

TECHFAST HOLDINGS BERHAD

(Company No.: 647820-D)

Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014**

	(Unaudited)		(Unaudited)	(Audited)
	3 months ended (Quarter)		12 months ended (Cumulative)	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Revenue	4,772	5,219	20,277	20,487
Operating expenses	(5,395)	(4,976)	(18,646)	(18,770)
Other operating income	648	584	1,173	1,051
	<u>25</u>	<u>827</u>	<u>2,804</u>	<u>2,768</u>
Finance costs	(6)	(8)	(25)	(35)
Profit/(Loss) before taxation	19	819	2,779	2,733
Income tax expense	(107)	(442)	(935)	(939)
Net profit/(loss) after taxation	(88)	377	1,844	1,794
Other comprehensive income:	-	-	-	-
Total comprehensive income/(expense)	(88)	377	1,844	1,794
Profit/(loss) attributable to:				
Owners of the Company	(314)	(26)	151	735
Non-controlling interests	226	403	1,693	1,059
	<u>(88)</u>	<u>377</u>	<u>1,844</u>	<u>1,794</u>
Total comprehensive income/(loss) attributable to:				
Owners of the Company	(314)	(26)	151	735
Non-controlling interests	226	403	1,693	1,059
	<u>(88)</u>	<u>377</u>	<u>1,844</u>	<u>1,794</u>
Earnings/(loss) per share attributable to owners of the parent:				
Basic (sen)	(0.20)	(0.02)	0.10	0.47
Diluted (sen)	NA	NA	NA	NA

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.)

TECHFAST HOLDINGS BERHAD

(Company No.: 647820-D)

Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

	(Unaudited) As at 31.12.2014 RM'000	(Audited) As at 31.12.2013 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	8,231	9,413
Goodwill on acquisition	1,110	1,110
	<u>9,341</u>	<u>10,523</u>
Current assets		
Inventories	2,672	3,141
Trade and other receivables	6,243	6,310
Tax recoverable	60	25
Fixed deposits with licensed banks	66	2,052
Short term investment	1,892	7,975
Cash and bank balances	4,737	3,014
	<u>15,670</u>	<u>22,517</u>
TOTAL ASSETS	<u>25,011</u>	<u>33,040</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	15,591	15,591
Treasury shares	(416)	(72)
Share premium	9,978	9,978
Accumulated losses	(9,594)	(522)
	<u>15,559</u>	<u>24,975</u>
Non-controlling interests	804	3,355
Total equity	<u>16,363</u>	<u>28,330</u>
Non-current liabilities		
Hire purchase creditors	329	512
Deferred taxation	744	847
	<u>1,073</u>	<u>1,359</u>
Current liabilities		
Trade and other payables	7,394	3,164
Hire purchase creditors	181	170
Tax payable	-	17
	<u>7,575</u>	<u>3,351</u>
Total liabilities	<u>8,648</u>	<u>4,710</u>
TOTAL EQUITY AND LIABILITIES	<u>25,011</u>	<u>33,040</u>
Net assets per share attributable to equity holders of the parent (sen)	<u>10.1</u>	<u>16.2</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

	← Attributable to Equity Holders of the Parent →						Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	<u>Distributable</u> Retained Earnings/ (Accumu- lated Losses) RM'000	<u>Distributable</u> Total RM'000	Non- Controlling Interests RM'000	
Balance at 1 January 2013	15,591	-	9,978	(478)	25,091	4,547	29,638
Net profit/(loss) for the period	-	-	-	735	735	1,058	1,793
Other comprehensive income	-	-	-	-	-	-	-
Purchase of own shares	-	(72)	-	-	(72)	-	(72)
Dividends paid to non- controlling interests	-	-	-	(779)	(779)	(2,250)	(3,029)
Balance as at 31 December 2013	15,591	(72)	9,978	(522)	24,975	3,355	28,330
Balance at 1 January 2014	15,591	(72)	9,978	(522)	24,975	3,355	28,330
Net profit/(loss) for the period	-	-	-	150	150	1,693	1,843
Other comprehensive income	-	-	-	-	-	-	-
Dividends paid	-	-	-	(764)	(764)	(542)	(1,306)
Purchase of own shares	-	(344)	-	-	(344)	-	(344)
Dilution from transaction with non- controlling interest	-	-	-	(8,458)	(8,458)	(3,702)	(12,160)
Balance as at 31 December 2014	15,591	(416)	9,978	(9,594)	15,559	804	16,363

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.)

TECHFAST HOLDINGS BERHAD

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014**

	(Unaudited) 12 Months Ended 31.12.2014 RM'000	(Audited) 12 Months Ended 31.12.2013 RM'000
Cash Flows From Operating Activities		
Profit before taxation	2,779	2,732
<u>Adjustments for:</u>		
Non-cash items	858	1,015
Non-operating items	(268)	(136)
Operating profit before working capital changes	3,369	3,611
<u>Changes in working capital:</u>		
Net change in current assets	947	(1,926)
Net change in current liabilities	(329)	2,138
Cash generated from operations	3,987	3,823
Interest paid	(25)	-
Tax (paid)/refunded	(1,090)	(652)
Net cash generated from operating activities	2,872	3,171
Cash Flows From Investing Activities		
Proceeds from disposal of plant and equipment	-	48
Interest received	267	136
Purchase of property, plant and equipment	(61)	(83)
Acquisition of additional equity stake in subsidiaries	(7,600)	-
Withdrawal/(Placement) of fixed deposits	-	(2)
Net cash generated from/(used in) investing activities	(7,394)	99
Cash Flow From Financing Activities		
Purchase of own shares	(344)	(72)
Net repayment of hire purchase creditors	(173)	(198)
Dividends paid	(1,306)	(2,630)
Drawdown/(Repayment) of term loans	-	(189)
Net cash used in financing activities	(1,823)	(3,089)
NET INCREASE/(DECREASE) CASH AND CASH EQUIVALENTS	(6,345)	181
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR	12,989	12,806
CASH AND CASH EQUIVALENTS AS AT END OF YEAR	6,644	12,989
<u>Cash and cash equivalents comprise:</u>		
Fixed deposits with licensed banks	66	2,053
Short term investment	1,892	7,974
Cash and bank balances	4,737	3,014
	6,695	13,041
Less : Fixed deposits pledged to licensed banks	(51)	(52)
	6,644	12,989

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.)

TECHFAST HOLDINGS BERHAD

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NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2014

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

A1. Basis of Preparation

The interim financial report is unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134 : “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board (“MASB”) and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the ACE Market (“ACE LR”).

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying notes attached to the interim financial reports. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2013.

A2. Changes in Accounting Policies

The significant accounting policies and methods of computation adopted for this interim financial report are consistent with those of the audited financial statements for the financial year ended 31 December 2013 except for the following MFRS, Amendments to MFRSs and Issues Committee (“IC”) Interpretations that were issued but not yet effective:

Effective for financial periods beginning on or after 1 January 2014

Amendments to MFRS 10	Consolidated Financial Statements: Investment Entities
Amendments to MFRS 12	Disclosure of Interest in Other Entities: Investment Entities
Amendments to MFRS 127	Separate Financial Statements (2011): Investment Entities
Amendments to MFRS 132	Offsetting of Financial Assets and Financial Liabilities
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

Effective for financial periods beginning on or after 1 July 2014

Amendments to MFRS 119	Defined Benefit Plans: Employee Contribution
Annual improvements to MFRSs 2010 – 2012 Cycle	
Annual improvements to MFRSs 2011 – 2013 Cycle	

A3. Auditor’s Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the financial year ended 31 December 2013 was not qualified.

A4. Comments about Seasonal or Cyclical Factors

The business of the Group is generally not affected by seasonal and cyclical factors.

A5. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the quarter under review.

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NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2014

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

A6. Changes in Estimates

There were no changes in the estimates of amounts reported that have a material effect on the results in the current quarter under review.

A7. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter ended 30 September 2014.

A8. Dividend Paid

No dividend was paid during the current quarter under review.

A9. Segmental Information

	Self-clinching fasteners	Mould cleaning rubber sheets and LED epoxy encapsulant materials	Investment Holding	Elimination	Consolidation
	RM'000	RM'000	RM'000	RM'000	RM'000
12 Months Ended					
31.12.2014					
Revenue from external customers	6,761	13,301	215	-	20,277
Inter-segment revenue	-	4,009	2,566	(6,575)	-
Total segment revenue	<u>6,761</u>	<u>17,310</u>	<u>2,781</u>	<u>(6,575)</u>	<u>20,277</u>
Operating segment profit/(loss)	(5,540)	4,645	654	3,045	2,804
Finance cost	(13)	(12)	-	-	(25)
Profit/(loss) before taxation	(5,553)	4,633	654	3,045	2,779
Income tax	197	(1,132)	-	-	(935)
Net profit/(loss) after taxation	<u>(5,356)</u>	<u>3,501</u>	<u>654</u>	<u>3,045</u>	<u>1,844</u>

A10. Valuation of Property, Plant and Equipment

The valuations of property, plant and equipment have been brought forward, without amendment, from the financial year ended 31 December 2013.

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NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2014

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

A11. Subsequent Events

There were no material events subsequent to the end of the current quarter that have not been reflected in the financial statements, which are likely to substantially affect the results of the current quarter under review.

A12. Changes in Composition of the Group

There were no changes in the composition of the Group that occurred in quarter under review.

A13. Contingent Liabilities

The Company is contingently liable for corporate guarantees provided to financial institutions for banking facilities amounting to RM2.40 million granted to the subsidiary companies. As at the end of the current quarter under review, the subsidiary companies did not utilise any of the said banking facilities.

A14. Capital Commitments

There were no capital commitments for the purchase of property, plant and equipment not provided for in the interim condensed financial statements as at the end of the quarter under review.

A15. Significant Related Party Transactions

	<u>3 months ended</u> <u>(Quarter)</u> <u>31.12.2014</u>	<u>12 months ended</u> <u>(Cumulative)</u> <u>31.12.2014</u>
Significant Related Party Transactions	RM'000	RM'000
Professional fees paid to firms connected to directors of the Company		
Michael Lim & Co.		
- Professional fee	-	58
ML Taxation Services Sdn. Bhd.		
- Professional fee	-	22
A.T. Aun & Associates		
- Professional fee	8	29

There were no other related party transactions which would have a material impact on the financial position and the business of the Group during the current quarter.

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NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2014

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Performance

4th Quarter 2014 vs 4th Quarter 2013

The Group recorded revenue of RM4.77 million for the current quarter with an unaudited profit before taxation of RM0.02 million. The revenue for the quarter was lower compared to RM5.22 million recorded during the corresponding quarter in the previous year. Profit before taxation was also lower than RM0.82 million recorded in the corresponding quarter in the previous year, mainly due to losses in the self-clinching fastener (“SCF”) segment of the Group and one-off expenses incurred for the two corporate exercises which occurred during the year, namely, the voluntary take-over offer and the acquisition of additional 40% equity stake in each of Cape and Oriem.

For the current quarter, the SCF segment made a loss before tax of RM5.22 million, out of which RM4.75 million was a loss in Techfast Manufacturing Sdn Bhd (“TMSB”) due to waiver of an intercompany loan amount owing from the holding company. Excluding this loss, the SCF segment made a loss before tax of RM0.47 million compared to a profit before tax of RM0.24 million in the corresponding quarter in the previous year. The SCF segment made a small loss in the quarter under review due to lower project based orders.

The mould cleaning rubber sheets (“rubber sheets”) and LED epoxy encapsulant (“epoxy”) materials segment recorded a profit before taxation of RM0.86 million which was higher than RM0.62 million recorded in the corresponding quarter in the previous year. The better performance this quarter was due to the continued improvement in the semi conductor business which has reflected positively for subsidiary companies, Cape and Oriem.

Full Year 2014 vs Full Year 2013

For the full year ended 31 December 2014, total turnover of the Group of RM20.28 million was marginally lower compared to RM20.49 million recorded during the same period last year. The Group recorded a profit before taxation of RM2.78 million for the year ended 31 December 2014 which was higher than RM2.73 million recorded during the prior year, due to improved performance from the rubber sheets and epoxy segment

The SCF segment made a loss before taxation of about RM5.55 million, out of which RM4.75 million was a loss in TMSB due to a waiver of an intercompany loan amount owing from the holding Company for the financial year ended 31 December 2014. Excluding this loss, the SCF segment incurred a loss before tax of RM0.80 million for the year ended 31 December 2014 compared to profit before taxation of RM0.27 million for the year ended 31 December 2013. The results in the current year ended 31 December 2014 worsened due to lower orders from its main customer based in the United States of America.

The rubber sheets and epoxy segment recorded higher profit before taxation of RM4.63 million for the year ended 31 December 2014 compared to RM2.81 million for the last year. This segment delivered improved results in the current year under review mainly due to continued pick up of business in the semi conductor industry which led to increased sales volume of rubber sheets, especially to China and Taiwan.

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

In the current quarter under review, the Group made a profit before taxation of RM0.02 million compared to RM1.15 million in the preceding quarter ended 30 September 2014. The Group performance was affected this worsened performance of the SCF segment in the quarter under review coupled with provisions for annual bonuses in the last quarter of the year.

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NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2014

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B3. Prospects for the Financial Year Ending 31 December 2015

Based on the current economic conditions and barring unforeseen circumstances, the Group is expected to turn in positive results overall for the financial year ending 31 December 2015 as the rubber sheets and epoxy businesses are expected to perform well amidst the continued upward trend of the semi conductor industry. The fasteners segment is not expected to make a gain for the year due to poor demand.

B4. Profit Forecast or Profit Guarantee

This is not applicable as no profit forecast was published.

B5. Income Tax Expense

	3 months ended (Quarter)		12 months ended (Cumulative)	
	31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
Current tax:				
Malaysian income tax	224	219	1,085	716
Deferred taxation	(103)	227	(103)	227
	<u>121</u>	<u>446</u>	<u>982</u>	<u>943</u>
Under/(Over)provision of tax	(14)	(4)	(47)	(4)
Total income tax expense	<u>107</u>	<u>442</u>	<u>935</u>	<u>939</u>

B6. Corporate Proposals

There were no other corporate proposals other than that explained in item A11 Subsequent Events that were announced but not yet completed as at the date of this report.

B7. Group Borrowings

	As at 31.12.2014 RM '000	As at 31.12.2013 RM '000
Hire purchase creditors		
Repayable within one year denominated in Ringgit Malaysia	181	170
Repayable after one year denominated in Ringgit Malaysia	<u>329</u>	<u>512</u>
	<u>510</u>	<u>682</u>

B8. Changes in Material Litigation

The Company is not engaged in any material litigation either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the Group as at the date of this report.

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NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2014

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B9. Proposed Dividend

There was no dividend proposed during the current quarter ended 31 December 2014.

B10. Earnings Per Share (“EPS”)

(a) Basic earnings / (loss) per share

	3 months ended (Quarter)		12 Months Ended (Cumulative)	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Net profit/(loss) attributable to owners of the Company (RM '000)	(314)	(26)	151	735
Weighted average number of ordinary shares in issue ('000)	154,491	155,912	154,491	155,912
Basic earnings/(loss) per share (sen)	(0.20)	(0.02)	0.10	0.47

(b) 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.

B11. Notes to the Statement of Comprehensive Income

Profit/(Loss) before taxation is arrived at after crediting/(charging) the following income/(expense) items:

	3 months ended (Quarter)		12 Months Ended (Cumulative)	
	31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
Interest income	42	(74)	267	136
Interest expense	(6)	(7)	(25)	(35)
Depreciation and amortisation	(297)	(267)	(1,215)	(1,293)
Gain/(Loss) on disposal of properties, plant and equipment	-	(1)	(2)	44
Foreign exchange gain/(loss)	583	227	954	388

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NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2014**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

B12. Realised and Unrealised Profit / Losses

The breakdown of accumulated losses of the Group as at the reporting date, into realised and unrealised profits is as follows:

	(Unaudited) As at 31.12.2014 RM '000	(Audited) As at 31.12.2013 RM '000
Total accumulated losses of the Company and its subsidiaries		
Realised	4,316	9,374
Unrealised	405	(574)
	<u>4,721</u>	<u>8,800</u>
Less: Consolidation adjustments	(14,315)	(9,322)
	<u>(9,594)</u>	<u>(522)</u>
Total accumulated losses as per consolidated accounts	<u>(9,594)</u>	<u>(522)</u>

Dated: 16 February 2015