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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Driving Excellence for
Mutual Success

ANNUAL REPORT 2010

TECHFAST HOLDINGS BERHAD

(Company No. 647820-D)

CONTENTS

Chairman's Statement

On behalf of the Board of Directors, it is my pleasure to present to you the Annual Report and the Audited Financial Statements of Techfast Holdings Berhad for the financial year ended 31 December 2010.

Review of Financial Performance

The Group performance improved significantly for the financial year ended 31 December 2010 achieving a net profit after taxation of RM3.69 million compared to a net loss after taxation of RM10.04 million in the previous financial year ended 31 December 2009. The improved performance was mainly due to the pick up in the fastener business coupled with the profit contribution from the newly acquired businesses in Cape Technology Sdn. Bhd. ("Cape") and Oriem Technology Sdn. Bhd. ("Oriem").

The profit after taxation attributable to the Company was RM2.52 million in the current financial year from a loss making position of RM9.63 million recorded in the previous financial year.

Industry Trends and Development

The Malaysian economy is expected to grow between 5.0% and 6.5% in the year 2011, driven by healthy domestic demand. The trade and manufacturing sectors, however, are expected to grow at a moderate pace in line with the expected moderation in external demand.

Manufacturers of liquid crystal display televisions ("LCD TV"), which had previously aborted the use of self-clinching fasteners ("SCFs") in the assembly of their products, have now reverted to using SCFs again, albeit a lesser number of SCFs per television unit. Nevertheless, technological changes that threaten to render the use of SCFs redundant always looms around the corner.

Players in the fastener industry will need to keep their focus on the prices of steel, being a main raw material used in the manufacturing process. The rebuilding of Japan following the earthquake and tsunami on 11 March 2011 would add to global demand for steel. Rising crude oil prices will also put pressure on the cost structure of industry players.

The value-added measure of the manufacturing sector is expected to expand further by 6.7% in tandem with better economic conditions, with the electrical and electronics sub-sectors leading its growth. The electronics sub-sector in Malaysia which is becoming increasingly integrated with the global supply chain network, particularly with China and Singapore, also bodes well for industry players.

Oriem, in particular, which manufactures epoxy light emitting diode ("LED") encapsulation moulding compounds, is well poised for growth during this time of increasing global demand for energy saving devices such as LED and solar photovoltaics.

Review of Operations

While the years 2008 and 2009 will go down in history as the years of global financial crisis, the year 2010 was a year where the Group took stock of its strengths and evaluated opportunities. Having significantly downsized business operations, the Group was able to then leverage on its stronger balance sheet and acquired 50% equity stake in both Cape and Oriem in May 2010.

Review of Operations (cont'd)

The Group had now diversified from its core business of manufacturing SCFs which constantly encountered the threat of technological change. The businesses of both Cape and Oriem are in their growth phases and offered an opportunity to the Techfast Group to diversify into the semi-conductor and optoelectronics industries. Their competitive advantage lies in the technological know-how of its highly qualified management team.

Outlook

While the economy started off on firm footing for the year 2011, the earthquake and tsunami in Japan that happened in March seems to put a dampener on economic activity. The full effects on global economy remain uncertain.

Barring unforeseen circumstances, the Board of Directors feel optimistic that the Group will deliver a positive performance for the year 2011. The Group is in a better position to weather downturns as it is confident that its well developed distribution channels and marketing efforts will bear fruit.

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 to the Board Datuk Ben Chan Chong Choon who was appointed as Independent Non-Executive Director on 2 December 2010. Datuk Ben Chan has vast working experience in legal advisory and corporate work. He will be a great asset to the Group and we look forward to his contribution to the Group.

On the same note, I would like to express the appreciation from the Board of Directors for the service contributed by Mr. Chartchai Sae s/o Pusavat as Non-Executive Chairman, albeit his short tenure.

Acknowledgements

On behalf of the Company, I wish to express our appreciation to our staff for their perseverance in committing to the goals of the Group during challenging times. We thank our shareholders, customers, distributors, business associates, bankers for their continued support and commitments towards the Group.

Lim Tock Ooi
Executive Chairman

Corporate Information

BOARD OF DIRECTORS

Executive Chairman
Lim Tock Ooi

Group Managing Director
Yap Yoon Sing

Independent Non-Executive Directors
Yap Kok Ching
Aun Ah Thim
Datuk Chan Chong Choon

AUDIT COMMITTEE

Chairman
Yap Kok Ching

Members
Aun Ah Thim
Datuk Chan Chong Choon

REMUNERATION COMMITTEE

Chairman
Yap Kok Ching

Members
Lim Tock Ooi
Aun Ah Thim

NOMINATION COMMITTEE

Chairman
Aun Ah Thim

Members
Yap Kok Ching
Yap Yoon Sing

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
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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

SHARE REGISTRAR

Tricor Investor Services Sdn Bhd
(formerly known as Tenaga Koperat 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

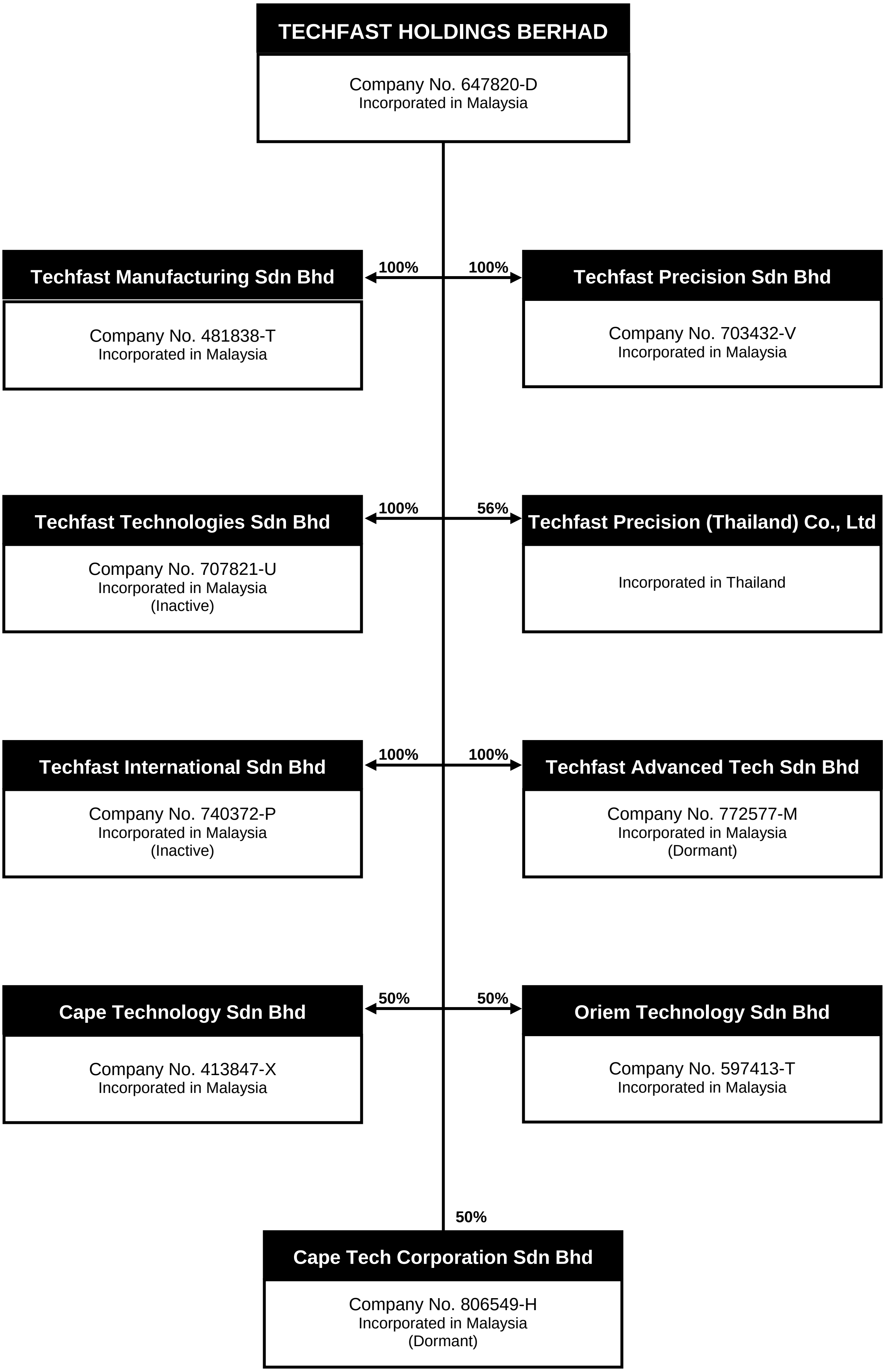
LISTING

ACE 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

Lim Tock Ooi

Age	64
Nationality	Malaysian
Position	Executive Chairman
Date of appointment to the Board	First appointed to the Board on 31 March 2005. Redesignated as Executive Chairman on 1 March 2011.
Qualification	Holds a Bachelor of Economics degree from the University of New England, Australia. Member of the Institute of Chartered Accountants in Australia, the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. Fellow of the Malaysian Institute of Taxation.
Working experience	Mr. Lim qualified as a Chartered Accountant in 1974 while working for an international firm of chartered accountants in Sydney, Australia. He continued his career in chartered accountancy upon returning to Malaysia in 1976. In the year 1980, he started his accounting practice under the name of Messrs. Michael Lim & Co.
Board committees	Member of the Remuneration Committee.
Other directorships	He holds directorships in each of the subsidiary companies. He also holds directorships in other private limited companies in non-executive capacities.

Yap Yoon Sing

Age	45
Nationality	Malaysian
Position	Group Managing Director
Date of appointment to the Board	First appointed to the Board on 31 March 2005 as Chairman-cum-Group Managing Director. Redesignated as Group Managing Director on 15 October 2009.
Qualification	Holds a Bachelor of Commerce degree majoring in Business Administration from National Chengchi University in Taiwan.
Working experience	Mr. Yap started working as a Management Consultant with the Chinese Management Association ("CMA") in Taiwan upon graduation. After gaining experience in the manufacturing industry, he returned to Malaysia in 1991 and was instrumental in setting up a precision turned parts manufacturing company. He then worked with that company as the Assistant General Manager. Later, he left and co-founded the Techfast Group of Companies. He has a hands-on approach in managing the Group's operations and is recognised by his peers in the self-clinching fastener industry worldwide. As such, Mr. Yap is focused on the development of formulation of long term business development strategies for the Techfast Group.
Board committees	Member of the Nomination Committee.
Other directorships	He holds directorships in each of the subsidiary companies.

Profile of Directors (cont'd)

Yap Kok Ching

Age	:	54
Nationality	:	Malaysian
Position	:	Independent Non-Executive Director
Date of appointment to the Board	:	31 March 2005
Qualification	:	Holds a Bachelor of Commerce degree majoring in Accounting and Economics from the University of Melbourne in Australia. He is a member of the Malaysian Institute of Accountants and a Fellow of CPA Australia.
Working experience	:	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 served as the Chief Financial Officer of the Tan Cheong Leong Group of Companies until December 2005. In Techfast, he is the Senior Independent Director to whom all concerns regarding the Group may be conveyed.
Board committees	:	Chairman of both Audit and Remuneration Committees. Member of the Nomination Committee.
Other directorships	:	He sits on the board of several private limited companies in Malaysia.

Aun Ah Thim

Age	:	59
Nationality	:	Malaysian
Position	:	Independent Non-Executive Director
Date of appointment to the Board	:	17 February 2009
Qualification	:	First Class Honours Degree in Science from the University of Malaya. Holds an Honours Degree in Law from the University of London and a Certificate in Legal Practice from the Malaysian Qualifying Board. Member of the Malaysian Bar.
Working experience	:	Following his graduation from University Malaya, he started working in the education industry and his service included training school teachers. He also co-authored a book in mathematical recreation that was published by Dewan Bahasa & Pustaka in the 1980s. After his chambering, he commenced his legal practice with Messrs Suhaimi Khor Zulkifli & Chang. He later continued his practice with Messrs Nga Hock Cheh & Co. and eventually became a partner in the firm. 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 had exposure to varieties of legal works, including conveyancing, corporate matters and litigations.
Board committees	:	Chairman of the Nomination Committee. Member of the Audit and Remuneration Committees.
Other directorships	:	None

Profile of Directors (cont'd)

Datuk Chan Chong Choon

Age	:	55
Nationality	:	Malaysian
Position	:	Independent Non-Executive Director
Date of appointment to the Board	:	2 December 2010
Qualification	:	Holds a LL.B (Hons) degree from University of London and a Master of Laws (LL.M (Hons)) degree from the University of Malaysia. Also holds a Certificate in Legal Practice from the Malaysian Qualifying Board and a member of the Malaysian Bar.
Working experience	:	His early career included him holding positions of Personal Manager / Company Secretary in a finance society and Legal Advisor / Company Secretary in an international oil and gas company. Thereafter, he commenced legal practice first with Skrine & Co., and thereafter with Lee Hishammuddin Allen & Gledhill. He is presently a litigation partner with the legal firm, Mah-Kamariyiah & Philip Koh. He is also a panel member of the Arbitrators of the Kuala Lumpur Regional Centre for Arbitration. He has co-authored a book titled, Chan & Koh, Malaysian Company Law, Principles and Practice, (Sweet & Maxwell).
Board committees	:	Member of the Audit Committee
Other directorships	:	None

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 21 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 five (5) members, comprising one (1) Executive Chairman, one (1) Group Managing Director 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 15.02 of Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market which states that at least two (2) directors or one-third (1/3) of the board of directors 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.

The roles of the Chairman and Managing Director in the Board of Directors are divided. Mr. Lim Tock Ooi, who is the Executive Chairman, is responsible for the Board's effectiveness and conduct as well as spearheading the strategic direction of the Group while Mr. Yap Yoon Sing, who is the Group Managing Director, is primarily responsible for the overall management and implementation of business decisions at the Group.

The presence of Independent Non-Executive Directors, Mr. Yap Kok Ching, Mr. Aun Ah Thim and Datuk Chan Chong Choon, all of whom are of sufficient caliber and experience, bring objectivity, balance and independent judgment to 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 seven (7) times during the financial year ended 31 December 2010. The number of meetings attended by the Board members is as follows:

Directors	Board Meetings		
	Held	Attended	% of Attendance
Lim Tock Ooi	7	7	100%
Yap Yoon Sing	7	6	86%
Yap Kok Ching	7	7	100%
Aun Ah Thim	7	7	100%
Datuk Chan Chong Choon*	0	0	0%
Chartchai Sae s/o Pusavat^	6	5	83%

* Appointed on 2 December 2010
^ Resigned on 7 September 2010

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.

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 Executive Chairman, the 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 2010 are as follows:

Director	Training	Mode of Training	No. of hours/day(s) spent
Lim Tock Ooi	Seminar On Cross Border Transaction Issues	Seminar	1 day
	2011 Budget Talk	Seminar	1 day
Yap Yoon Sing	Workshop On Making The Most of The Double Tax Agreements	Workshop	1 day
	Seminar On Cross Border Transaction Issues	Seminar	1 day
Yap Kok Ching	Workshop On Making The Most of The Double Tax Agreements	Workshop	1 day
	Seminar On Cross Border Transaction Issues	Seminar	1 day
Aun Ah Thim	Workshop On Making The Most of The Double Tax Agreements	Workshop	1 day
	Seminar On Cross Border Transaction Issues	Seminar	1 day

Datuk Chan Chong Choon has no training on record for the financial year ended 31 December 2010 since he was only appointed to the Board on 2 December 2010. As a litigation lawyer in practice, he has an exceptionally committed schedule but keeps abreast with regulatory developments through his work. Additionally, Datuk Chan Chong Choon has conducted a training programme entitled "Briefing on compliance with relevant laws and basics of Companies Act 1965" held on 10 December 2010 organised by the UM Holdings Group.

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 Directors. 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 12 of this Annual Report.

Details of Directors' remuneration

The aggregate remuneration of directors for the financial year ended 31 December 2010 was as follows:

Components	Executive Directors RM '000	Non-Executive Directors* RM '000	Total RM '000
Fees	120	63	183
Salaries/Other emoluments	669	13	682
Benefits-in-kind	104	-	104
Total	**893**	**76**	**969**

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	-	5
50,001-100,000	-	-
100,001-150,000	-	-
150,001-200,000	-	-
200,001-250,000	-	-
250,001-300,000	-	-
300,001-350,000	-	-
350,001-400,000	1	-
400,001-450,000	-	-
450,001-500,000	-	-
500,001-550,000	1	-

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.

Statement on Corporate Governance (cont'd)

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 that 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.

The Statement on Internal Control as set out on page 13 of this Annual Report provides an 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 17 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:-

Aun Ah Thim	(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 2010 with full attendance from all the Committee members.

5. THE BOARD COMMITTEES (cont'd)

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)
Aun Ah Thim	(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 2010.

Audit Committee

The report of the Audit Committee is set out on pages 14 to 17 of this Annual Report.

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)

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.

One (1) meeting was held during the financial year ended 31 December 2010 to discuss the allocation of share options under the Employee Share Option Scheme ("ESOS"). The ESOS had since expired on 29 May 2010. Hence, the Option Committee had ceased its duties with effect from 29 May 2010.

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 Directors 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 applied; and
- that the financial statements were prepared on a going concern basis.

The Directors 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 2010.

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 outsourced internal auditors, external auditors and management. The Audit Committee then evaluates the adequacy and effectiveness of the Group's risk management and internal control system.

KEY ELEMENTS

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

- There is a clear organisational 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.
- The internal audit function of the Group is outsourced to an external party which conducts its work independently of Management to assess the risk management quality of the Group's operations.

CONCLUSION

The Board is satisfied that for the financial year under review, there were no 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 2010.

1. MEMBERS

The Audit Committee comprises the following members:-

Yap Kok Ching	(Chairman, Independent Non-Executive Director)
Aun Ah Thim	(Independent Non-Executive Director)
Datuk Chan Chong Choon	(Independent Non-Executive Director)

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 2010, 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%
Aun Ah Thim	5	5	100%
Datuk Chan Chong Choon*	0	0	0%
Chartchai Sae s/o Pusavat^	1	1	100%

* Appointed on 2 December 2010
^ Resigned 7 September 2010

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 and Senior Accounts Executive also attended meetings upon invitation, where appropriate.

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 2010 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 2010 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 reports for its subsidiaries which highlights the audit issues, recommendations and management responses thereto prepared by outsourced external party engaged to provide internal audit function;
- discussed with management on action taken to improve the system of internal control based on improvement opportunities identified in the internal audit reports;
- 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;
- reviewed and verified the allocation of options pursuant to the ESOS and discussed the expiration of the ESOS of the Company; and
- reviewed and considered the acquisition of 50% equity stake in both Cape Technology Sdn Bhd and Oriem Technology Sdn Bhd.

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

The Audit Committee reviewed and verified that the allocation of share options pursuant to the ESOS were in accordance with the provisions as set out by the By-Laws of the ESOS. No options were granted to Non-Executive Directors during the financial year ended 31 December 2010.

The ESOS of the Company had since expired on 29 May 2010 and the balance of the unexercised options lapsed following the expiration of the ESOS.

6. INTERNAL AUDIT FUNCTION

The Audit Committee is aware of the fact that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the systems of internal control.

The Company engaged Messrs Kloo Point Risk Management Services Sdn Bhd to carry out the internal audit function of the Group for the financial year ended 31 December 2010. Thus, the Audit Committee will be supported by the internal auditors of the Company in the discharge of its duties and responsibilities. The primary function of the internal audit is to independently carry out a review of the existing systems, controls and procedures and thereafter provide such recommendations that would further enhance the existing internal controls. The internal auditors of the Company will provide independent assurance on the adequacy and effectiveness of the risk management, internal control and governance processes.

The Audit Committee will report to the Board on significant findings and results.

The total cost incurred for the internal audit function of the Group for 2010 is RM30,000 (2009: RMNil).

Further details of the activities of the internal audit function are set out in the Statement of Internal Control detailed on page 13 of this 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 12 to the audited Financial Statements, on pages 53 to 54 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 2010 was RM7,000 (2009: RM2,000).

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 2010.

9. REVALUATION POLICY

The policy of revaluation on landed properties is as disclosed in Note 2 to the Financial Statements on page 35 of this Annual Report.

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

The details are set out in Note 30 to the Financial Statements on page 68 of this Annual Report.

FINANCIAL STATEMENTS

Directors' Report

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

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 19 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 RM	Company RM
Profit for the year	3,692,607	2,443,407
Attributable to:		
Owners of the parent	2,515,965	2,443,407
Minority interests	1,176,642	-
	3,692,607	2,443,407

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 other than those disclosed in the financial statements.

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

During the financial year, the Company increased its issued and paid-up share capital from RM15,570,580 to RM15,591,180 by way of the issuance of 206,000 ordinary shares of RM0.10 each for cash pursuant to the Company's Employee Share Options Scheme at an exercise price of RM0.135 per share.

The new ordinary shares issued during the financial year rank pari-passu with the then existing shares of the Company.

There were no issue of 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 12 April 2005.

Details of the ESOS are set out in Note 12 to the Financial Statements. The ESOS was implemented on 30 May 2005 for a period of 5 years, and lapsed on 29 May 2010.

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	
Yap Kok Ching	
Aun Ah Thim	
Datuk Chan Chong Choon	(Appointed on 2.12.2010)
Chartchai Sae s/o Pusavat	(Resigned on 7.9.2010)
Gan Ping Shou @ Gan Ping Sieu	(Resigned on 4.6.2010)

In accordance with the Company's Articles of Association, Mr. Yap Yoon Sing, Mr. Yap Kok Ching and Datuk Chan Chong Choon 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:

	Number of ordinary shares of RM0.10 each			
Shares in the Company Registered in name of director	**Balance as at 1.1.2010**	**Bought**	**Sold**	**Balance as at 31.12.2010**
Yap Yoon Sing	17,473,982	10,000,000	-	27,473,982
Lim Tock Ooi	11,942,861	10,000,000	-	21,942,861
Yap Kok Ching	150,000	-	(35,200)	114,800

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

	Number of options over ordinary shares of RM0.10 each			
The Company	**Balance as at 1.1.2010**	**Granted**	**Lapsed**	**Balance as at 31.12.2010**
Yap Yoon Sing	900,000	-	(900,000)	-
Lim Tock Ooi	1,200,000	-	(1,200,000)	-

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.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 28 to the Financial Statements.

OTHER FINANCIAL INFORMATION

Before the statements of comprehensive income and statements of financial position 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 no provision for doubtful debts is required; and

Directors' Report (cont'd)

OTHER FINANCIAL INFORMATION (cont'd)

(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 inadequate to any substantial extent or require any amount to be provided for as doubtful debts in the financial statements of the Group and of the Company; 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.

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 registered office of the Company is located at:
Suites 7.21 & 7.22
7th Floor, Imbi Plaza
Jalan Imbi
55100 Kuala Lumpur
Malaysia

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 11 April 2011.

YAP YOON SING

LIM TOCK OOI

Kuala Lumpur

Statement by Directors

The directors of **TECHFAST HOLDINGS BERHAD**, state that, in their opinion, the accompanying financial statements set out on pages 26 to 73, are drawn up in accordance with the 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 at 31 December 2010, and of their financial performance and cash flows for the year ended on that date.

The information set out in Note 35 to the Financial Statements have been compiled in accordance with the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

Signed in accordance with a resolution of the Directors dated 11 April 2011.

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 financial statements set out on pages 26 to 73 are in my opinion 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 11 April 2011

Before me,

K. CHERIAN ABRAHAM
B299
COMMISSIONER FOR OATHS

Independent Auditors' Report to the Members of

Techfast Holdings Berhad (Company Number. 647820-D)

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Techfast Holdings Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 26 to 73.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 entity's preparation of financial statements that give a true and fair view 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 entity'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 2010 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 19 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.

Other Reporting Responsibilities

The supplementary information set out in Note 35 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Independent Auditors' Report to the Members of

Techfast Holdings Berhad (Company No. 647820-D) (cont'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

ESTHER TAN CHOON HWA
1023/03/12(J)
Chartered Accountant

Petaling Jaya
11 April 2011

Consolidated Statement of Financial Position
as at 31 December 2010

	Note	**31.12.2010**	31.12.2009	1.1.2009
		RM	RM	RM
			(Restated)	(Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	4	16,935,201	14,089,936	23,964,825
Development expenditure	5	201,643	-	-
Goodwill on consolidation	6	1,126,999	-	-
		18,263,843	14,089,936	23,964,825
Current assets				
Inventories	7	4,899,771	2,307,369	5,741,660
Trade and other receivables	8	8,905,320	4,688,241	8,128,439
Fixed deposits with licensed banks	9	3,575,188	9,673,589	7,175,881
Short term investment	10	1,000,768	-	-
Cash and bank balances		5,186,190	1,001,732	3,247,985
		23,567,237	17,670,931	24,293,965
Non-current assets held for sale	11	23,800	3,469,385	-
		23,591,037	21,140,316	24,293,965
TOTAL ASSETS		**41,854,880**	**35,230,252**	**48,258,790**
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	12	15,591,180	15,570,580	15,570,580
Reserves	13	9,431,580	6,943,919	16,474,868
		25,022,760	22,514,499	32,045,448
Minority interests		7,260,309	691,389	1,073,523
Total equity		32,283,069	23,205,888	33,118,971
Non-current liabilities				
Hire purchase creditors	14	205,772	28,027	620,136
Term loans	15	1,675,432	4,863,546	7,007,157
Deferred taxation	16	263,100	22,400	619,184
		2,144,304	4,913,973	8,246,477
Current liabilities				
Trade and other payables	17	4,869,994	4,489,817	3,120,765
Hire purchase creditors	14	123,149	341,294	572,415
Bank borrowings	18	2,286,872	2,268,622	3,200,162
Current tax payable		147,492	10,658	-
		7,427,507	7,110,391	6,893,342
Total liabilities		9,571,811	12,024,364	15,139,819
TOTAL EQUITY AND LIABILITIES		**41,854,880**	**35,230,252**	**48,258,790**

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

Statement of Financial Position
as at 31 December 2010

	Note	2010 RM	2009 RM
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,280	1,760
Investment in subsidiary companies	19	27,224,769	17,008,392
		27,226,049	17,010,152
Current assets			
Other receivables	8	182,629	2,238,527
Fixed deposits with licensed banks	9	3,500,000	6,828,392
Cash at banks		515,143	159,271
		4,197,772	9,226,190
TOTAL ASSETS		**31,423,821**	**26,236,342**
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	12	15,591,180	15,570,580
Reserves	13	12,596,389	10,145,772
Total equity		28,187,569	25,716,352
Non-current liability			
Deferred taxation	16	400	400
Current liabilities			
Other payables	17	3,235,852	508,932
Current tax payable		-	10,658
		3,235,852	519,590
Total liabilities		3,236,252	519,990
TOTAL EQUITY AND LIABILITIES		**31,423,821**	**26,236,342**

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

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2010

	Note	2010	2009
		RM	RM
Revenue	20	29,944,059	12,296,720
Cost of goods sold		(19,729,468)	(13,590,641)
Gross profit /(loss)		10,214,591	(1,293,921)
Other income		1,248,216	1,092,455
Selling and distribution expenses		(1,137,493)	(740,269)
Administrative expenses		(4,521,720)	(2,046,933)
Other expenses		(1,311,478)	(6,956,230)
Operating profit/(loss)	21	4,492,116	(9,944,898)
Finance costs	22	(436,226)	(643,214)
Profit/(Loss) before taxation		4,055,890	(10,588,112)
Income tax expense	23	(363,283)	544,006
Profit/(Loss) for the year		**3,692,607**	**(10,044,106)**
Other comprehensive income:			
Exchange differences on foreign operations		(39,021)	121,085
Total comprehensive income/(loss) for the year		**3,653,586**	**(9,923,021)**
Profit/(Loss) attributable to:			
Owners of the parent		2,515,965	(9,626,332)
Minority interests		1,176,642	(417,774)
		3,692,607	**(10,044,106)**
Total comprehensive income/(loss) attributable to:			
Owners of the parent		2,480,451	(9,540,887)
Minority interests		1,173,135	(382,134)
		3,653,586	**(9,923,021)**
Earnings/(Loss) per share (sen)			
- basic	24	1.61	(6.23)
- diluted	24	-	-

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

Statement of Comprehensive Income
for the year ended 31 December 2010

	Note	2010	2009
		RM	RM
Revenue	20	3,408,706	4,648,117
Other income		104,777	511,187
Administrative expenses		(920,419)	(1,027,170)
Other expenses		(141,761)	(5,851,530)
Profit /(Loss) before taxation	21	2,451,303	(1,719,396)
Income tax expense	23	(7,896)	(12,009)
Profit/(Loss) for the year		**2,443,407**	**(1,731,405)**
Other comprehensive income		-	-
Total comprehensive profit/(loss) for the year		**2,443,407**	**(1,731,405)**
Profit/(Loss) attributable to:			
Owners of the parent		**2,443,407**	**(1,731,405)**

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

Consolidated Statement of Changes in Equity

for the year ended 31 December 2010

	Attributable to owners of the parent							
	Non-Distributable				Distributable			
	Share Capital (Note 12)	Share Premium (Note 13)	Translation (Loss)/ Reserve (Note 13)	Share Option Reserve (Note 13)	Retained Earnings/ (Accumulated Losses) (Note 13)	Total	Minority Interests	Total Equity
	RM	RM	RM	RM	RM	RM	RM	RM
Balance at 1 January 2009	15,570,580	9,970,710	(67,617)	248,711	6,323,064	32,045,448	1,073,523	33,118,971
Transaction with owners								
Share option expenses for ESOS granted [Note 21(b)]	-	-	-	9,938	-	9,938	-	9,938
Loss for the year	-	-	-	-	(9,626,332)	(9,626,332)	(417,774)	(10,044,106)
Other comprehensive income	-	-	85,445	-	-	85,445	35,640	121,085
Total comprehensive income/(loss) for the year	-	-	85,445	-	(9,626,332)	(9,540,887)	(382,134)	(9,923,021)
Balance at 31 December 2009	15,570,580	9,970,710	17,828	258,649	(3,303,268)	22,514,499	691,389	23,205,888
Transaction with owners								
Exercise of employee share options	20,600	7,210	-	-	-	27,810	-	27,810
Expiry of employee share options	-	-	-	(258,649)	258,649	-	-	-
Acquisition of additional equity interest in a subsidiary company	-	-	-	-	-	-	840,583	840,583
Arising through acquisition of subsidiary companies	-	-	-	-	-	-	7,055,202	7,055,202
Dividend paid to minority interests by subsidiary companies	-	-	-	-	-	-	(2,500,000)	(2,500,000)
Profit for the year	-	-	-	-	2,515,965	2,515,965	1,176,642	3,692,607
Other comprehensive loss	-	-	(35,514)	-	-	(35,514)	(3,507)	(39,021)
Total comprehensive income/(loss) for the year	-	-	(35,514)	-	2,515,965	2,480,451	1,173,135	3,653,586
Balance at 31 December 2010	15,591,180	9,977,920	(17,686)	-	(528,654)	25,022,760	7,260,309	32,283,069

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

Statement of Changes in Equity

for the year ended 31 December 2010

	Non-Distributable			Distributable	
	Share Capital (Note 12)	Share Premium (Note 13)	Share Option Reserve (Note 13)	(Accumulated Losses)/ Retained Earnings (Note 13)	Total Equity
	RM	RM	RM	RM	RM
Balance at 1 January 2009	15,570,580	9,970,710	248,711	1,647,818	27,437,819
Total comprehensive loss for the year	-	-	-	(1,731,405)	(1,731,405)
Share option expenses for ESOS granted [Note 21(b)]	-	-	9,938	-	9,938
Balance at 31 December 2009	15,570,580	9,970,710	258,649	(83,587)	25,716,352
Exercise of employee share options	20,600	7,210	-	-	27,810
Expiry of employee share options	-	-	(258,649)	258,649	-
Total comprehensive income for the year	-	-	-	2,443,407	2,443,407
Balance at 31 December 2010	15,591,180	9,977,920	-	2,618,469	28,187,569

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

Consolidated Statement of Cash Flows
for the year ended 31 December 2010

	Note	2010	2009
		RM	RM
			(Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before taxation		4,055,890	(10,588,112)
Adjustments for:			
Depreciation of property, plant and equipment		1,795,797	2,073,087
Interest expense		436,226	643,214
Amortisation of development expenditure		57,599	-
Impairment loss on loans and receivables		16,520	1,926,059
Impairment loss on investment in an associated company		3	-
Income from short term investment		(767)	-
(Gain)/Loss on disposal of property, plant and equipment		(42,441)	720,471
Interest income		(38,544)	(83,469)
Unrealised (gain)/loss on foreign exchange		(58,495)	123,577
Rental income		(126,000)	(169,150)
Gain on disposal of non-current assets held for sale		(555,707)	-
Impairment loss on property, plant and equipment		-	1,964,789
Inventories written off		-	2,611,196
Property, plant and equipment written off		-	345,893
Share option expenses		-	9,938
Gain on disposal of a subsidiary company		-	(630,423)
Operating profit /(loss) before working capital changes		5,540,081	(1,052,930)
(Increase)/Decrease in inventories		(623,752)	752,822
Decrease in trade and other receivables		2,638,561	586,320
(Decrease)/Increase in trade and other payables		(3,433,705)	2,957,765
Cash generated from operations		4,121,185	3,243,977
Tax refund		56,725	327,550
Tax paid		(1,071,449)	(17,231)
Bank overdraft interest paid		(30,441)	(45,390)
Other interest paid		-	(11,518)
Net cash generated from operating activities		3,076,020	3,497,388

Consolidated Statement of Cash Flows (cont'd)

for the year ended 31 December 2010

	Note	2010 RM	2009 RM (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net proceeds from disposal of non-current assets held for sale		4,001,292	-
Rental income		126,000	169,150
Proceeds from disposal of property, plant and equipment		67,767	840,020
Interest received		37,257	83,469
Short term investment income received		767	-
Investment in an associated company		(3)	-
(Placement)/Uplift of fixed deposits		(48,000)	597,936
Purchase of property, plant and equipment		(316,546)	(481,495)
Acquisition of subsidiary companies, net of cash and cash equivalents acquired	19(c)	(2,186,805)	-
Disposal of subsidiary company, net of cash and cash equivalents disposed	19(e)(ii)	-	284,658
Net cash generated from investing activities		1,681,729	1,493,738
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of shares to minority interests		822,929	-
Net increase/(decrease) in bills payable		274,654	(325,992)
Issuance of shares pursuant to ESOS		27,810	-
Payment of hire purchase interests		(47,415)	(71,209)
Payment of term loan interests		(358,370)	(510,741)
Repayment of hire purchase creditors		(455,188)	(743,004)
Dividend paid to minority interests		(2,500,000)	-
Repayment of term loans		(3,458,040)	(2,056,184)
Net cash used in financing activities		(5,693,620)	(3,707,130)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(935,871)	1,283,996
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES		(40,113)	(154,377)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		10,421,665	9,292,046
CASH AND CASH EQUIVALENTS AT END OF YEAR	25	9,445,681	10,421,665

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

Statement of Cash Flows

for the year ended 31 December 2010

	Note	2010 RM	2009 RM
CASH FLOWS FROM OPERATING ACTIVITES			
Profit/(Loss) before taxation		2,451,303	(1,719,396)
Adjustments for:			
Impairment loss on loans and receivables		5,027	1,127,940
Depreciation of property, plant and equipment		480	479
Impairment loss on investment in a subsidiary company		100	4,300,000
Impairment loss on investment in an associated company		3	-
Loss on disposal of a subsidiary company		-	79,992
Unrealised loss on foreign exchange		-	39,465
Share option expenses		-	9,938
Operating profit before working capital changes		2,456,913	3,838,418
Decrease/(Increase) in other receivables		2,050,871	(1,029,628)
Increase in other payables and accruals		2,726,920	429,388
Cash generated from operations		7,234,704	3,238,178
Tax refund		1,840	4,549
Tax paid		(20,394)	(958)
Net cash generated from operating activities		7,216,150	3,241,769
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of an associated company		(3)	-
Additional investment in subsidiary company		(1,124,497)	-
Acquisition of subsidiary companies		(9,091,980)	-
Proceeds from disposal of a subsidiary company		-	8
Net cash (used in)/generated from investing activities		(10,216,480)	8
CASH FLOWS FROM FINANCING ACTIVITY			
Issuance of shares pursuant to ESOS		27,810	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(2,972,520)	3,241,777
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		6,987,663	3,745,886
CASH AND CASH EQUIVALENTS AT END OF YEAR	25	4,015,143	6,987,663

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

Notes to the Financial Statements
31 December 2010

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 Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2010 as disclosed in Note 2.1 to the Financial Statements.

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 19 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 benefits from their activities.

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 as income in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and is presented separately in profit or loss of the Group and within equity in the consolidated statement of financial position, separate from shareholders' equity. 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. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Leasehold land is amortised over the period of lease. Depreciation of other 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 to 20
Electrical installation	10 to 15
Renovation and signboard	10 to 20
Motor vehicles	20
Office equipment	10 to 20
Furniture and fittings	10 to 15
Production equipment	10 to 20
Tools and equipment	15

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Property, Plant and Equipment and Depreciation (cont'd)

The residual values, useful life and depreciation method are reviewed at each financial year end 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 the profit or loss in the year the asset is derecognised.

(d) Impairment of Non-Financial Assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

(e) Financial Assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the category includes loans and receivables.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Impairment of Financial Assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(g) Investments in Subsidiary Companies

Investments in subsidiary companies are stated at cost and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that their carrying values may not be recoverable.

On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

(h) Development Expenditure

Research expenditure is recognised in profit or loss when incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is recognised in profit or loss when incurred.

Capitalised development expenditure, considered to have finite useful lives, is stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is calculated on a straight-line basis over the estimated commercial lives of the underlying products of 3 to 5 years. The amortisation period and method are reviewed at least at the end of each reporting period and any changes in expectations from previous estimates are accounted for prospectively as changes in accounting estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Goodwill on Consolidation

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

For the purpose of impairment testing, goodwill is allocated to the related cash-generating units monitored by management. Where the recoverable amount of the cash-generating unit is less than its carrying amount including goodwill, an impairment loss is recognised in the profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operation disposed of and the portion of the cash-generating unit retained.

(j) Inventories

Inventories are valued 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 all appropriate proportion of factory overheads held 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 estimated costs necessary to make the sale.

(k) Associated Companies

Associated companies are those companies in which the Group has a long term equity interest of between 20% and 50% and is in a position to exercise significant influence over the financing and operating policies of the investee companies.

Provision for diminution in value is made when, in the opinion of the directors, there is a permanent diminution in value of the investment.

(l) Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. The Group and the Company classified its financial liabilities as other financial liabilities.

Other financial liabilities

The Group's and the Company's other financial liabilities include borrowings, trade and other payables.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measure at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange of modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Leases

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

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

(n) 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.

(o) Revenue Recognition

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

Revenue from rendering of services is recognised when the services are performed.

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

Interest income form 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 an accrual basis.

(p) Employee Benefits

(i) Short Term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees.

(ii) Defined Contribution Plans

The Group and the Company make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(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 corresponding increases 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 shares options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but 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 reporting 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.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Employee Benefits (cont'd)

(iii) Share-Based Payment Transactions (cont'd)

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

(q) Foreign Currency

(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.

(ii) Foreign Currency Transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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 assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

(r) Income Tax

(i) Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred Tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Income Tax (cont'd)

(ii) Deferred Tax (cont'd)

Deferred tax liabilities are recognised for all temporary differences and deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(s) Cash Equivalents

Cash and cash equivalents comprise cash at banks, fixed deposits and short term investment which are subject to an insignificant risk of changes in value.

2.1 Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

FRSs and amendments to FRSs

Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised)
Amendments to FRS 117	Leases
Amendments to FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 132	Financial Instruments: Presentation
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 139	Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and of the Company except for those discussed below:

FRS 7 Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 December 2010.

Notes to the Financial Statements (cont'd)

2.1 Changes in Accounting Policies (cont'd)

FRSs and amendments to FRSs (cont'd)

FRS 8 Operating Segments

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purpose of allocating resources to the segments and assessing their performance. The standard also requires the disclosures of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114.

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statements of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital.

The revised FRS 101 was adopted retrospectively by the Group and the Company.

Amendments to FRS 117 Leases

The amendment to FRS 117 requires entity with existing leases and of land and building (combined) to reassess the classification of land as a finance or operating leases. The Group has reassessed and determined that the leasehold land of the Group is in substance finance leases and has reclassified the leasehold land to property, plant and equipment. This change in presentation has been applied retrospectively and has no impact on the Group's financial statements. The following comparative figures have been restated.

Group	**As previously stated**	**Effects of amendment to FRS 117 (Leases)**	**As restated**
	RM	**RM**	**RM**
Statement of financial position as at 31 December 2009			
Non-current assets			
Property, plant and equipment	12,546,772	1,543,164	14,089,936
Prepaid land lease payments	1,543,164	(1,543,164)	-

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 established principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

Impairment of trade receivables:

Prior to 1 January 2010, allowance for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. As at 1 January 2010, the Group and the Company have remeasured the allowance for impairment losses as at that date in accordance with FRS 139 but no adjustments is required to be made to the opening balance of retained earnings as at that date.

Notes to the Financial Statements (cont'd)

2.2 Standards and Interpretation in Issue but not yet Effective

At the date of authorisation of this financial statements, the following FRSs, amendments to FRSs and Issues Committee Interpretations ("IC Interpretations") were issued but not yet effective and have not been applied by the Group and the Company:

FRSs, Interpretations and amendments effective for annual period beginning on or after 1 March 2010

- Amendments to FRS 132, Financial Instruments: Presentation - Classification of Rights Issues

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

- FRS 1, First-time Adoption of Financial Reporting Standards (revised)
- FRS 3, Business Combinations (revised)
- FRS 127, Consolidated and Separate Financial Statements (revised)
- Amendments to FRS 2, Share-based Payment
- Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 138, Intangible Assets
- IC Interpretation 12, Service Concession Agreements
- IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17, Distributions of Non-cash Assets to Owners
- Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards
  - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
  - Additional Exemptions for First-time Adopters
- Amendments to FRS 2, Group Cash-settled Share Based Payment Transactions
- Amendments to FRS 7, Financial Instruments : Disclosures – Improving Disclosures about Financial Instruments
- IC Interpretation 4, Determining whether an Arrangement contains a Lease
- IC Interpretation 18, Transfers of Assets from Customers
- Improvements to FRSs (2010)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011

- IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments
- Amendments to IC Interpretation 14, Prepayments of a Minimum Funding Requirement

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

- FRS 124, Related Party Disclosures (revised)
- IC Interpretation 15, Agreements for the Construction of Real Estate

Except for the changes in accounting policies arising from the adoption of the revised FRS 3 and the Amendments to FRS 127, as well as the new disclosures required under the Amendments to FRS 7, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 3 and the Amendments to FRS 127 are described below.

Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 Statement of Cash Flows, FRS 112 Income Taxes, FRS 121 The Effects of Changes in Foreign Exchange Rates, FRS 128 Investments in Associates and FRS 131 Interests in Joint Ventures. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early adopted. However, the Group does not intend to early adopt.

The financial statements were approved and authorised for issue by Board of Directors on 11 April 2011.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Income Taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

(b) Impairment of Loans and Receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

(c) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which goodwill is allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Notes to the Financial Statements (cont'd)

4. PROPERTY, PLANT AND EQUIPMENT

GROUP

COST

	Freehold land	Leasehold land	Buildings	Plant and machinery	Electrical installation	Renovation and signboard	Motor vehicles	Office equipment	Furniture and fittings	Production equipment	Tools and equipment	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2009												
- As previously reported	1,538,463	-	7,114,813	14,341,805	1,042,719	1,056,022	1,546,847	612,621	311,173	-	512,209	28,076,672
- Effects of adopting amendments to FRS 117	-	2,364,388	-	-	-	-	-	-	-	-	-	2,364,388
As restated	1,538,463	2,364,388	7,114,813	14,341,805	1,042,719	1,056,022	1,546,847	612,621	311,173	-	512,209	30,441,060
Additions	-	-	-	386,288	380	20,540	-	6,526	1,090	-	66,671	481,495
Disposals	(88,590)	-	(206,710)	(1,376,353)	-	-	(153,364)	(89,620)	(69,942)	-	-	(1,984,579)
Written off	-	-	-	-	(940,606)	(107,146)	-	(89,396)	(14,241)	-	-	(1,151,389)
Reclassified as held for sale (Note 11)	-	(750,000)	(2,533,935)	(2,703,351)	-	-	-	-	-	-	-	(5,987,286)
Disposal of a subsidiary company [Note 19(e)(ii)]	-	-	-	(1,004,610)	(102,493)	(86,930)	(160,000)	(39,919)	(72,180)	-	(117,995)	(1,584,127)
Exchange difference	48,135	-	44,265	70,385	-	28,616	6,582	3,167	235	-	1,114	202,499
At 31 December 2009	1,498,008	1,614,388	4,418,433	9,714,164	-	911,102	1,240,065	403,379	156,135	-	461,999	20,417,673
At 1 January 2010												
- As previously reported	1,498,008	-	4,418,433	9,714,164	-	911,102	1,240,065	403,379	156,135	-	461,999	18,803,285
- Effects of adopting amendments to FRS 117	-	1,614,388	-	-	-	-	-	-	-	-	-	1,614,388
As restated	1,498,008	1,614,388	4,418,433	9,714,164	-	911,102	1,240,065	403,379	156,135	-	461,999	20,417,673
Additions	-	-	-	6,131	-	25,469	225,616	29,009	3,754	-	26,567	316,546
Disposals	-	-	-	(26,590)	-	-	(228,204)	-	-	-	-	(254,794)
Written off	-	-	-	-	-	-	-	(85,018)	(14,240)	-	-	(99,258)
Reclassified as held for sale (Note 11)	-	-	-	(707,489)	-	-	-	-	-	-	-	(707,489)
Acquisition of subsidiary companies [Note 19(c)]	-	1,168,120	2,572,982	2,677,562	77,054	390,851	618,058	788,608	319,679	707,782	224,018	9,544,714
Exchange difference	(5,835)	-	(5,365)	(8,568)	-	(3,340)	(1,136)	(371)	3	-	(307)	(24,919)
At 31 December 2010	1,492,173	2,782,508	6,986,050	11,655,210	77,054	1,324,082	1,854,399	1,135,607	465,331	707,782	712,277	29,192,473

Notes to the Financial Statements (cont'd)

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

GROUP

ACCUMULATED DEPRECIATION / ACCUMULATED IMPAIRMENT LOSSES

	Freehold land	Leasehold land	Buildings	Plant and machinery	Electrical installation	Renovation and signboard	Motor vehicles	Office equipment	Furniture and fittings	Production equipment	Tools and equipment	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2009												
- As previously reported	-	-	482,665	3,556,711	614,583	245,344	928,165	263,422	122,310	-	184,891	6,398,091
- Effects of adopting amendments to FRS 117	-	78,144	-	-	-	-	-	-	-	-	-	78,144
As restated	-	78,144	482,665	3,556,711	614,583	245,344	928,165	263,422	122,310	-	184,891	6,476,235
Depreciation for the year	-	26,048	142,488	1,212,709	141,863	158,230	195,353	85,468	40,868	-	70,060	2,073,087
Impairment losses for the year	-	-	394,917	1,569,872	-	-	-	-	-	-	-	1,964,789
Disposals	-	-	(28,251)	(290,633)	-	-	(29,904)	(41,600)	(33,700)	-	-	(424,088)
Written off	-	-	-	-	(715,561)	(49,043)	-	(34,456)	(6,436)	-	-	(805,496)
Reclassified as held for sale (Note 11)	-	(32,968)	(202,082)	(2,282,851)	-	-	-	-	-	-	-	(2,517,901)
Disposal of a subsidiary company [Note 19(e)(ii)]	-	-	-	(247,209)	(40,885)	(33,278)	(76,733)	(13,430)	(24,186)	-	(22,612)	(458,333)
Exchange difference	-	-	1,564	8,620	-	6,179	2,061	789	57	-	174	19,444
At 31 December 2009												
- Accumulated depreciation	-	71,224	396,384	3,527,219	-	327,432	1,018,942	260,193	98,913	-	232,513	5,932,820
- Accumulated impairment losses	-		394,917	-	-	-	-	-	-	-	-	394,917
	-	71,224	791,301	3,527,219	-	327,432	1,018,942	260,193	98,913	-	232,513	6,327,737

Notes to the Financial Statements (cont'd)

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

GROUP

ACCUMULATED DEPRECIATION /
ACCUMULATED IMPAIRMENT LOSSES (cont'd)

	Freehold land	Leasehold land	Buildings	Plant and machinery	Electrical installation	Renovation and signboard	Motor vehicles	Office equipment	Furniture and fittings	Production equipment	Tools and equipment	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2010												
Accumulated depreciation												
- As previously reported	-	-	396,384	3,527,219	-	327,432	1,018,942	260,193	98,913	-	232,513	5,861,596
- Effects of adopting amendments to FRS 117	-	71,224	-	-	-	-	-	-	-	-	-	71,224
As restated	-	71,224	396,384	3,527,219	-	327,432	1,018,942	260,193	98,913	-	232,513	5,932,820
- Accumulated impairment losses	-	-	394,917	-	-	-	-	-	-	-	-	394,917
	-	71,224	791,301	3,527,219	-	327,432	1,018,942	260,193	98,913	-	232,513	6,327,737
Depreciation for the year	-	41,852	134,018	1,072,972	3,271	139,752	197,888	72,931	30,306	25,461	77,346	1,795,797
Disposals	-	-	-	(26,590)	-	-	(202,878)	-	-	-	-	(229,468)
Written off	-	-	-	-	-	-	-	(85,018)	(14,240)	-	-	(99,258)
Reclassified as held for sale (Note 11)	-	-	-	(707,489)	-	-	-	-	-	-	-	(707,489)
Acquisition of subsidiary companies [Note 19(c)]	-	147,900	293,202	2,156,340	64,847	370,447	416,717	643,263	296,748	640,252	140,865	5,170,581
Exchange difference	-	-	(74)	51	-	(160)	(504)	(56)	30	-	85	(628)
At 31 December 2010												
- Accumulated depreciation	-	260,976	823,530	6,022,503	68,118	837,471	1,430,165	891,313	411,757	665,713	450,809	11,862,355
- Accumulated impairment losses	-	-	394,917	-	-	-	-	-	-	-	-	394,917
	-	260,976	1,218,447	6,022,503	68,118	837,471	1,430,165	891,313	411,757	665,713	450,809	12,257,272

Notes to the Financial Statements (cont'd)

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

GROUP

CARRYING AMOUNT

	Freehold land	Leasehold land	Buildings	Plant and machinery	Electrical installation	Renovation and signboard	Motor vehicles	Office equipment	Furniture and fittings	Production equipment	Tools and equipment	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
1 January 2009 (restated)	1,538,463	2,286,244	6,632,148	10,785,094	428,136	810,678	618,682	349,199	188,863	-	327,318	23,964,825
At 31 December 2009 / 1 January 2010 (restated)	1,498,008	1,543,164	3,627,132	6,186,945	-	583,670	221,123	143,186	57,222	-	229,486	14,089,936
At 31 December 2010	1,492,173	2,521,532	5,767,603	5,632,707	8,936	486,611	424,234	244,294	53,574	42,069	261,468	16,935,201

Notes to the Financial Statements (cont'd)

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

2010

COMPANY

COST	Balance at 1.1.2010	Addition	Disposal	Balance at 31.12.2010
	RM	RM	RM	RM
Office equipment	3,199	-	-	3,199

ACCUMULATED DEPRECIATION	Balance at 1.1.2010	Current Depreciation	Disposal	Balance at 31.12.2010
	RM	RM	RM	RM
Office equipment	1,439	480	-	1,919

NET BOOK VALUE	2010	2009
	RM	RM
Office equipment	1,280	1,760

2009

COMPANY

COST	Balance at 1.1.2009	Addition	Disposal	Balance at 31.12.2009
	RM	RM	RM	RM
Office equipment	3,199	-	-	3,199

ACCUMULATED DEPRECIATION	Balance at 1.1.2009	Current Depreciation	Disposal	Balance at 31.12.2009
	RM	RM	RM	RM
Office equipment	960	479	-	1,439

NET BOOK VALUE	2009	2008
	RM	RM
Office equipment	1,760	2,239

Notes to the Financial Statements (cont'd)

4. 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 15 to the Financial Statements.

	Group	
	2010	2009
	RM	RM
Leasehold land	2,238,758	1,543,164
Freehold land	1,492,173	1,498,008
Buildings	5,173,805	3,627,132
Plant and machinery	756,792	2,240,569
Renovation and signboard	469,769	583,670
Tools and equipment	7,906	12,031
	10,139,203	9,504,574

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

	Group	
	2010	2009
	RM	RM
Plant and machinery	402,228	614,965
Motor vehicles	167,236	44,668
	569,464	659,633

5. DEVELOPMENT EXPENDITURE

	Group
	2010
	RM
At cost	
Arising from acquisition of subsidiary companies [Note 19(c)]	576,043
Movement during the year	-
Balance at 31 December 2010	576,043
Accumulated amortisation	
Arising from acquisition of subsidiary companies [Note 19(c)]	316,801
Amortisation during the year	57,599
Balance at 31 December 2010	374,400
Carrying amount	
Balance at 31 December 2010	201,643

Notes to the Financial Statements (cont'd)

6. GOODWILL ON CONSOLIDATION

	Group	
	2010	2009
	RM	RM
At cost		
At beginning of financial year	-	-
Additional investment in a subsidiary company	17,223	-
Acquisition of subsidiary companies [Note 19(c)]	1,109,776	-
At end of year	1,126,999	-

7. INVENTORIES

	Group	
	2010	2009
	RM	RM
Raw materials	2,074,875	786,361
Finished goods	1,708,293	581,541
Tooling and chemicals	647,848	415,955
Work-in-progress	468,755	323,258
Chemicals	-	151,147
Stock in transit	-	49,107
	4,899,771	2,307,369

8. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2010	2009	**2010**	2009
	RM	RM	**RM**	RM
Trade receivables				
Third parties	7,999,192	2,793,911	-	-
Other receivables				
Subsidiary companies	-	-	25,809	956,359
Third parties	778,061	1,779,227	155,820	1,281,168
Prepayments	62,797	18,235	-	-
Deposits	65,270	96,868	1,000	1,000
	906,128	1,894,330	182,629	2,238,527
	8,905,320	4,688,241	182,629	2,238,527

8. TRADE AND OTHER RECEIVABLES (cont'd)

The currency exposure profile of trade and other receivables is as follows:

	Group	
	2010	2009
	RM	RM
Ringgit Malaysia	4,536,527	2,950,102
United States Dollar	3,653,658	1,052,758
Thai Baht	425,935	327,067
Euro	221,086	156,459
Singapore Dollar	67,919	184,953
Japanese Yen	195	16,902
	8,905,320	4,688,241

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2009: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

<u>Ageing analysis of trade receivables</u>

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2010	2009
	RM	RM
Neither past due nor impaired	4,243,045	2,196,808
1 to 30 days past due not impaired	1,842,805	243,402
31 to 120 days past due not impaired	1,563,587	242,286
More than 120 days past due not impaired	349,755	111,415
	7,999,192	2,793,911

<u>Receivables that are neither past due nor impaired</u>

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

<u>Receivables that are past due but not impaired</u>

The Group has trade receivables amounting to RM3,756,147 (2009: RM597,103) that are past due at the reporting date but not impaired. The total amount that are past due but not impaired are unsecured in nature. The management is confident that the receivables are recoverable as these accounts are still active.

(b) Amount owing by subsidiary companies

The amount owing by subsidiary companies is unsecured, non-interest bearing and without fixed terms of repayment.

Notes to the Financial Statements (cont'd)

9. FIXED DEPOSITS WITH LICENSED BANKS

Included in fixed deposits of the Group is an amount of RM75,188 (2009: RM25,901) which has been pledged to licensed banks for banking facilities granted to the Group as mentioned in Note 15 and Note 18 to the Financial Statements.

The fixed deposits of the Group and of the Company have maturity period ranging from 1 to 12 months (2009: 7 days to 12 months). The effective interest rates of the fixed deposits range from 0.75% to 2.90% (2009: 0.85% to 3.70%) per annum.

10. SHORT TERM INVESTMENT

	Group	
	2010	2009
	RM	RM
At cost (Note 25)	1,000,768	-

Short term investment represents deposit placements with an investment fund management company for investment in fixed income instruments.

The effective interest rate of the short term investment is 2.70% per annum and is readily convertible to cash with insignificant risk of changes in value.

11. NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale which comprise leasehold land and building and plant and machinery are as follows:

	Group	
	2010	2009
	RM	RM
At beginning of year	3,469,385	-
Disposal during the year	(3,445,585)	-
Reclassification from property, plant and equipment (Note 4)	-	3,469,385
At end of year	23,800	3,469,385

Included in non-current assets held for sale of the Group in the previous financial year was leasehold land and building and plant and machinery with carrying amount of RM3,048,885 and RM11,700 respectively which have been pledged to licensed financial institutions for banking facilities granted to the subsidiaries as mentioned in Note 15 to the Financial Statements.

12. SHARE CAPITAL

	Group and Company	
	2010	2009
	RM	RM
Share capital is represented by:		
Authorised		
500,000,000 ordinary shares of RM0.10 each	50,000,000	50,000,000
Issued and fully paid		
155,911,800 ordinary shares of RM0.10 each		
At beginning of year	15,570,580	15,570,580
Issued during the year	20,600	-
At end of year	15,591,180	15,570,580

12. SHARE CAPITAL (cont'd)

During the financial year, the Company increased its issued and paid-up share capital from RM15,570,580 to RM15,591,180 by way of the issuance of 206,000 ordinary shares of RM0.10 each for cash pursuant to the Company's Employee Share Options Scheme at an exercise price of RM0.135 per share.

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 ESOS was implemented on 30 May 2005 for a period of 5 years, and lapsed on 29 May 2010.

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%.

(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:

		Exercise Price	Number of Share Options			
Grant Date	**Expiry Date**	**RM/share**	**At 1.1.2010**	**Exercised**	**Lapsed**	**At 31.12.2010**
30.5.2005	29.5.2010	0.39	5,123,000	(206,000)	(4,917,000)	-
17.4.2006	29.5.2010	0.39	330,000	-	(330,000)	-
7.8.2006	29.5.2010	0.43	110,000	-	(110,000)	-
20.9.2007	29.5.2010	0.37	950,000	-	(950,000)	-
			6,513,000	(206,000)	(6,307,000)	-

Notes to the Financial Statements (cont'd)

13. RESERVES

	Group		Company	
	2010	2009	**2010**	2009
	RM	RM	**RM**	RM
Non-distributable				
Share premium	9,977,920	9,970,710	9,977,920	9,970,710
Translation reserve/(loss)	(17,686)	17,828	-	-
Share option reserve	-	258,649	-	258,649
	9,960,234	10,247,187	9,977,920	10,229,359
Distributable				
(Accumulated losses)/Retained earnings	(528,654)	(3,303,268)	2,618,469	(83,587)
Total reserves	9,431,580	6,943,919	12,596,389	10,145,772

	2010	2009
	RM	RM
Share Premium		
Share premium arose as follows:		
At beginning of year	9,970,710	9,970,710
ESOS issue of 206,000 ordinary shares issued at a premium of RM0.035 per ordinary share	7,210	-
At end of year	9,977,920	9,970,710

Translation Reserve/(Loss)

Exchange differences arising on translation of foreign entities are taken to the translation reserve/(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 over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

14. HIRE PURCHASE CREDITORS

	Group	
	2010	2009
	RM	RM
Total hire purchase instalments due:		
Within one year	140,782	377,277
Between two and five years	208,295	42,549
More than five years	17,110	-
	366,187	419,826
Unexpired term charges	(37,266)	(50,505)
Outstanding principal amount due	328,921	369,321
Within one year (included in current liabilities)	(123,149)	(341,294)
Between two to five years	(188,804)	(28,027)
More than five years	16,968	-

Hire purchase liabilities are subject to interest rates ranging from 3.25% to 10.00% (2009: 3.25% to 10.00%) per annum.

Notes to the Financial Statements (cont'd)

15. TERM LOANS

	Group	
	2010	2009
	RM	RM
Total repayable	3,340,009	6,798,049
Amount repayable within one year (Note 18)	(1,664,577)	(1,934,503)
	1,675,432	4,863,546
Amount repayable between two to five years	(1,654,121)	(4,393,001)
Amount repayable after five years	21,311	470,545

The term loans are secured by the Group's properties, plant and machinery and fixed deposits as mentioned in Note 4, Note 9 and Note 11 to the Financial Statements and also a corporate guarantee by the Company. The repayment period ranges from 60 to 120 (2009: 60 to 120) monthly instalments and the term loans bear interest rates ranging from 4.00% to 7.80% (2009: 4.00% to 7.76%) per annum.

16. DEFERRED TAXATION

	Group		Company	
	2010	2009	**2010**	2009
	RM	RM	**RM**	RM
At beginning of year	22,400	619,184	400	-
Arising from acquisition of subsidiary companies [Note 19(c)]	312,000	-	-	-
Recognised in profit or loss (Note 23)	(71,300)	(596,784)	-	400
At end of year	263,100	22,400	400	400

Presented after appropriate offsetting as follows:

	Group		Company	
	2010	2009	**2010**	2009
	RM	RM	**RM**	RM
Deferred tax assets	(160,700)	(341,800)	-	-
Deferred tax liabilities	423,800	364,200	400	400
	263,100	22,400	400	400

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

GROUP	**Accelerated capital allowances**	**Other**	**Total**
	RM	**RM**	**RM**
Deferred tax liabilities:			
At beginning of year	364,200	-	364,200
Arising from acquisition of subsidiary companies [Note 19(c)]	312,000	-	312,000
Recognised in profit or loss (Note 23)	(264,800)	12,400	(252,400)
At end of year	411,400	12,400	423,800

16. DEFERRED TAXATION (cont'd)

GROUP	Unabsorbed tax losses RM	Unabsorbed capital allowances RM	Other RM	Total RM
Deferred tax assets:				
At beginning of year	(223,700)	(102,400)	(15,700)	(341,800)
Recognised in profit or loss (Note 23)	63,000	102,400	15,700	181,100
At end of year	(160,700)	-	-	(160,700)

COMPANY	Accelerated capital allowances RM
Deferred tax liabilities:	
At beginning of year	400
Recognised in profit or loss (Note 23)	-
At end of year	400

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2010	2009	**2010**	2009
	RM	RM	**RM**	RM
Trade payables				
Third parties	1,996,128	1,099,501	-	-
Other payables				
Third parties	1,654,046	1,365,043	3,634	12,410
Directors	189,050	94,177	-	-
Accruals	1,030,770	1,931,096	242,218	97,700
Subsidiary companies	-	-	2,990,000	398,822
	2,873,866	3,390,316	3,235,852	508,932
	4,869,994	4,489,817	3,235,852	508,932

(a) Trade and other payables

The currency exposure profile of trade and other payables is as follows:

	Group	
	2010	2009
	RM	RM
Ringgit Malaysia	3,089,731	2,969,714
Thai Baht	831,650	1,336,466
Singapore Dollar	208,291	177,976
United States Dollar	740,322	5,661
	4,869,994	4,489,817

Trade and other payables are non-interest bearing and the normal trade credit terms granted to the Group ranges from 30 to 90 days (2009: 30 to 90 days).

17. TRADE AND OTHER PAYABLES (cont'd)

(b) Amount owing to directors

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

(c) Amount owing to subsidiary companies

The amount owing to subsidiary companies is unsecured, non-interest bearing and without fixed terms of repayment.

18. BANK BORROWINGS

	Group	
	2010	2009
	RM	RM
Current portion of term loans (Note 15)	1,664,577	1,934,503
Bank overdrafts (Note 25)	241,277	227,755
Bills payable	381,018	106,364
	2,286,872	2,268,622

The bills payable and bank overdrafts are secured by the Group's fixed deposits as mentioned in Note 9 to the Financial Statements and a corporate guarantee by the Company. They bear interests ranging from 3.5% to 6.6% (2009: 6.4% to 6.9%) per annum. The maturity period of bills payable is 90 days (2009: 90 days). Bank overdrafts are borrowings held on call by licensed banks.

19. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2010	2009
	RM	RM
Unquoted shares, at cost	31,524,869	21,308,392
Less: Impairment loss	(4,300,100)	(4,300,000)
	27,224,769	17,008,392

Notes to the Financial Statements (cont'd)

19. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

Name of Company	Place of Incorporation	Equity Interest 2010	2009	Principal Activities
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 Manufacturing Sdn. Bhd.	Malaysia	**100%**	100%	Manufacturing and marketing of self-clinching fasteners and electronic hardware for electronics, telecommunication, and information technology industries. However, it has temporarily ceased operations
Techfast Technologies Sdn. Bhd.	Malaysia	**100%**	100%	Inactive
Techfast International Sdn. Bhd.	Malaysia	**100%**	100%	Inactive
Techfast Advanced Tech Sdn Bhd	Malaysia	**100%**	100%	Dormant
*Techfast Precision (Thailand) Co. Ltd.	Thailand	**56%**	55%	Manufacturing and sales of self-clinching fasteners and electronic hardware for the electronics, telecommunication and information technology industries
*Oriem Technology Sdn. Bhd.	Malaysia	**50%**	-	Manufacturing of epoxy encapsulant materials for optoelectronics industries and provision of training analytical and consultancy services
*Cape Technology Sdn. Bhd.	Malaysia	**50%**	-	Manufacturing of mould cleaning rubber sheets and trading of epoxy encapsulant materials for optoelectronics industries

* Subsidiary companies not audited by auditors of the Company.

Although the Company holds 50% of the equity interest of Oriem Technology Sdn. Bhd. and Cape Technology Sdn. Bhd., the Company exercises significant influence by virtue of its representation on the board of Oriem Technology Sdn. Bhd. and Cape Technology Sdn. Bhd. and participation in the policy making processes of Oriem Technology Sdn. Bhd. and Cape Technology Sdn. Bhd.

(a) Acquisition of subsidiary companies

(i) On 18 May 2010, the Company acquired 500,000 ordinary shares of RM1 each in Cape Technology Sdn. Bhd., which represent 50% of the issued and paid-up share capital in Cape Technology Sdn. Bhd. for a total consideration of RM5,546,108. Following the acquisition, Cape Technology Sdn. Bhd. became a 50% owned subsidiary company of the Company. The goodwill arising on the acquisition was RM362,707.

(ii) On 18 May 2010, the Company acquired 1,500,000 ordinary shares of RM1 each in Oriem Technology Sdn. Bhd., which represent 50% of the issued and paid-up share capital in Oriem Technology Sdn. Bhd. for a total consideration of RM3,545,872. Following the acquisition, Oriem Technology Sdn. Bhd. became a subsidiary company of the Company. The goodwill arising on the acquisition was RM747,069.

19. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

(b) The effect of the acquisition of the subsidiary companies on the financial results of the Group are as follows:

	2010 RM
Post-acquisition results of the subsidiary companies acquired:	
Revenue	13,234,781
Cost of sales	(7,436,665)
Gross profit	5,798,116
Other income	(46,062)
Administrative expenses	(2,310,124)
Selling and distribution expenses	(570,930)
Profit from operations	2,871,000
Finance costs	(1,860)
Profit before taxation	2,869,140
Income tax expense	(206,303)
Profit on acquisition of subsidiary companies	2,662,837

If the acquisition had occurred on 1 January 2010, the Group's revenue and profit for the year would have been RM34,760,537 and RM4,620,885 respectively.

(c) The assets and liabilities arising from the acquisition are as follows:

	Fair value recognised on acquisition RM
Property, plant and equipment (Note 4)	4,374,133
Development expenditure (Note 5)	259,242
Inventories	1,968,650
Trade and other receivables	9,159,200
Cash and bank balances	6,905,175
	22,666,400
Trade and other payables	(6,219,863)
Hire purchase creditors	(414,788)
Deferred taxation (Note 16)	(312,000)
Current tax payable	(682,343)
	(7,628,994)
Total net assets	15,037,406
Less: Minority interests	(7,055,202)
	7,982,204
Goodwill on acquisition (Note 6)	1,109,776
Total purchase consideration	9,091,980
Less: Cash and cash equivalents of subsidiary companies acquired	(6,905,175)
Effect of acquisition of subsidiary companies, net of cash acquired	2,186,805

19. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

(d) Additional investment in subsidiary company

On 24 June 2010, the Company subscribed an additional 1,100,000 ordinary shares of THB10 each of Techfast Precision (Thailand) Co., Ltd. for a total consideration of RM1,124,497. Following the subscription, the Group's equity interest in Techfast Precision (Thailand) Co., Ltd. increased from 55% to 56%. The goodwill on consolidation arising from the additional shares acquired is RM17,223.

(e) Disposal of a subsidiary company in the previous financial year

(i) In the previous year, the Company entered into a Shares Sale and Purchase Agreement to dispose off a 80% owned subsidiary company, Techfast Plating Sdn. Bhd. ("TPLSB") for a total consideration of RM8. As a result, TPLSB ceased to be the subsidiary company of the Company.

(ii) The effects of disposal of a subsidiary company in the previous financial year on the financial position of the Group were as follows:

	2009 RM
Property, plant and equipment (Note 4)	1,125,794
Inventories	70,272
Trade and receivables	305,279
Cash and bank balances	(284,650)
Trade and other payables	(1,430,007)
Borrowings	(417,103)
Net assets disposed	(630,415)
Total disposal proceeds	(8)
Gain on disposal to the Group	(630,423)
Cash inflow arising on disposals:	
Cash consideration	8
Cash and cash equivalents of subsidiary company disposed	284,650
Net cash inflow of the Group	284,658

20. 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.

Notes to the Financial Statements (cont'd)

21. OPERATING PROFIT/(LOSS)

	Group		Company	
	2010	2009	**2010**	2009
	RM	RM	**RM**	RM
		(Restated)		
(a) The operating profit/(loss) is arrived at after charging:				
Staff costs	5,136,891	2,936,018	80,438	311,530
Depreciation of property, plant and equipment	1,795,797	2,073,087	480	479
Directors' remuneration:				
- Emoluments and allowances	682,239	571,640	682,239	571,640
- Fee	182,500	64,200	62,500	64,200
- Benefits-in-kind	103,601	79,800	103,601	79,800
Loss on foreign exchange:				
- realised	481,707	-	-	-
- unrealised	-	123,577	-	39,465
Amount paid to a firm where one of the directors has interest	30,233	7,180	-	-
Audit fee:				
- statutory audit	64,473	38,835	10,000	10,000
- overprovision in prior year	(1,000)	-	-	-
- other services	7,000	2,000	7,000	2,000
Amortisation of development expenditure	57,599	-	-	-
Impairment loss on loans and receivables	16,520	1,926,059	5,027	1,127,940
Rental of warehouse	12,200	48,000	-	-
Rental of motor vehicles	4,250	-	-	60,000
Fee expense for financial instruments not at fair value through profit or loss	465	-	-	-
Impairment loss on investment in an associated company	3	-	3	-
Loss on disposal of a subsidiary company	-	-	-	79,992
Rental of machinery and equipment	-	2,360	-	-
Inventories written off	-	2,611,196	-	-
Impairment loss on property, plant and equipment	-	1,964,789	-	-
Loss on disposal of property, plant and equipment	-	720,471	-	-
Property, plant and equipment written off	-	345,893	-	-
Rental of hostel	-	13,670	-	-
Impairment loss on investment in a subsidiary company	-	-	100	4,300,000

Notes to the Financial Statements (cont'd)

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

	Group 2010 RM	Group 2009 RM (Restated)	Company 2010 RM	Company 2009 RM
And crediting:				
Gain on disposal of non-current asset held for sale	555,707	-	-	-
Interest income	137,250	83,469	98,706	18,716
Rental income	126,000	169,150	-	-
Recovery from liquidation of a subsidiary company	84,709	233,706	84,709	233,706
Gain on foreign exchange:				
- realised	-	142,131	-	-
- unrealised	58,495	-	-	-
Gain on disposal of property, plant and equipment	42,441	-	-	-
Income from short term investment	767	-	-	-
Gain on disposal of a subsidiary company	-	630,423	-	-
(b) Staff costs:				
Salaries, wages, bonuses and allowances	4,601,478	2,664,476	54,312	267,833
EPF and SOCSO	291,540	177,605	23,073	31,837
Other staff related expenses	243,873	83,999	3,053	1,922
Share option expenses	-	9,938	-	9,938
	5,136,891	2,936,018	80,438	311,530

	Executive Directors 2010 No.	Non-Executive Directors 2010 No.
(c) Directors' remuneration:		
Remuneration paid and payable to Directors of the Company analysed into bands of RM50,000:		
RM50,000 and below	-	5
RM50,001 – RM100,000	-	-
RM100,001 – RM150,000	-	-
RM150,001 – RM200,000	-	-
RM200,001 – RM250,000	-	-
RM250,001 – RM300,000	-	-
RM300,001 – RM350,000	-	-
RM350,001 – RM400,000	1	-
RM400,001 – RM450,000	-	-
RM450,001 – RM500,000	-	-
RM500,001 – RM550,000	1	-

Notes to the Financial Statements (cont'd)

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

(c) Directors' Remuneration (cont'd):

	Group		Company	
	2010	2009	**2010**	2009
	RM	RM	**RM**	RM
Executive:				
Emoluments	669,039	560,840	669,039	560,840
Fee	120,000	-	-	-
Benefits-in-kind	103,601	79,800	103,601	79,800
	892,640	640,640	772,640	640,640
Non-Executive:				
Fee	62,500	64,200	62,500	64,200
Allowances	13,200	10,800	13,200	10,800
	75,700	75,000	75,700	75,000

22. FINANCE COSTS

	Group	
	2010	2009
	RM	RM
Term loan interests	358,370	510,741
Hire purchase interests	47,415	71,209
Bank overdraft interests	30,441	45,390
Interest on bills payable	-	15,874
	436,226	643,214

23. INCOME TAX EXPENSE

	Group		Company	
	2010	2009	**2010**	2009
	RM	RM	**RM**	RM
Tax expense for the year	474,025	57,400	-	13,100
Deferred tax expense relating to origination and reversal of temporary differences (Note 16)	(71,300)	(596,784)	-	400
	402,725	(539,384)	-	13,500
(Over)/Underprovision in prior year	(39,442)	(4,622)	7,896	(1,491)
	363,283	(544,006)	7,896	12,009

Notes to the Financial Statements (cont'd)

23. INCOME TAX EXPENSE (cont'd)

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

	Group		Company	
	2010	2009	**2010**	2009
	RM	RM	**RM**	RM
Profit /(Loss) before taxation	4,055,890	(10,588,112)	2,451,303	(1,719,396)
Taxation at Malaysian statutory rate @				
- 25%	560,500	(2,647,000)	612,800	(429,800)
- 20%	264,600	-	-	-
Expenses not deductible for tax purposes	954,521	1,461,600	63,100	1,428,100
Non-recognition of deferred tax asset	-	514,800	-	-
Income not subject to taxation	(701,100)	(985,300)	(675,900)	(985,300)
(Over)/Underprovision of deferred taxation in prior year	(110,100)	(71,284)	-	500
(Over)/Underprovision of tax expense in prior year	(39,442)	(4,622)	7,896	(1,491)
Deferred tax (assets)/liabilities not recognised due to pioneer status	(231,700)	1,187,800	-	-
Pioneer income exempted from tax	(288,696)	-	-	-
Utilisation of deferred tax assets previously not recognised	(45,300)	-	-	-
Income tax expense recognised in profit or loss	363,283	(544,006)	7,896	12,009

Subject to the agreement by the Inland Revenue Board, the Group has unabsorbed tax losses and unutilised capital allowances of approximately RM3,949,200 (2009: RM5,403,400) and RM1,399,800 (2009: RM1,713,000) respectively to set-off against its future taxable profit.

As at the end of the financial year, the deferred tax assets/(liabilities) not recognised in the financial statements are as follows:

	Group	
	2010	**2009**
	RM	**RM**
Assets/(Liabilities)		
Property, plant and equipment	322,100	(89,900)
Unabsorbed tax losses*	679,100	604,800
Unutilised capital allowances*	(140,400)	85,800
Others	2,000	-
	862,800	600,700

* Subject to the agreement by the Inland Revenue Board.

The unabsorbed tax losses and unutilised capital allowances are available indefinitely to offset against future taxable profit in which those items arose. Deferred tax assets have not been recognised in respect of these items because it is not probable that the future taxable profit will be available against which the Company can utilise the benefits.

The subsidiary company, Techfast Precision Sdn. Bhd. 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.

The subsidiary company, Oriem Technology Sdn. Bhd. has been granted pioneer status under the Promotion of Investments Act, 1986 with 100% tax exemption on its statutory income for a period of 5 years commencing from 1 July 2007.

Notes to the Financial Statements (cont'd)

24. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing profit/(loss) for the year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2010	2009
	RM	RM
Profit/(Loss) attributable to owners of the parent	2,515,965	(9,626,332)
Weighted average number of ordinary shares in issue	156,049,778	154,480,015
Basic earnings/(loss) per share (sen)	1.61	(6.23)

Diluted earnings per share

The fully diluted earnings per share for the Group is not presented as there were no potential dilutive ordinary shares outstanding at the balance sheet date.

25. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010	2009	**2010**	2009
	RM	RM	**RM**	RM
Cash and bank balances	5,186,190	1,001,732	515,143	159,271
Fixed deposits with licensed banks	3,575,188	9,673,589	3,500,000	6,828,392
Short term investment (Note 10)	1,000,768	-	-	-
	9,762,146	10,675,321	4,015,143	6,987,663
Less: Bank overdrafts (Note 18)	(241,277)	(227,755)	-	-
Less: Fixed deposits pledged to licensed banks (Note 9)	(75,188)	(25,901)	-	-
	9,445,681	10,421,665	4,015,143	6,987,663

26. 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	
	2010	2009
	RM	RM
Reinvestment allowances	3,513,335	4,589,469
Pioneer income	1,883,400	-
Chargeable income earned in waiver year	839,285	839,285
	6,236,020	5,428,754

Notes to the Financial Statements (cont'd)

27. INVESTMENT IN ASSOCIATED COMPANY

On 18 May 2010, the Company acquired one (1) ordinary share of RM1 each in Cape Tech Corporation Sdn. Bhd., which represent 50% of the issued and paid-up share capital in Cape Tech Corporation Sdn. Bhd. for a total consideration of RM3. Following the acquisition, Cape Tech Corporation Sdn. Bhd. became an associated company of the Group.

	Group		Company	
	2010	2009	**2010**	2009
	RM	RM	**RM**	RM
Unquoted shares, at cost	3	-	3	-
Less: Impairment loss of associated company	(3)	-	(3)	-
	-	-	**-**	**-**

Details of the associated company are as follows:

Name of Company	Place of Incorporation	Effective Equity Interest 2010	Effective Equity Interest 2009	Principal Activities
*Cape Tech Corporation Sdn. Bhd.	Malaysia	**50%**	-	Dormant

* Associated company not audited by auditors of the Company.

The results of the associated company were not equity accounted for as the associated company is dormant and the results are insignificant.

28. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) Acquisition of subsidiary companies and an associated company

(i) On 18 May 2010. the Company acquired 500,000 ordinary shares of RM1 each in Cape Technology Sdn. Bhd., which represent 50% of the issued and paid-up share capital in Cape Technology Sdn. Bhd. for a total consideration of RM5,546,108. Following the acquisition, Cape Technology Sdn. Bhd. became a 50% owned subsidiary company of the Company. The goodwill arising on the acquisition was RM362,707.

(ii) On 18 May 2010, the Company acquired 1,500,000 ordinary shares of RM1 each in Oriem Technology Sdn. Bhd., which represent 50% of the issued and paid-up share capital in Oriem Technology Sdn. Bhd. for a total consideration of RM3,545,872. Following the acquisition, Oriem Technology Sdn. Bhd. became a subsidiary company of the Company. The goodwill arising on the acquisition was RM747,069.

(iii) On 18 May 2010, the Company acquired one (1) ordinary share of RM1 each in Cape Tech Corporation Sdn. Bhd., which represent 50% of the issued and paid-up share capital in Cape Tech Corporation Sdn. Bhd. for a total consideration of RM3. Following the acquisition, Cape Tech Corporation Sdn. Bhd. became an associated company of the Group.

(b) During the financial year, the Company increased its issued and paid-up share capital from RM15,570,580 to RM15,591,180 by way of the issuance of 206,000 ordinary shares of RM0.10 each for cash pursuant to the Company's Employee Share Options Scheme at an exercise price of RM0.135 per share.

29. CONTINGENT LIABILITY

	Group		Company	
	2010	2009	**2010**	2009
	RM	RM	**RM**	RM
Corporate guarantee given to financial institutions for credit facilities granted to subsidiaries, limit up to RM18,217,950 (2009: RM19,764,200)	-	-	3,893,814	7,258,939

30. SIGNIFICANT RELATED PARTY TRANSACTIONS

(i) Significant related party transactions are as follows:

	Group	
	2010	2009
	RM	RM
Sale of goods to a substantial shareholder of a subsidiary company		
- Chin-I Metal Co., Ltd.	111,359	1,917,583
Professional fees paid to firms connected to Directors of the Company		
- Michael Lim & Co.	44,000	-
- A.T. Aun & Associates	30,233	7,180

	Company	
	2010	2009
	RM	RM
Subsidiary companies		
Management fee receivable	810,000	1,092,800
Interest income	-	18,716
Rental of motor vehicle paid	-	60,000

The directors are of the opinion that all the transactions above have been 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	
	2010	2009
	RM	RM
Included in trade receivables	21,572	-
Included in trade payables	-	14,527
Included in other payables	-	462,150

(ii) Compensation of the key management

Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities of the entity, including any director of the Company.

The remuneration of the key management are disclosed in Note 21(c) to the Financial Statements.

Notes to the Financial Statements (cont'd)

31. FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The overall financial risk management objective of the Group and the Company is to ensure that adequate financial resources are available for business development whilst minimising the potential adverse impacts of financial risks on its financial position, performance and cash flows.

The aforementioned financial risk management objective and its related policies and processes explained below have remained unchanged from the previous financial year:

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The Group's and Company's exposure to credit risk arises principally from trade receivables and financial guarantees given.

(a) Trade receivables

The Group typically gives the existing customers credit terms that range between 30 to 90 days. In deciding whether credit shall be extended, the Group will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness. In addition, debt monitoring procedures are performed on an on-going basis.

As at 31 December 2010, the maximum exposure to credit risk for the Group is presented by the carrying amount of each class of financial asset recognised in the statements of financial position.

<u>Credit risk concentration profile</u>

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	Group			
	2010		2009	
	RM	**% of total**	RM	% of total
By country:				
Malaysia	7,620,890	95%	2,262,434	81%
Thailand	378,302	5%	531,477	19%
	7,999,192	100%	2,793,911	100%

(b) Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiary companies.

The maximum exposure to credit risk is as disclosed in Note 29 representing the outstanding banking facilities of the companies as at the reporting date.

Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure as far as possible, that it will have sufficient liquidity to meet its liability when they fall due.

Notes to the Financial Statements (cont'd)

31. FINANCIAL RISK MANAGEMENT (cont'd)

Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

2010

GROUP

Financial Liabilities	**Total**	**Within one year**	**Between two to five years**	**More than five years**
	RM	**RM**	**RM**	**RM**
Trade and other payables	4,869,994	4,869,994	-	-
Term loans	3,340,009	1,664,577	1,654,121	21,311
Hire purchase creditors	328,921	123,149	188,804	16,968
Bank overdrafts	241,277	241,277	-	-
Bills payable	381,018	381,018	-	-
	9,161,219	7,280,015	1,842,925	38,279

2010

COMPANY

Financial Liabilities	**Total**	**Within one year**	**Between two to five years**
	RM	**RM**	**RM**
Trade and other payables	245,852	245,852	-
Amount due to subsidiary companies	2,990,000	2,990,000	-
	3,235,852	3,235,852	-

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of the Group. The foreign currencies in which these transactions are denominated are mainly US Dollars ("USD"), Singapore Dollar ("SGD"), EURO, Japanese Yen ("JPY") and Thai Baht ("THB").

The Company does not generally hedge its exposure to fluctuations in foreign exchange rate.

<u>Exposure to foreign currency risk</u>

2010

GROUP

			Denominated in			
	USD	**SGD**	**THB**	**JPY**	**EURO**	**Total**
In RM:						
Trade and other receivables	3,653,658	67,919	425,935	195	221,086	4,368,793
Trade and other payables	(740,322)	(208,291)	(831,650)	-	-	(1,780,263)
	2,913,336	(140,372)	(405,715)	195	221,086	2,588,530

Notes to the Financial Statements (cont'd)

31. FINANCIAL RISK MANAGEMENT (cont'd)

Foreign currency risk (cont'd)

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD, THB, SGD, JPY and EURO exchange rate against the functional currency of the Group, with all other variables held constant.

Impact on profit net of tax:

		Group
		2010
		RM
USD	- strengthened by 5%	343,350
	- weakened by 5%	(343,350)
THB	- strengthened by 5%	(29,507)
	- weakened by 5%	29,507
SGD	- strengthened by 5%	(5,264)
	- weakened by 5%	5,264
JPY	- strengthened by 5%	7
	- weakened by 5%	(7)
EURO	- strengthened by 5%	8,291
	- weakened by 5%	(8,291)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their deposits, short term investment and borrowings. The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

The interest rate profile of the Group's and the Company's interest-bearing financial instruments based on the carrying amount as at the reporting date is as follows:

	Effective Interest Rate	Group	
		2010	2009
	%	**RM**	RM
Fixed rate instruments			
Financial asset			
Fixed deposits with licensed banks	0.75 to 2.90	3,575,188	9,673,589
Financial liabilities			
Hire purchase creditors	3.25 to 10.00	328,921	369,321
Term loans	4.00 to 7.76	1,787,825	6,209,875
		2,116,746	6,579,196

Notes to the Financial Statements (cont'd)

31. FINANCIAL RISK MANAGEMENT (cont'd)

Interest rate risk (cont'd)

	Effective Interest Rate	Group	
		2010	2009
	%	**RM**	RM
Floating rate instruments			
Financial asset			
Short term investment	2.70	1,000,768	-
Financial liabilities			
Term loans	6.30 to 7.80	1,552,184	588,174
Bank overdraft	6.60	241,277	227,755
Bills payable	3.50	381,018	106,364
		2,174,479	922,293

Sensitivity analysis for interest rate risk

No sensitivity analysis has been prepared as the Group's and the Company's loans and borrowings are accounted for at amortised cost. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss or on equity.

32. FAIR VALUE OF FINANCIAL INSTRUMENTS

Determination of fair value

Financial instruments that are not carried at fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	8
Hire purchase creditors	14
Term loans	15
Trade and other payables	17
Bank borrowings	18

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amount of the loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

33. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to safeguard the Group's ability to continue in operation as a going concern in order to provide fair returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain the optimal capital structure, the Group may, from time to time, adjust the dividend payout to shareholders, return capital to shareholders, issue new shares, redeem debts or sell assets to reduce debts, where necessary.

33. CAPITAL MANAGEMENT (cont'd)

For capital management purposes, the Group considers shareholders' equity, minority interests and total debt to be the key components in the Group's capital structure. The Group monitors capital on the basis of the net gearing ratio. The ratio is calculated as the total debt net of cash and cash equivalents to total equity. Total equity is the sum of total equity attributable to shareholders and minority interests. The net gearing ratio as at 31 December 2010 and 31 December 2009, which are within the Group's objectives for capital management, are as follows:

	Note	Group	
		2010	2009
		RM	RM
Cash and cash equivalents	25	(9,762,146)	(10,675,321)
Total borrowings	14, 15, 18	4,291,225	7,501,489
Net cash		(5,470,921)	(3,173,832)
Total equity		32,283,069	23,205,888
Debt to equity ratios		Nil	NIl

34. 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
Thailand

	Malaysia	Thailand	Elimination	Consolidated
	RM	RM	RM	RM
Revenue				
Revenue from external customers	25,542,896	4,401,163	-	29,944,059
Inter-segment revenue	7,114,981	285,960	(7,400,941)	-
Total revenue	32,657,877	4,687,123	(7,400,941)	29,944,059
Segment results				
Net profit/(loss) from ordinary activities	6,665,843	(394,559)	(2,578,677)	3,692,607
Segment assets	71,555,730	6,669,632	(36,370,482)	41,854,880
Segment liabilities	16,918,582	3,606,178	(10,952,949)	9,571,811

Notes to the Financial Statements (cont'd)

35. REALISED AND UNREALISED PROFITS

The following analysis of realised and unrealised retained profits at the legal entity level is prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants whilst the disclosure at the group level is based on the prescribed format by the Bursa Malaysia Securities Berhad.

	Group 2010 RM	Company 2010 RM
Total retained earnings of the Group and the Company		
- realised	12,433,353	2,618,069
- unrealised	351,722	400
	12,785,075	2,618,469
Add: Consolidation adjustments	(13,313,729)	-
Total retained earnings as at 31 December	(528,654)	2,618,469

The disclosure of realised and unrealised profits/(losses) above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be used for any other purpose.

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 31.12.2010 (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	13	39,579	29,419	Leasehold 99 Years Expiry: 14.08.2096	3,782	3,365
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	30	-	2,259 (Aggre-gate)	Freehold	249	125
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	30	-	4,275 (Aggre-gate)	Freehold	476	220
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	30	-	1,803 (Aggre-gate)	Freehold	183	88
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	22	71,773	29,320	Freehold	2,876	2,699
Cape Technology Sdn Bhd	Title No : H.S(D) 11995 P.T. No 1888, Mukim 12 Daerah Barat Daya, Penang. Plot 25, Phase 4, Non- FTZ, Bayan Lepas Industrial Estate 11900 Penang	25.01.2002	Industrial Land/ Single Storey Detached Factory with a double storey front office Annexed	19	43,846	24,000	Leasehold 66 years Expiry: 21 Feb 2058	2,700	1,632

Analysis of Shareholdings
as at 31 March 2011

Authorised Share Capital	:	RM50,000,000.00
Issued and Fully Paid-Up Capital	:	RM15,591,180.00
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	8	0.495	223	0.000
100 – 1,000 shares	201	12.445	121,500	0.077
1,001 – 10,000 shares	712	44.086	4,405,800	2.825
10,001 – 100,000 shares	535	33.126	19,976,600	12.812
100,001 to less than 5% of issued shares	156	9.659	69,347,934	44.478
5% and above of issued shares	3	0.185	62,059,743	39.804
Total	**1,615**	**100.000**	**155,911,800**	**100.000**

DIRECTORS' SHAREHOLDINGS AS AT 31 MARCH 2011

Name of Directors	Direct interest		Deemed interest	
	Number of shares	% of shares	Number of shares	% of shares
Yap Yoon Sing	28,173,982	18.070	-	-
Lim Tock Ooi	21,942,861	14.073	-	-
Yap Kok Ching	114,800	0.074	-	-
Aun Ah Thim	-	-	165,000^	0.106
Datuk Chan Chong Choon	-	-	56,600*	0.036

Notes:
^ By virtue of his wife, Ho Siew Ming's shareholdings in the Company
* Held through HLG Nominee (Tempatan) Sdn Bhd

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2011

No.	Name of Shareholders	Direct interest		Deemed interest	
		Number of shares	% of shares	Number of shares	% of shares
1.	Yap Yoon Sing	28,173,982	18.070	-	-
2.	Lim Tock Ooi	21,942,861	14.073	-	-
3.	Lembaga Tabung Haji	11,942,900	7.660	-	-

Analysis of Shareholdings (cont'd)

as at 31 March 2011

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 31 MARCH 2010

No.	Name of Shareholders	No. of Shares	%
1.	YAP YOON SING	28,173,982	18.070
2.	LIM TOCK OOI	21,942,861	14.073
3.	LEMBAGA TABUNG HAJI	11,942,900	7.660
4.	TAN GEK ENG	5,239,394	3.360
5.	CHIN CHEE HEUN	4,649,394	2.982
6.	BHLB TRUSTEE BERHAD (PB Euro Pacific Equity Fund)	4,015,000	2.575
7.	YEOW TAN KOOI	2,445,300	1.568
8.	CHOONG FOONG MING	2,013,900	1.291
9.	CHOONG FOONG MING	2,000,000	1.282
10.	LOH WAN LIN	2,000,000	1.282
11.	YEO CHEO TEE	2,000,000	1.282
12.	HDM NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Oh Kim Sun)	1,674,700	1.074
13.	CHAN CHUN YI	1,618,746	1.038
14.	CHEW YIH FUH	1,604,600	1.029
15.	CHUAN KITRATIPRASAN	1,440,000	0.923
16.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Choong Foong Ming)	1,433,500	0.919
17.	CHIA MING HOW	900,000	0.577
18.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD (Pledged Securities Account for Sleuths Holdings Sdn Bhd)	718,200	0.460
19.	HDM NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Sleuths Holdings Sdn Bhd)	683,800	0.438
20.	TNG KAY LIM	682,000	0.437
21.	HASHIMOTO YUKIMASA	600,000	0.384
22.	LIM TIOK HEONG	600,000	0.384
23.	LIM TOH MENG	600,000	0.384
24.	KOAY KAH YEOW	559,700	0.358
25.	PACIFIC HANGER CORPORATION SDN BHD	518,700	0.332
26.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD (Pledged Securities Account for Melval Holdings Sdn Bhd)	518,500	0.332
27.	YEW MI CHOW	515,400	0.330
28.	LAU KUENG SUONG	515,000	0.330
29.	WOON YUN SHIN	510,000	0.327
30.	LIM TIOK HEONG	508,000	0.325
	TOTAL	**102,623,577**	**65.821**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Seventh 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, 20 May 2011 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 2010 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 2010. ***Resolution 2***

3. To re-elect the following Directors who retire by rotation in accordance with the Article 74 of the Company's Articles of Association, and being eligible offer themselves for re-election:
   i) Yap Yoon Sing ***Resolution 3***
   ii) Yap Kok Ching ***Resolution 4***

4. To re-elect Datuk Chan Chong Choon, who retires in accordance with the Article 81 of the Company's Articles of Association, and being eligible offers himself for re-election. ***Resolution 5***

5. To re-appoint Messrs GEP Associates as Auditors of the Company and to authorise the Directors to fix their remuneration. ***Resolution 6***

SPECIAL BUSINESS

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

6. **Authority to Allot and Issue Shares pursuant to Section 132D of the Companies Act, 1965** ***Resolution 7***

   "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 until the conclusion of the next Annual General Meeting 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 to be issued pursuant to this resolution does not exceed 10% of the issued and paid-up share capital of the Company for the time being, subject always to the approval of all relevant authorities, if required, being obtained for such allotment and issue.

   AND THAT the Directors be and are hereby authorized to do all such acts and things (including executing any relevant documents) as they may consider expedient or necessary to complete and give effect to the aforesaid authority. "

7. 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
26 April 2011

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 authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.*

EXPLANATORY NOTE ON SPECIAL BUSINESS

Resolution No. 7 (item 6)

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

This proposed resolution, if passed, will renew the authority given to the Directors of the Company to issue and allot shares in the Company at any time, to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit ("General Mandate"), provided that the aggregate number of shares issued pursuant to this General Mandate does not exceed 10% of the total issued share capital of the Company at the time of issue. This renewed General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The general mandate procured and approved in the preceding year 2010 which was not exercised by the Company during the year, will expire at the forthcoming Seventh Annual General Meeting of the Company.

With this renewed General Mandate, the Company will be able to raise funds for the purpose of funding future investment, working capital and/or acquisitions.

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 Seventh Annual General Meeting are as follows:

i) Yap Yoon Sing
ii) Yap Kok Ching
iii) Datuk Chan Chong Choon

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 Seventh 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, 20 May 2011 at 10.00 a.m.

No. of shares held

TECHFAST 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 Seventh 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, 20 May 2011 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 2010 together with the Directors' and Auditors' Reports thereon.		
2.	To approve the payment of Directors' fees for the financial year ended 31 December 2010.		
3.	To re-elect Yap Yoon Sing		
4.	To re-elect Yap Kok Ching		
5.	To re-elect Datuk Chan Chong Choon		
6.	To re-appoint Messrs GEP Associates as Auditors of the Company and to authorise the Directors to fix their remuneration.		
7.	**Special Business** Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		

* 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 _______________, 2011

____
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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