

TECHFAST HOLDINGS BERHAD

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2015**

TECHFAST HOLDINGS BERHAD

(Company No.: 647820-D)

Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015**

	(Unaudited) 3 months ended (Quarter)		(Unaudited) 6 months ended (Cumulative)	
	30.06.2015 RM'000	30.06.2014 RM'000	30.06.2015 RM'000	30.06.2014 RM'000
Revenue	4,683	5,187	9,088	10,109
Operating expenses	(4,228)	(4,367)	(8,208)	(8,744)
Other operating income	135	69	692	263
	590	889	1,572	1,628
Finance costs	(5)	(7)	(10)	(14)
Profit/(Loss) before taxation	585	882	1,562	1,614
Income tax expense	(297)	(303)	(635)	(516)
Net profit after taxation	288	579	927	1,098
Other comprehensive income:	-	-	-	-
Total comprehensive income	288	579	927	1,098
Profit attributable to:				
Owners of the Company	223	100	791	197
Non-controlling interests	65	479	136	901
	288	579	927	1,098
Total comprehensive income attributable to:				
Owners of the Company	223	100	791	197
Non-controlling interests	65	479	136	901
	288	579	927	1,098
Earnings per share attributable to owners of the parent:				
Basic (sen)	0.14	0.06	0.51	0.13
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 2014 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 30 JUNE 2015**

	(Unaudited) As at 30.06.2015 RM'000	(Audited) As at 31.12.2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	7,777	8,231
Goodwill on acquisition	1,110	1,110
	<u>8,887</u>	<u>9,341</u>
Current assets		
Inventories	2,625	2,672
Trade and other receivables	4,951	6,241
Tax recoverable	126	60
Fixed deposits with licensed banks	1,116	66
Short term investment	359	1,892
Cash and bank balances	2,269	4,739
	<u>11,446</u>	<u>15,670</u>
TOTAL ASSETS	<u>20,333</u>	<u>25,011</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	15,591	15,591
Treasury shares	(416)	(416)
Share premium	9,978	9,978
Accumulated losses	(8,803)	(9,594)
	<u>16,350</u>	<u>15,559</u>
Non-controlling interests	820	804
Total equity	<u>17,170</u>	<u>16,363</u>
Non-current liabilities		
Hire purchase creditors	206	329
Deferred taxation	744	744
	<u>950</u>	<u>1,073</u>
Current liabilities		
Trade and other payables	1,833	7,395
Hire purchase creditors	214	180
Tax payable	166	-
	<u>2,213</u>	<u>7,575</u>
Total liabilities	<u>3,163</u>	<u>8,648</u>
TOTAL EQUITY AND LIABILITIES	<u>20,333</u>	<u>25,011</u>
Net assets per share attributable to equity holders of the parent (sen)	<u>10.6</u>	<u>10.1</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2014 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 30 JUNE 2015

	← Attributable to Equity Holders of the Parent →						Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Non- Distributable	Distributable	Non- Controlling Interests RM'000	
				Retained Earnings/ (Accumu- lated Losses) RM'000	Total RM'000		
Balance at 1 January 2014	15,591	(72)	9,978	(522)	24,975	3,356	28,331
Net profit/(loss) for the period	-	-	-	197	197	900	1,097
Other comprehensive income	-	-	-	-	-	-	-
Purchase of own shares	-	(344)	-	-	(344)	-	(344)
Dividends paid to non- controlling interests	-	-	-	(764)	(764)	(402)	(1,166)
Balance as at 30 June 2014	15,591	(416)	9,978	(1,089)	24,064	3,854	27,918
Balance at 1 January 2015	15,591	(416)	9,978	(9,594)	15,559	804	16,363
Net profit/(loss) for the period	-	-	-	791	791	136	927
Dividends paid	-	-	-	-	-	(120)	(120)
Balance as at 30 June 2015	15,591	(416)	9,978	(8,803)	16,350	820	17,170

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2014 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 30 JUNE 2015**

	(Unaudited)	
	6 Months Ended	
	30.06.2015	30.06.2014
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before taxation	1,562	1,614
<u>Adjustments for:</u>		
Non-cash items	496	476
Non-operating items	(53)	(146)
Operating profit before working capital changes	<u>2,005</u>	<u>1,944</u>
<u>Changes in working capital:</u>		
Net change in current assets	1,447	201
Net change in current liabilities	(5,563)	(1,195)
Cash generated from/(used in) operations	<u>(2,111)</u>	<u>950</u>
Interest paid	(10)	(14)
Tax (paid)/refunded	(535)	(382)
Net cash generated from/(used in) operating activities	<u>(2,656)</u>	<u>554</u>
Cash Flows From Investing Activities		
Interest received	52	146
Purchase of property, plant and equipment	(127)	(33)
Net cash generated from/(used in) investing activities	<u>(75)</u>	<u>113</u>
Cash Flow From Financing Activities		
Purchase of own shares	-	(343)
Net repayment of hire purchase creditors	(89)	(85)
Dividends paid	(120)	(1,166)
Net cash used in financing activities	<u>(209)</u>	<u>(1,594)</u>
NET DECREASE CASH AND CASH EQUIVALENTS	<u>(2,940)</u>	<u>(927)</u>
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR	<u>6,631</u>	<u>12,989</u>
CASH AND CASH EQUIVALENTS AS AT END OF YEAR	<u>3,691</u>	<u>12,062</u>
<u>Cash and cash equivalents comprise:</u>		
Fixed deposits with licensed banks	1,116	2,053
Short term investment	359	7,295
Cash and bank balances	2,269	2,767
	<u>3,744</u>	<u>12,115</u>
Less : Fixed deposits pledged to licensed banks	(53)	(53)
Bank overdraft	-	-
	<u>3,691</u>	<u>12,062</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.)

TECHFAST HOLDINGS BERHAD

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NOTES TO THE QUARTERLY REPORT – 30 JUNE 2015

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 2014 and the accompanying explanatory notes attached to the interim financial reports. These explanatory notes 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 2014.

The significant accounting policies and methods of computation adopted by the Group in preparing this condensed report are consistent with those of the audited financial statements for the financial year ended 31 December 2014.

A2. Auditor’s Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the financial year ended 31 December 2014 was not qualified.

A3. Comments about Seasonal or Cyclical Factors

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

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

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

A5. Significant Estimates and Changes in Estimates

There were no significant estimates nor changes in the estimates of amounts reported that have a material effect on the results in the current quarter under review.

A6. Changes in Debt and Equity Securities

Share buybacks / Treasury shares of the Company

There were no share buy-back transactions during the quarter ended 30 June 2015. As at the end of the quarter under review, a total of 2,994,400 shares of RM0.10 each, which were repurchased previously, were held as treasury shares in accordance with the requirements of Section 67A of the Companies Act, 1965.

There were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter under review.

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NOTES TO THE QUARTERLY REPORT – 30 JUNE 2015

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

A7. Dividend Paid

No dividend was paid during the current quarter under review.

A8. Segmental Information

	Self-clinching fasteners	Mould cleaning rubber sheets and LED epoxy encapsulant materials	Investment Holding	Elimination	Consolidation
6 Months Ended 30.06.2015	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	3,034	6,027	27	-	9,088
Inter-segment revenue	-	1,098	1,800	(2,898)	-
Total segment revenue	3,034	7,125	1,827	(2,898)	9,088
Operating segment profit/(loss)	(269)	2,097	839	(1,095)	1,572
Finance cost	(5)	(5)	-	-	(10)
Profit/(loss) before taxation	(274)	2,092	839	(1,095)	1,562
Income tax	(29)	(606)	-	-	(635)
Net profit/(loss) after taxation	(303)	1,486	839	(1,095)	927

A9. Valuation of Property, Plant and Equipment

The valuations of property, plant and equipment have been brought forward, without amendment, from the financial year ended 31 December 2014.

A10. 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.

A11. Changes in Composition of the Group

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

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NOTES TO THE QUARTERLY REPORT – 30 JUNE 2015

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

A12. 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.

A13. Capital Commitments

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

A14. Significant Related Party Transactions

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

Significant Related Party Transactions	(Unaudited)		(Unaudited)	
	3 months ended (Quarter)		6 months ended (Cumulative)	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
Firms connected to directors				
Professional fee payable to:				
- Michael Lim & Co.	59	58	59	58
- A.T. Aun & Associates	3	10	3	10

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NOTES TO THE QUARTERLY REPORT – 30 JUNE 2015

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

B1. Review of Performance

2nd Quarter 2015 vs 2nd Quarter 2014

The Group revenue for the current quarter decreased to RM4.68 million from RM5.19 million in the corresponding quarter in the previous year. Unaudited profit before taxation for the quarter ended 30 June 2015 was also lower at RM0.59 million compared to RM0.88 million during the corresponding quarter in the previous year.

For the current quarter, the self-clinching fastener (“SCF”) segment made a loss before tax of RM0.24 million compared to a loss before tax of RM0.05 million in the corresponding quarter in the previous year. The higher loss incurred for the quarter ended 31 June 2015 was mainly due lower sales, lower selling margins due to sales of lower priced products and also higher costs incurred for overseas travel and trade promotion expenses during the quarter.

The mould cleaning rubber sheets (“rubber sheets”) and LED epoxy encapsulant (“epoxy”) materials segment recorded a profit before taxation of RM1.04 million which was marginally lower than RM1.05 million recorded in the corresponding quarter in the previous year. The marginally lower financial results this quarter was mainly due to lower sales of epoxy by Oriem Technology Sdn Bhd.

Half Year 2015 vs Half Year 2014

For the half year ended 30 June 2015, total turnover of the Group of RM9.09 million was lower compared to RM10.11 million recorded during the same period last year. The Group recorded a profit before taxation of RM1.56 million for the half year ended 30 June 2015 which was marginally lower than RM1.61 million recorded during the same period in the prior year, due to higher operating expenses.

The SCF segment made a loss before taxation of about RM0.27 million for the half year ended 30 June 2015 compared to loss of RM0.25 million for the half year ended 30 June 2014. The results in the half year ended 2015 slightly worsened mainly due to higher costs incurred for overseas travel and trade promotion expenses.

The rubber sheets and epoxy segment recorded lower profit before taxation of RM2.09 million for the half year ended 30 June 2015 compared to RM2.33 million during the same period last year. This segment delivered lower results in the current half year mainly due lower sales of epoxy as a result of slower demand from one of its main customers.

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 RM0.59 million compared to RM0.98 million in the preceding quarter ended 31 March 2015. The Group performance was affected by lower foreign exchange gains in the current quarter under review compared to the last quarter ended 31 March 2015 and costs were also higher for overseas travel and trade promotion expenses.

B3. Current Year’s Prospects

Based on the current economic conditions and barring unforeseen circumstances, the Group is expected to turn in positive results for the year 2015 as the rubber sheets business is expected to perform well despite the slow down in both the epoxy and the fastener businesses.

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NOTES TO THE QUARTERLY REPORT – 30 JUNE 2015

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

B4. Profit Forecast or Profit Guarantee

This is not applicable as no profit forecast was published.

B5. Income Tax Expense

	3 months ended (Quarter)		6 months ended (Cumulative)	
	30.06.2015 RM'000	30.06.2014 RM'000	30.06.2015 RM'000	30.06.2014 RM'000
Current tax:				
Malaysian income tax	297	303	635	516
Total income tax expense	297	303	635	516

B6. Corporate Proposals

On 24 April 2015, the Company had announced that it proposed to undertake a private placement of 15,291,740 ordinary shares of RM0.10 each or up to 10% of the issued and paid-up share capital of the Company, excluding treasury shares, to third party investor(s) to be identified at an issue price to be determined later. Bursa Securities had vide its letter dated 19 May 2015, granted its approval for the listing of and quotation for up to 15,291,740 new shares in the Company subject to the certain conditions as per announcement made.

On 10 August 2015, the Company announced that the issue price was fixed at RM0.185 for the issue size of 15,200,000 shares to be placed pursuant to the proposed private placement. The price of RM0.185 represents a discount of approximately 8.14% to the five (5) day volume weighted average market price up to 7 August 2015 of RM0.2014. The Company had on 17 August 2015 allotted 15,200,000 ordinary shares of RM0.10 each via the private placement and the new shares were listed and quoted on 19 August 2015. The total issued and paid-up share capital of the Company is now 171,111,800 shares of RM0.10 each.

There were no other corporate proposals announced but not yet completed as at the date of this report.

B7. Group Borrowings

	As at 30.06.2015 RM '000	As at 31.12.2014 RM '000
	Hire purchase creditors	
Repayable within one year denominated in Ringgit Malaysia	214	180
Repayable after one year denominated in Ringgit Malaysia	206	329
	<u>420</u>	<u>509</u>

B8. Changes in Material Litigation

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

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NOTES TO THE QUARTERLY REPORT – 30 JUNE 2015

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 financial quarter under review.

B10. Earnings Per Share (“EPS”)

(a) Basic earnings / (loss) per share

	3 months ended (Quarter)		6 Months Ended (Cumulative)	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
Net profit attributable to owners of the Company (RM '000)	223	100	791	197
Weighted average number of ordinary shares in issue ('000)	154,491	154,491	154,491	154,491
Basic earnings per share (sen)	0.14	0.06	0.51	0.13

(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)		6 Months Ended (Cumulative)	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
Interest income	18	75	52	146
Interest expense	(5)	(7)	(10)	(14)
Depreciation and amortisation	(287)	(306)	(602)	(615)
Foreign exchange gain/(loss)	45	(60)	516	(72)

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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 30.06.2015 RM '000	(Audited) As at 31.12.2014 RM '000
Total accumulated losses of the Company and its subsidiaries		
Realised	6,178	9,374
Unrealised	(635)	(574)
	<u>5,543</u>	<u>8,800</u>
Less: Consolidation adjustments	(14,346)	(9,322)
	<u>(8,803)</u>	<u>(522)</u>
Total accumulated losses as per consolidated accounts	<u>(8,803)</u>	<u>(522)</u>

Dated: 25 August 2015