,778
	1,207,782	1,323,735	79,544	224,316
	3,120,765	4,227,321	79,544	244,316

(a) Trade payables

The currency exposure profile of trade payables is as follows:

	2008 RM	2007 RM
Ringgit Malaysia	1,082,940	1,705,028
Singapore Dollar	496,972	-
Thai Baht	196,397	98,707
United States Dollar	136,674	19,499
Chinese Renminbi	-	1,080,352
	1,912,983	2,903,586

The normal trade credit terms granted to the Group ranges from 30 to 120 days.

Notes to the Financial Statements (cont'd)

13. TRADE AND OTHER PAYABLES (cont'd)

(b) Amount owing to directors

The amount owing to directors is unsecured, interest-free and without fixed terms of repayment.

(c) Amount owing to subsidiary company

The amount owing to subsidiary company is unsecured, interest-free and without fixed terms of repayment.

14. BANK BORROWINGS

	Group	
	2008	2007
	RM	RM
Current portion of term loans (Note 11)	2,264,179	1,965,090
Bank overdrafts (Note 23)	507,983	750,948
Bankers' acceptances	428,000	1,684,387
	3,200,162	4,400,425

The bankers' acceptances and bank overdrafts are secured by the Group's fixed deposits as mentioned in Note 7 to the Financial Statements and a corporate guarantee by the Company. They bear interests ranging from 4.12% to 8.50% (2007: 3.63% to 8.50%) per annum respectively. The maturity period of bankers' acceptances ranges from 112 to 120 days (2007: 51 to 120 days). Bank overdrafts are borrowings held on call by licensed banks.

15. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2008	2007
	RM	RM
Unquoted shares, at cost	21,388,392	18,791,461

Notes to the Financial Statements (cont'd)

15. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

Name of Company	Place of Incorporation	Equity Interest		Principal Activities
		2008	2007	
Techfast Manufacturing Sdn. Bhd.	Malaysia	100%	100%	Manufacturing and marketing of self-clinching fasteners and electronic hardware for the electronic, telecommunications and information technology industries
*Techfast Precision (SIP) Co. Ltd.	People's Republic of China	-	100%	Manufacturing and marketing of self-clinching fasteners and electronic hardware for the electronic, telecommunication and information technology industries
Techfast Precision Sdn. Bhd.	Malaysia	100%	100%	Manufacturing and distribution of specialised fasteners and related precision turning and machining parts for the electronics, telecommunication, computer peripherals and automotive industries
Techfast Technologies Sdn. Bhd.	Malaysia	100%	100%	Manufacturing and distribution of panel fasteners and related products for electronics, telecommunications, computer peripherals and automotive industries
Techfast International Sdn. Bhd.	Malaysia	100%	100%	Acting as an international procurement centre to undertake procurement and sale of raw materials, components and finished goods
Techfast Plating Sdn. Bhd.	Malaysia	80%	80%	Providing electroplating/surface treatment services for the electronics, telecommunication and information technology industries
*Techfast Precision (Thailand) Co. Ltd.	Thailand	55%	55%	Manufacturing and sales of self-clinching fasteners and electronic hardware for the electronic, telecommunication and information technology industries
Techfast Advanced Tech Sdn. Bhd.	Malaysia	100%	60%	Dormant.

* Subsidiary companies not audited by the auditors of the Company.

DECONSOLIDATION OF A SUBSIDIARY COMPANY

- (i) On 11 November 2008, the directors of a wholly-owned subsidiary company, Techfast Precision (SIP) Co. Ltd. applied to Economic & Trade Development Board of Suzhou Industrial Park Administrative Committee to liquidate the said subsidiary company and accordingly it has been deconsolidated.
- (ii) The effect on the financial position of the Group as at the date of deconsolidation is as follows :

	2008 RM
Property, plant and equipment (Note 3)	471,314
Inventories	383,387
Receivables	3,557,919
Payables	(203,314)
Exchange Differences	(512,200)
Net assets deconsolidated	3,697,106
Proceeds from liquidation	(861,640)
Loss on deconsolidation of a subsidiary company	2,835,466

Notes to the Financial Statements (cont'd)

16. REVENUE

The revenue of the Group represents invoiced value of goods sold and services rendered less returns, discounts and sales tax.

The revenue of the Company represents dividend income, interest income and management fee receivable.

17. OPERATING (LOSS)/PROFIT

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
(a) The operating (loss)/profit is arrived at after charging:				
Staff costs	6,506,434	7,787,114	744,050	497,335
Loss on deconsolidation of a subsidiary company	2,835,466	-	-	-
Depreciation of property, plant and equipment	2,736,276	2,703,331	480	480
Directors' remuneration:				
- Emoluments and allowances	680,430	778,800	680,430	778,800
- Fee	60,000	60,000	60,000	60,000
- Benefits-in-kind	90,450	120,660	90,450	92,160
Property, plant and equipment written off	679,883	270,868	-	-
Bad debts written off	480,462	85,209	436,092	-
Inventories written off	464,801	-	-	-
Rental of factory	306,116	279,562	-	-
Loss on disposal of property, plant and equipment	180,487	-	-	-
Rental of hostel	73,665	190,282	-	-
Audit fee:				
- current year	48,221	56,596	8,000	8,000
- underprovision in prior year	-	3,000	-	3,000
Rental of office premises	36,480	-	-	60,000
Amortisation of prepaid land lease payments	26,047	26,048	-	-
Allowance for doubtful debt	19,745	60,000	-	-
Rental of machinery and equipment	780	800	-	-
Unrealised loss on foreign exchange:	-	74,713	-	39,932
Loss on liquidation a subsidiary company	-	-	3,541,469	-
And crediting:				
Gain on foreign exchange				
- realised	902,039	285,463	-	-
- unrealised	238,759	-	-	-
Interest income	85,739	60,842	59,248	111,264
Bad debt recovered	60,000	-	-	-
Gain on disposal of property, plant and equipment	-	11,985	-	-
(b) Staff costs:				
Salaries, wages, bonuses and allowances	5,986,864	7,135,617	619,160	434,961
EPF and SOCSO	318,973	318,971	73,019	49,686
Other staff related expenses	151,115	324,756	2,389	4,918
Share options granted under ESOS	49,482	7,770	49,482	7,770
	6,506,434	7,787,114	744,050	497,335

Notes to the Financial Statements (cont'd)

17. OPERATING (LOSS)/PROFIT (cont'd)

	Executive Directors 2008 No.	Non- Executive Directors 2008 No.
(c) Directors' remuneration:		
Remuneration paid and payable to Directors of the Company analysed into bands of RM50,000:		
RM50,000 and below	-	3
RM50,001 – RM100,000	-	-
RM100,001 – RM150,000	-	-
RM150,001 – RM200,000	-	-
RM200,001 – RM250,000	2	-
RM250,001 – RM300,000	-	-
RM300,001 – RM350,000	1	-
RM350,001 – RM400,000	-	-

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Executive:				
Emoluments	675,630	768,000	675,630	768,000
Benefits-in-kind	90,450	120,660	90,450	92,160
	766,080	888,660	766,080	860,160
Non-Executive:				
Fee	60,000	60,000	60,000	60,000
Allowances	4,800	10,800	4,800	10,800
	64,800	70,800	64,800	70,800

18. FINANCE COSTS

	Group	
	2008	2007
	RM	RM
Term loan interests	712,911	621,973
Hire purchase interests	81,173	48,768
Bank overdraft interests	56,928	29,209
Bankers' acceptance interests	39,408	86,957
	890,420	786,907

Notes to the Financial Statements (cont'd)

19. INCOME TAX EXPENSE

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Tax expense for the year	83,100	513,700	2,083,900	-
Deferred tax expense relating to origination and reversal of temporary differences (Note 12)	(934,916)	(97,700)	-	-
	(851,816)	416,000	2,083,900	-
(Over)/Underprovision in prior year	(6,056)	152,729	451	3,649
	(857,872)	568,729	2,084,351	3,649

A reconciliation of income tax expense applicable to (loss)/profit before taxation at the statutory income tax rate to income tax expense of the Group and of the Company is as follows:

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
(Loss)/Profit before taxation	(6,503,968)	5,286,047	3,950,528	2,275,034
Taxation at Malaysian statutory rate @ 26% / 27%	(1,691,000)	1,427,200	1,027,100	614,300
Effect of different tax rate	-	(31,900)	-	-
Expenses not deductible for tax purposes	1,146,131	562,300	1,056,800	30,100
Tax incentive	-	(180,500)	-	-
Non-recognition of deferred tax asset	302,053	72,600	-	10,900
Utilisation of deferred tax asset previously not recognised	-	(17,800)	-	-
Income not subject to taxation	(511,400)	(839,800)	-	(655,700)
Underprovision of deferred taxation in prior year	166,000	185,000	-	-
(Over)/Underprovision in prior year	(6,056)	152,729	451	3,649
Deferred tax recognised at different tax rate	113,600	102,600	-	400
Tax exemption of China corporate income tax	-	(21,300)	-	-
Pioneer income exempted from tax	(167,800)	(200,800)	-	-
Deferred tax liabilities not recognised due to pioneer status	(209,400)	(641,600)	-	-
Tax expense in the Income Statements	(857,872)	568,729	2,084,351	3,649

Subject to the agreement by the Inland Revenue Board, the Group has unabsorbed tax losses and unutilised capital allowances of approximately RM2,318,000 (2007: RM75,600) and RM821,600 (2007: RM414,700) respectively to set-off against its future taxable profit.

Domestic tax rate is calculated at the Malaysian statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 25% from current year's rate of 26% effective year of assessment 2009. The computation of deferred tax as at 31 December 2008 has reflected these changes.

The incentives applicable to certain subsidiary companies are summarised below:

Techfast Precision Sdn. Bhd.

The subsidiary has been granted pioneer status under the Promotion of Investments Act, 1986 by the Malaysian Industrial Development Authority with a tax exemption equivalent to 70% of statutory income for a period of 5 years for the production of machined and turned parts services from 1 November 2006 to 31 October 2011.

Techfast Plating Sdn. Bhd.

The subsidiary has been granted pioneer status under the Promotion of Investments Act, 1986 by the Malaysian Industrial Development Authority with a tax exemption equivalent to 100% of statutory income for a period of 5 years for the provision of electroplating services from 1 June 2007 to 31 May 2012.

Notes to the Financial Statements (cont'd)

20. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2008	2007
	RM	RM
(Loss)/Profit attributable to ordinary equity holders of the Company	(5,482,122)	4,809,254
Weighted average number of ordinary shares in issue	154,480,015	154,480,015
Basic earnings per share (sen)	(3.55)	3.11

Diluted earnings per share

The diluted earnings per share is 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.

21. DIVIDENDS

	Company	
	2008	2007
	RM	RM
Dividend paid:		
Final tax-exempt dividend of 1.5 sen per share	-	2,335,442

22. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group and the Company acquired certain property, plant and equipment by the following mode of payments:

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Aggregate cost	1,356,987	7,874,952	-	3,199
Financed by hire purchase	(266,300)	(990,329)	-	-
Financed by term loans	-	(2,774,398)	-	-
Cash consideration	1,090,687	4,110,225	-	3,199

Notes to the Financial Statements (cont'd)

23. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Cash and bank balances	3,247,985	2,218,517	193,842	144,219
Fixed deposits with licensed banks	7,175,881	4,535,549	3,552,044	3,515,494
	10,423,866	6,754,066	3,745,886	3,659,713
Less: Bank overdrafts (Note 14)	(507,983)	(750,948)	-	-
Less: Fixed deposits pledged to licensed banks (Note 7)	(623,837)	(2,020,055)	-	(1,500,000)
	9,292,046	3,983,063	3,745,886	2,159,713

24. TAX EXEMPT ACCOUNT

Subject to the agreement by the Inland Revenue Board, the Group has the following tax exempt account balances which are available for the distribution of tax exempt dividend:

	Group	
	2008	2007
	RM	RM
Reinvestment allowances	3,913,108	4,626,330
Pioneer income	1,892,600	1,068,000
Chargeable income earned in waiver year	839,285	839,285
	6,644,993	6,533,615

25. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Other than as disclosed elsewhere in the financial statements, the significant events during the financial year are as follows :

- (a) On 16 July 2008, a wholly-owned subsidiary company, Techfast Precision Sdn. Bhd. ("TPSB") has increased its issued and fully paid-up share capital from RM1,000,000 to RM2,000,000 through the allotment of an additional 1,000,000 new ordinary shares of RM1 each. On 18 November 2008, the issued and fully paid-up share capital of TPSB has increased from RM2,000,000 to RM8,000,000 through the allotment of an additional 6,000,000 new ordinary shares of RM1 each.

The Company has subscribed for the entire allotment shares for a total consideration of RM7,000,000.

- (b) On 9 October 2008, the Company acquired 40 ordinary shares of RM1 each in Techfast Advanced Tech Sdn. Bhd., for a total consideration of RM40. Following the acquisition, Techfast Advanced Tech Sdn. Bhd. became a wholly-owned subsidiary company of the Company.

26. CONTINGENT LIABILITIES

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
(a)				
Corporate guarantee given to financial institutions for credit facilities granted to subsidiaries, limit up to RM25,408,780 (2007: RM30,149,713)	-	-	10,666,128	12,698,935
Corporate guarantee given to a financial institution for hire-purchase granted to a subsidiary, limit up to RM41,180 (2007: RMNil)	-	-	37,167	-

Notes to the Financial Statements (cont'd)

26. CONTINGENT LIABILITIES (cont'd)

- (b) The Royal Malaysian Customs has made a claim against a wholly-owned subsidiary company, Techfast Manufacturing Sdn. Bhd. ("TMSB") in respect of an underpaid duties and sales tax amounting to RM1,006,428 under Customs Act 1967 and RM436,118 under Sales Tax Act 1972 respectively totaling RM1,442,546.

TMSB has made an appeal through their solicitors to the Finance Ministry for remission and is presently under their consideration. The directors are of the view that TMSB has merits for appeal. As a matter of prudence, the directors have upon the solicitors' advice, provided a sum of RM400,000 in the accounts to meet the claim by the Royal Malaysian Customs

As at 31 December 2008, 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.

27. SIGNIFICANT RELATED PARTY TRANSACTIONS

	2008	2007
	RM	RM
<u>GROUP</u>		
Substantial shareholders		
Trifast plc and its subsidiary companies		
- Sale of goods	6,401,621	9,346,116
- Purchase of goods	1,148,084	1,354,894
Substantial shareholders of a subsidiary company		
Chin - I Metal Co., Ltd.		
- Sale of goods	323,050	-
<u>COMPANY</u>		
Subsidiary companies		
Management fee receivable	1,527,600	1,528,416
Interest income	59,248	111,264
Rental paid	-	60,000

The transactions with Trifast plc and its subsidiaries are aggregated as these transactions were similar in nature and also no single transaction is significant enough to be disclosed separately in the financial statements.

The directors are of the opinion that all the transactions above have entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

The outstanding balances with related parties are as follows:

	Group	
	2008	2007
	RM	RM
Included in trade receivables	1,718,469	660,271
Included in trade payables	218,022	636,984
Included in other payables	198,800	-

Notes to the Financial Statements (cont'd)

28. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows :

Credit Risk

The management has in place a credit policy to monitor and minimise the exposure of default. Receivables are monitored on an ongoing basis.

At balance sheet date, there were no significant concentrations of credit risk except for allowance for doubtful debts amounting to RM19,745 has been made for certain trade receivables in the financial statements. The maximum exposure to credit risk for the Group was represented by the carrying amount of each financial asset.

Interest Rate Risk

Interest rate exposure arises from the borrowings and deposits of the Group, and is managed through effective negotiation with financial institutions for best available rates.

Foreign Currency Risk

The Group incurs foreign currency risk on certain transactions that are denominated in a currency other than Ringgit Malaysia. The currencies giving rise to this risk are United States Dollar, Singapore Dollar, Euro, Japanese Yen, New Taiwan Dollar, Thai Baht and Chinese Renminbi.

The Group does not generally hedge its exposure to fluctuations in foreign exchange rates.

Fair Value

Recognised Financial Instruments

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their fair value.

There are no fair values for financial instruments not recognised in the balance sheet as at 31 December 2008 that are required to be disclosed.

29. SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's geographical segments. The primary format, geographical segments, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms. A secondary format is not presented as the Group's activities in each geographical location are similar.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Geographical segments

The Group comprises the following main geographical segments:

Malaysia
China
Thailand

Notes to the Financial Statements (cont'd)

29. SEGMENTAL INFORMATION (cont'd)

	Malaysia RM	China RM	Thailand RM	Elimination RM	Consolidated RM
Revenue					
Revenue from external customers	29,082,790	1,324,839	1,866,453	-	32,274,082
Inter-segment revenue	18,136,654	2,016,129	436,163	(20,588,946)	-
Total revenue	47,219,444	3,340,968	2,302,616	(20,588,946)	32,274,082
Segment results					
Net profit from ordinary activities	1,196,006	(1,115,995)	(340,587)	(5,221,546)	(5,482,122)
Segment assets					
	69,086,406	-	6,502,358	(27,329,974)	48,258,790
Segment liabilities					
	16,777,947	-	4,116,753	(5,754,881)	15,139,819

List of Properties

Registered/ Beneficial Owner	Title and Location/ Postal Address	Date of Acquisition	Description / Land Use	Age of Building (Years)	Land Area (sq. ft)	Built-up Area (sq. ft.)	Tenure and Expiry Date	Cost (RM'000)	Net Book Value as at 31.12.2008 (RM'000)
Techfast Manufacturing Sdn Bhd	H.S(D) 113071, PT 43, Seksyen 23, Mukim Bandar Shah Alam, Daerah Petaling, State of Selangor/ No. 11 Jalan Pasaran 23/5, Seksyen 23, 40300 Shah Alam Selangor	29.05.2002	Industrial Land/ Single Storey Detached Factory with a three-storey Front Office Annexed	11	39,579	29,419	Leasehold - 99 Years 14.08.2096	3,782	3,486
Techfast Manufacturing Sdn Bhd	H.S(D) 37672, P.T. 5184 Mukim Klang, Daerah Klang, State of Selangor/ No. 15, Jalan 25/57, Seksyen 25, 40400 Shah Alam, Selangor	20.11.2002	End Unit 2 ½ Storey Link House/ Staff Quarters	14	1,782	1,554	Freehold	152	139
Techfast Manufacturing Sdn Bhd	H.S(D) 37363, P.T. 4875 Mukim Klang, Daerah Klang, State of Selangor/ No. 23, Jalan 25/47, Jalan Nikmat, Seksyen 25, 40400 Shah Alam, Selangor	20.11.2002	Intermediate 2 ½ Storey Link House/ Staff Quarters	14	840	1,554	Freehold	144	132
Techfast Manufacturing Sdn Bhd	GRN 43023, Lot 33686 Mukim Klang, District of Klang, State of Selangor/ No. 3C Block D, No. 4A Block H No. 8C Block K, Jalan Tokoh 25/28, Taman Sri Muda, 40400 Shah Alam, Selangor	06.08.2003	3 Apartment Units/Staff Quarters	28	-	2,259 (Aggre- gate)	Freehold	249	223
Techfast Manufacturing Sdn Bhd	GRN 43023, Lot 33686 Mukim Klang District of Selangor State of Selangor/ No. 4C, Block M No. 10C, Block L No. 2C, Block R No. 2C, Block N No. 10B, Block L Jalan Tokoh 25/28 Taman Sri Muda 40400 Shah Alam, Selangor	08.08.2005 08.05.2005 26.10.2005 26.10.2005 26.10.2005	5 Apartment Units/Staff Quarters	28	-	4,275 (Aggre- gate)	Freehold	476	455
Techfast Precision Sdn Bhd	HS(D) 113077, PT 49, Seksyen 23, Mukim Bandar Shah Alam, Daerah Petaling, State of Selangor/ No. 12, Jalan Pasaran 23/5, Seksyen 23, 40300 Shah Alam, Selangor	13.01.2006	Industrial Land/ Single Storey Detached Factory with a Double-Storey Front office Annexed	11	38,352	22,576	Leasehold 99 Years 14/08/2096	3,248	3,101
Techfast Manufacturing Sdn Bhd	GRN 43023 Lot 33686 Mukim Klang District of Selangor State of Selangor/ No. 6C, Block K No. 8B, Block L Jalan Tokoh 25/28 Taman Sri Muda 40400 Shah Alam Selangor	06.12.2006	2 Apartment Units/Staff Quarters	28	-	1,803 (Aggre- gate)	Freehold	183	179
Techfast Precision (Thailand) Co. Ltd.	Title dead No. 1518, 24209, 11294 situated at 71/11 Moo.5, Tarkarm, Bangpakong, Chacheongsao 24130 Thailand	29.12.2006	Industrial Land/ Single Storey Detached Factory with a double storey front office Annexed	20	6,668	2,000	Freehold	2,788	2,736

Analysis of Shareholdings (cont'd)

as at 8 May 2009

Authorised Share Capital	:	RM50,000,000.00
Issued and Fully Paid-Up Capital	:	RM15,570,580.00
Class of Equity Securities	:	Ordinary Shares of RM0.10 each
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholders	Shareholders		Shares held	
	Number	% of shareholders	Number	% of issued share capital
Less than 100 shares	6	0.38	123	0.00
100 – 1,000 shares	209	13.20	130,400	0.08
1,001 – 10,000 shares	801	50.60	4,901,400	3.15
10,001 – 100,000 shares	473	29.88	16,878,800	10.84
100,001 to less than 5% of issued shares	88	5.56	38,146,546	24.50
5% and above of issued shares	6	0.38	95,648,531	61.43
Total	1,583	100.00	155,705,800	100.00

DIRECTORS' SHAREHOLDINGS AS AT 8 MAY 2009

Name of Directors	Direct interest		Deemed interest	
	Number of shares	% of shares	Number of shares	% of shares
Yap Yoon Sing	17,473,982	11.22	-	-
Lim Tock Ooi	11,942,861	7.67	-	-
Gan Ping Shou @ Gan Ping Sieu	200,000	0.13	-	-
Yap Kok Ching	150,000	0.10	-	-
Aun Ah Thim	-	-	165,000 [^]	0.11
Fong Kok Leong	-	-	-	-

Note:

[^] By virtue of his wife, Ho Siew Ming's shareholdings in the Company

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 8 MAY 2009

No.	Name of Shareholders	Direct interest		Deemed interest	
		Number of shares	% of shares	Number of shares	% of shares
1.	Trifast Plc	38,000,000	24.41	-	-
2.	Yap Yoon Sing	17,473,982	11.22	-	-
3.	Lembaga Tabung Haji	11,942,900	7.67	-	-
4.	Lim Tock Ooi	11,942,861	7.67	-	-
5.	Tan Gek Eng	8,439,394	5.42	-	-
6.	Chin Chee Heun	7,849,394	5.04	-	-

Analysis of Shareholdings (cont'd)

as at 8 May 2009

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 8 MAY 2009

No.	Name of Shareholders	No. of Shares	%
1.	TRIFAST PLC	38,000,000	24.41
2.	YAP YOON SING	17,473,982	11.22
3.	LEMBAGA TABUNG HAJI	11,942,900	7.67
4.	LIM TOCK OOI	11,942,861	7.67
5.	TAN GEK ENG	8,439,394	5.42
6.	CHIN CHEE HEUN	7,849,394	5.04
7.	BHLB TRUSTEE BERHAD <i>(Qualifier : PB Euro Pacific Equity Fund)</i>	4,685,100	3.01
8.	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD <i>(Qualifier : Public Smallcup Fund)</i>	2,587,600	1.66
9.	YEO CHEO TEE	2,000,000	1.28
10.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>(Qualifier : Pledged Securities Account for Koek Tiang Kung)</i>	1,950,000	1.25
11.	HDM NOMINEES (TEMPATAN) SDN BHD <i>(Qualifier : Pledged Securities Account for Oh Kim Sun)</i>	1,674,700	1.08
12.	CHAN CHUN YI	1,618,746	1.04
13.	HDM NOMINEES (ASING) SDN BHD <i>(Qualifier : DBS Vickers Secs (S) Pte Ltd for Ng Chee Seng)</i>	1,200,000	0.77
14.	HDM NOMINEES (TEMPATAN) SDN Bhd <i>(Qualifier : Pledged Securities Account for Sleuths Holdings Sdn. Bhd)</i>	1,168,200	0.75
15.	CHUAN KITRATIPRASAN	1,005,000	0.65
16.	MALAYSIA NOMINEES (TEMPATAN) SDN BHD <i>(Qualifier : Pledged Securities Account for Melval Holdings Sdn Bhd)</i>	718,500	0.46
17.	TNG KAY LIM	682,000	0.44
18.	LIM TOH MENG	600,000	0.39
19.	YEOW TAN KOOI	582,800	0.37
20.	TSAI CHUN-TIEN	563,000	0.36
21.	PACIFIC HANGER CORPORATION SDN BHD	518,700	0.33
22.	CHONG BOON	518,500	0.33
23.	WOON YUN SHIN	510,000	0.33
24.	HASHIMOTO YUKIMASA	510,000	0.33
25.	LIM TIOK HEONG	508,000	0.33
26.	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD <i>(Qualifier : Pledged Securities Account for Tan Ching Kee)</i>	480,500	0.31
27.	LOH YEE MIN	480,000	0.31
28.	LIM TOH HOW	450,000	0.29
29.	LIM TOH MENG	397,000	0.25
30.	GAN PING NAN	390,000	0.25
Total		121,446,877	78.00

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fifth Annual General Meeting of Techfast Holdings Berhad will be held at Alhambra I, Level M1, Hotel Melia Kuala Lumpur, No. 16, Jalan Imbi, 55100 Kuala Lumpur on Friday, 26 June 2009 at 10.00 a.m. for the following businesses:

A G E N D A

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2008 together with the Directors' and Auditors' Reports thereon. **Resolution 1**
2. To approve the payment of Directors' fees for the financial year ended 31 December 2008. **Resolution 2**
3. To re-elect Yap Kok Ching, who retires by rotation in accordance with the Article 74 of the Company's Articles of Association, and being eligible offers himself for re-election. **Resolution 3**
4. To re-elect Aun Ah Thim, who retires in accordance with the Article 81 of the Company's Articles of Association, and being eligible offers himself for re-election. **Resolution 4**
5. To re-appoint Messrs GEP Associates as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions:

6. **Authority to Allot and Issue Shares pursuant to Section 132D of the Companies Act, 1965** **Resolution 6**

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorized and empowered to allot and issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company."

Notice of Annual General Meeting (cont'd)

7. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature in the Ordinary Course of Business which are necessary for the Techfast Group's Day-To-Day Operations ("Proposed Renewal of Shareholders' Mandate")**

Resolution 7

"THAT, pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad, a mandate be and is hereby granted to allow recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Company and its subsidiaries, entered or to be entered into by the Company and its subsidiaries, details of which are set out in Section 2.6 of the Circular to Shareholders dated 3 June 2009, provided that such transactions are in the ordinary course of business and are undertaken on arm's length basis and on normal commercial terms, which are on terms not more favourable to the related party than those generally available to the public and not to the detriment of the minority shareholders,

AND THAT the Proposed Renewal of Shareholders' Mandate, if approved at the forthcoming annual general meeting, will continue to be in force until:

- i) the conclusion of the next annual general meeting of the Company to be held in the year 2010, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
- ii) the expiration of the period within which the next annual general meeting is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (the "Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- iii) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier;

AND FURTHER THAT, the Directors and/or any of them be and are hereby authorized to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorized by this resolution."

8. To transact any other business for which due notice shall have been given.

By order of the Board

Chin Ooi Wee
Lim Li Shiang
Company Secretaries

Kuala Lumpur
3 June 2009

Notice of Annual General Meeting (cont'd)

NOTES:

1. *A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies. Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy, failing which the appointment shall be invalid. A proxy may but need not be a member of the Company and paragraphs (a) and (b) of Section 149(1) of the Companies Act, 1965 shall not apply.*
2. *The instrument appointing a proxy must be deposited at the Company's Registered Office at Suites 7.21 & 7.22, 7th Floor, Imbi Plaza, Jalan Imbi, 55100 Kuala Lumpur not less than 48 hours before the time fixed for holding the meeting, or any adjournment thereof.*
3. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorized.*

EXPLANATORY NOTES ON SPECIAL BUSINESS

Resolution No. 6 (item 6)

The Ordinary Resolution No. 6 (item 6), if passed, will empower the Directors to allot and issue up to a maximum of 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting

Resolution No. 7 (item 7)

For further information on Ordinary Resolution No. 7 (item 7), please refer to the Circular To Shareholders dated 3 June 2009 in relation to the Proposed Renewal of Shareholders' Mandate, accompanying the Company's Annual Report 2008.

Statement Accompanying Notice of Annual General Meeting

1. DIRECTORS WHO ARE STANDING FOR RE-ELECTION

The Directors who are standing for re-election at the forthcoming Fifth Annual General Meeting are as follows:

- i) Yap Kok Ching
- ii) Aun Ah Thim

Further details of the above Directors are set out in the Profile of Directors on pages 5 to 7 of this Annual Report.

2. DETAILS OF DIRECTORS' ATTENDANCE AT BOARD MEETINGS

The details are set out in the Corporate Governance section on page 8 of this Annual Report.

3. DATE, TIME AND PLACE OF THE MEETING

The Fifth Annual General Meeting of the Company will be held at Alhambra I, Level M1, Hotel Melia Kuala Lumpur, No 16, Jalan Imbi, 55100 Kuala Lumpur on Friday, 26 June 2009 at 10.00 a.m.

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No. of shares held



TECHFASST HOLDINGS BERHAD

(Company No. 647820-D)
(Incorporated in Malaysia)

FORM OF PROXY

I/We, _____ NRIC / Passport No. _____
(Full Name in Block Letters)

of _____
(Full Address)

being a member/members of **Techfast Holdings Berhad** hereby appoint _____
(Full Name in Block Letters)

of _____
(Full Address)

or failing him, _____ of _____
(Full Name in Block Letters) (Full Address)

or failing him, the CHAIRMAN OF THE MEETING as my/our proxy/proxies, to vote on my/our behalf at the Fifth Annual General Meeting of the Company to be held at Alhambra I, Level M1, Hotel Melia Kuala Lumpur, No.16, Jalan Imbi, 55100 Kuala Lumpur on Friday, 26 June 2009 at 10.00 a.m. and at any adjournment thereof.

No.	Resolutions	*FOR	*AGAINST
1.	Ordinary Business To receive the Audited Financial Statements for the financial year ended 31 December 2008 together with the Directors' and Auditors' Reports thereon.		
2.	To approve the payment of Directors' fees for the financial year ended 31 December 2008.		
3.	To re-elect Yap Kok Ching		
4.	To re-elect Aun Ah Thim		
5.	To re-appoint Messrs GEP Associates as Auditors of the Company and to authorise the Directors to fix their remuneration.		
6.	Special Business Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		
7.	Proposed Renewal of Shareholders' Mandate		

* Please indicate with an "X" in the spaces provided as to how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

Dated this _____ day of June, 2009

Signature / Common Seal of Shareholder

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies. Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy, failing which the appointment shall be invalid. A proxy may but need not be a member of the Company and paragraphs (a) and (b) of Section 149(1) of the Companies Act, 1965 shall not apply.
2. The instrument appointing a proxy must be deposited at the Company's Registered Office at Suites 7.21 & 7.22, 7th Floor, Imbi Plaza, Jalan Imbi, 55100 Kuala Lumpur not less than 48 hours before the time fixed for holding the meeting, or any adjournment thereof.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

Fold this flap for sealing

Then fold here

AFFIX
STAMP
HERE

The Company Secretary
TECHFAST HOLDINGS BERHAD

Suites 7.21 & 7.22, 7th Floor
Imbi Plaza, Jalan Imbi
55100 Kuala Lumpur

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