

TECHFAST HOLDINGS BERHAD

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

TECHFAST HOLDINGS BERHAD

(Company No.: 647820-D)

Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

	(Unaudited)		(Unaudited)	
	3 months ended (Quarter)		9 months ended (Cumulative)	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM'000	RM'000	RM'000	RM'000
Revenue	5,635	5,637	16,568	14,725
Operating expenses	(4,566)	(4,507)	(13,924)	(12,715)
Other operating income	233	574	390	1,266
	1,302	1,704	3,034	3,276
Finance costs	(3)	(4)	(9)	(14)
Profit/(Loss) before taxation	1,299	1,700	3,025	3,262
Income tax expense	(183)	(439)	(809)	(1,074)
Net profit after taxation	1,116	1,261	2,216	2,188
Other comprehensive income:	-	-	-	-
Total comprehensive income	1,116	1,261	2,216	2,188
Profit attributable to:				
Owners of the Company	1,009	1,134	1,977	1,926
Non-controlling interests	107	127	239	262
	1,116	1,261	2,216	2,188
Total comprehensive income attributable to:				
Owners of the Company	1,009	1,134	1,977	1,926
Non-controlling interests	107	127	239	262
	1,116	1,261	2,216	2,188
Earnings per share attributable to owners of the parent:				
Basic (sen)	0.60	0.73	1.18	1.24
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 2015 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 SEPTEMBER 2016**

	(Unaudited) As at 30.09.2016 RM'000	(Audited) As at 31.12.2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	7,375	7,292
Goodwill on acquisition	1,110	1,110
	<u>8,485</u>	<u>8,402</u>
Current assets		
Inventories	2,582	2,836
Trade and other receivables	5,911	6,387
Tax recoverable	115	44
Fixed deposits with licensed banks	1,860	128
Short term investment	4,521	3,745
Cash and bank balances	3,209	3,946
	<u>18,198</u>	<u>17,086</u>
TOTAL ASSETS	<u>26,683</u>	<u>25,488</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	17,111	17,111
Treasury shares	(495)	(416)
Share premium	11,270	11,270
Accumulated losses	(6,097)	(7,236)
	<u>21,789</u>	<u>20,729</u>
Non-controlling interests	1,004	945
Total equity	<u>22,793</u>	<u>21,674</u>
Non-current liabilities		
Hire purchase creditors	340	164
Deferred taxation	453	511
	<u>793</u>	<u>675</u>
Current liabilities		
Trade and other payables	2,896	2,771
Hire purchase creditors	57	166
Tax payable	144	202
	<u>3,097</u>	<u>3,139</u>
Total liabilities	<u>3,890</u>	<u>3,814</u>
TOTAL EQUITY AND LIABILITIES	<u>26,683</u>	<u>25,488</u>
Net assets per share attributable to equity holders of the parent (sen)	<u>13.7</u>	<u>13.4</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.)

TECHFAST HOLDINGS BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2016

	← 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 2015	15,591	(416)	9,978	(9,594)	15,559	804	16,363
Net profit/(loss) for the period	-	-	-	1,926	1,926	262	2,188
Dividends paid to non- controlling interests	-	-	-	-	-	(120)	(120)
Private placement of new shares	1,520	-	1,292	-	2,812	-	2,812
Balance as at 30 September 2015	17,111	(416)	11,270	(7,668)	20,297	946	21,243
Balance at 1 January 2016	17,111	(416)	11,270	(7,236)	20,729	945	21,674
Net profit/(loss) for the period	-	-	-	1,977	1,977	239	2,216
Dividends paid	-	-	-	(838)	(838)	(180)	(1,018)
Purchase of own shares	-	(79)	-	-	(79)	-	(79)
Balance as at 30 September 2016	17,111	(495)	11,270	(6,097)	21,789	1,004	22,793

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 SEPTEMBER 2016**

	(Unaudited)	
	9 Months Ended	
	30.09.2016	30.09.2015
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before taxation	3,025	3,262
<u>Adjustments for:</u>		
Non-cash items	678	563
Non-operating items	(115)	(80)
Operating profit before working capital changes	<u>3,588</u>	<u>3,745</u>
<u>Changes in working capital:</u>		
Net change in current assets	659	791
Net change in current liabilities	125	(5,063)
Cash generated from/(used in) operations	<u>4,372</u>	<u>(527)</u>
Interest paid	(9)	(14)
Tax (paid)/refunded	(997)	(855)
Net cash generated from/(used in) operating activities	<u>3,366</u>	<u>(1,396)</u>
Cash Flows From Investing Activities		
Proceeds from disposal of plant and equipment	152	-
Interest received	115	80
Purchase of property, plant and equipment	(833)	(148)
Net cash used in investing activities	<u>(566)</u>	<u>(68)</u>
Cash Flow From Financing Activities		
Purchase of own shares	(80)	-
Proceeds from private placement shares	-	2,812
Net repayment of hire purchase creditors	68	(135)
Dividends paid	(1,018)	(120)
Net cash generated from/(used in) financing activities	<u>(1,030)</u>	<u>2,557</u>
NET INCREASE CASH AND CASH EQUIVALENTS	1,770	1,093
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR	<u>7,820</u>	<u>6,631</u>
CASH AND CASH EQUIVALENTS AS AT END OF YEAR	<u>9,590</u>	<u>7,724</u>
<u>Cash and cash equivalents comprise:</u>		
Fixed deposits with licensed banks	1,860	2,616
Short term investment	4,521	3,170
Cash and bank balances	3,209	2,109
	<u>9,590</u>	<u>7,895</u>
Less : Fixed deposits pledged to licensed banks	-	(53)
Bank overdraft	-	(118)
	<u>9,590</u>	<u>7,724</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.)

TECHFAST HOLDINGS BERHAD

(Company No.: 647820-D)

Incorporated in Malaysia

NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2016

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 2015 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 2015.

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 2015.

A2. Auditor’s Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the financial year ended 31 December 2015 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 September 2016. As at the end of the quarter under review, a total of 3,433,500 shares of RM0.10 each 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 SEPTEMBER 2016**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
9 Months Ended	RM'000	RM'000	RM'000	RM'000	RM'000
30.09.2016					
Revenue from external customers	5,369	11,134	65	-	16,568
Inter-segment revenue	-	2,388	2,700	(5,088)	-
Total segment revenue	<u>5,369</u>	<u>13,522</u>	<u>2,765</u>	<u>(5,088)</u>	<u>16,568</u>
Operating segment profit/(loss)	222	3,185	1,277	(1,650)	3,034
Finance cost	(3)	(6)	-	-	(9)
Profit/(loss) before taxation	219	3,179	1,277	(1,650)	3,025
Income tax	(55)	(754)	-	-	(809)
Net profit/(loss) after taxation	<u>164</u>	<u>2,425</u>	<u>1,277</u>	<u>(1,650)</u>	<u>2,216</u>

A9. Valuation of Property, Plant and Equipment

The valuations of property, plant and equipment have been brought forward, without amendment, from the financial year ended 31 December 2015.

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.

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NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2016

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

A11. Changes in Composition of the Group

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

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 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) 3 months ended (Quarter)		(Unaudited) 9 months ended (Cumulative)	
	30.09.2016 RM'000	30.09.2015 RM'000	30.09.2016 RM'000	30.09.2015 RM'000
Company connected to a director				
Professional fee payable to:				
- ML Taxation Services Sdn Bhd	34	21	34	21
Firms connected to directors				
Professional fee payable to:				
- Michael Lim & Co.	-	-	-	59
- A.T. Aun & Associates	-	2	-	4

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NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2016

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

B1. Review of Performance

3rd Quarter 2016 vs 3rd Quarter 2015

The Group revenue for the current quarter of RM5.64 million was on par with revenue recorded for the corresponding quarter in the previous year. Unaudited profit before taxation (“PBT”) for the quarter ended 30 September 2016 was lower at RM1.30 million compared to RM1.70 million during the corresponding quarter in the previous year.

For the current quarter, the self-clinching fastener (“SCF”) segment made a PBT of RM0.05 million compared to a PBT of RM0.20 million in the corresponding quarter in the previous year. The financial result for the current quarter ended 30 September 2016 was lower due to the softening of the US Dollar against the Ringgit Malaysia, which in turn gave rise to lower foreign exchange gains on US Dollar denominated sales.

The mould cleaning rubber sheets (“rubber sheets”) and LED epoxy encapsulant (“epoxy”) material segment recorded a PBT of RM1.31 million which was lower than RM1.52 million recorded in the corresponding quarter in the previous year. The lower PBT was mainly due to the softening of the US Dollar against the Ringgit Malaysia, which in turn gave rise to lower foreign exchange gains. This was partially offset by a one-off gain in disposal of a motor vehicle during the period under review.

3rd Quarter YTD 2016 vs 3rd Quarter YTD 2015

For the year to date period ended 30 September 2016, total turnover of the Group of RM16.57 million was higher compared to RM14.73 million recorded during the same period last year. The Group recorded a profit before taxation of RM3.03 million for the period ended 30 September 2016 which was lower than RM3.26 million recorded during the same period in the prior year. This was mainly due to the softening of the US Dollar having an unfavourable impact on the US Dollar denominated sales of the Group.

The SCF segment made a PBT of about RM0.22 million for the period ended 30 September 2016 compared to loss before tax of RM0.08 million for the period ended 30 September 2015. The results in the period ended 30 September 2016 was improved due to sales of higher profit margin products.

The rubber sheets and epoxy segment recorded lower PBT of RM3.18 million for the period ended 30 September 2016 compared to RM3.61 million during the same period last year. This segment delivered lower PBT mainly due to lower other operating income as a result of the softening of the US Dollar which in turn gave rise to lower foreign exchange gains. This was partially offset by a one-off gain in disposal of a motor vehicle during the period under review.

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 PBT of RM1.30 million compared to RM0.90 million in the preceding quarter ended 30 June 2016. The financial performance of the Group was higher quarter-on-quarter due to some overhead savings from the rubber sheets and epoxy segment and a one-off gain on disposal of a motor vehicle in the quarter under review.

B3. Current Year’s Prospects

The Board expects the performance of the Group for the final quarter of the financial year ending 31 December 2016 to be satisfactory.

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NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2016

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

	(Unaudited) 3 months ended (Quarter)		(Unaudited) 9 months ended (Cumulative)	
	30.09.2016 RM'000	30.09.2015 RM'000	30.09.2016 RM'000	30.09.2015 RM'000
Current tax:				
Malaysian income tax	240	438	903	1,073
Deferred taxation	(58)	-	(58)	-
	<u>182</u>	<u>438</u>	<u>845</u>	<u>1,073</u>
Under/(Over)provision for tax in prior ye	<u>1</u>	<u>1</u>	<u>(36)</u>	<u>1</u>
Total income tax expense	<u>183</u>	<u>439</u>	<u>809</u>	<u>1,074</u>

B6. Corporate Proposals

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

B7. Group Borrowings

	As at 30.09.2016 RM '000	As at 31.12.2015 RM '000
Hire purchase creditors		
Repayable within one year denominated in Ringgit Malaysia	57	166
Repayable after one year denominated in Ringgit Malaysia	<u>340</u>	<u>164</u>
	<u>397</u>	<u>330</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.

B9. Proposed Dividend

There was no dividend proposed during the current financial quarter under review.

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NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2016**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B10. Earnings Per Share (“EPS”)**

(a) Basic earnings / (loss) per share

	(Unaudited) 3 months ended (Quarter)		(Unaudited) 9 Months Ended (Cumulative)	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Net profit attributable to owners of the Company (RM '000)	1,009	1,134	1,977	1,926
Weighted average number of ordinary shares in issue ('000)	167,769	155,367	167,769	155,367
Basic earnings per share (sen)	0.60	0.73	1.18	1.24

(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:

	(Unaudited) 3 months ended (Quarter)		(Unaudited) 9 Months Ended (Cumulative)	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM'000	RM'000	RM'000	RM'000
Interest income	37	28	115	80
Interest expense	(3)	(4)	(9)	(14)
Depreciation and amortisation	(216)	(279)	(724)	(881)
Gain/(Loss) on disposal of properties, plant and equipment	105	-	105	-
Foreign exchange gain/(loss)	195	591	(221)	1,107

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NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2016

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 losses is as follows:

	(Unaudited) As at 30.09.2016 RM '000	(Audited) As at 31.12.2015 RM '000
Total accumulated losses of the Company and its subsidiaries		
Realised	12,515	11,665
Unrealised	(71)	(450)
	<u>12,444</u>	<u>11,215</u>
Less: Consolidation adjustments	(18,541)	(18,451)
	<u>(6,097)</u>	<u>(7,236)</u>
Total accumulated losses as per consolidated accounts	<u>(6,097)</u>	<u>(7,236)</u>

Dated: 22 November 2016