

TECHFAST HOLDINGS BERHAD

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

TECHFAST HOLDINGS BERHAD

(Company No.: 647820-D)

Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017**

	(Unaudited)		(Unaudited)	
	3 months ended (Quarter)		3 months ended (Cumulative)	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	RM'000	RM'000	RM'000	RM'000
Revenue	5,448	5,445	5,448	5,445
Operating expenses	(4,296)	(4,678)	(4,296)	(4,678)
Other operating income	168	62	168	62
	1,320	829	1,320	829
Finance costs	(7)	(3)	(7)	(3)
Profit before taxation	1,313	826	1,313	826
Income tax expense	(389)	(433)	(389)	(433)
Net profit after taxation	924	393	924	393
Other comprehensive income:	-	-	-	-
Total comprehensive income	924	393	924	393
Profit attributable to:				
Owners of the Company	858	344	858	344
Non-controlling interests	66	49	66	49
	924	393	924	393
Total comprehensive income attributable to:				
Owners of the Company	858	344	858	344
Non-controlling interests	66	49	66	49
	924	393	924	393
Earnings per share attributable to owners of the parent:				
Basic (sen)	0.51	0.22	0.51	0.22
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 2016 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 MARCH 2017**

	(Unaudited) As at 31.03.2017 RM'000	(Audited) As at 31.12.2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	8,094	7,636
Goodwill on acquisition	1,110	1,110
	<u>9,204</u>	<u>8,746</u>
Current assets		
Inventories	2,675	2,590
Trade and other receivables	6,159	6,311
Tax recoverable	6	42
Fixed deposits with licensed banks	3,402	62
Short term investment	5,297	4,968
Cash and bank balances	2,161	6,061
	<u>19,700</u>	<u>20,034</u>
TOTAL ASSETS	<u>28,904</u>	<u>28,780</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	17,111	17,111
Treasury shares	(506)	(506)
Share premium	11,270	11,270
Accumulated losses	(4,023)	(4,881)
	<u>23,852</u>	<u>22,994</u>
Non-controlling interests	1,068	1,102
Total equity	<u>24,920</u>	<u>24,096</u>
Non-current liabilities		
Hire purchase creditors	479	490
Deferred taxation	471	471
	<u>950</u>	<u>961</u>
Current liabilities		
Trade and other payables	2,358	3,492
Hire purchase creditors	491	150
Tax payable	185	81
	<u>3,034</u>	<u>3,723</u>
Total liabilities	<u>3,984</u>	<u>4,684</u>
TOTAL EQUITY AND LIABILITIES	<u>28,904</u>	<u>28,780</u>
Net assets per share attributable to equity holders of the parent (sen)	<u>15.0</u>	<u>14.5</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 31 MARCH 2017

	← 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 2016	17,111	(416)	11,270	(7,236)	20,729	945	21,674
Net profit/(loss) for the period	-	-	-	344	344	49	393
Dividends paid to non- controlling interests	-	-	-	-	-	-	-
Private placement of new shares	-	-	-	-	-	-	-
Balance as at 31 March 2016	17,111	(495)	11,270	(6,892)	20,994	994	21,988
Balance at 1 January 2017	17,111	(506)	11,270	(4,881)	22,994	1,102	24,096
Net profit/(loss) for the period	-	-	-	858	858	66	924
Dividends paid	-	-	-	-	-	(100)	(100)
Purchase of own shares	-	-	-	-	-	-	-
Balance as at 31 March 2017	17,111	(506)	11,270	(4,023)	23,852	1,068	24,920

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 MARCH 2017**

	(Unaudited)	
	3 Months Ended	
	31.03.2017	31.03.2016
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before taxation	1,313	826
<u>Adjustments for:</u>		
Non-cash items	193	794
Non-operating items	(58)	(39)
Operating profit before working capital changes	<u>1,448</u>	<u>1,581</u>
<u>Changes in working capital:</u>		
Net change in current assets	43	462
Net change in current liabilities	(1,133)	(828)
Cash generated from operations	<u>358</u>	<u>1,215</u>
Interest paid	(7)	(3)
Tax (paid)/refunded	(249)	(265)
Net cash generated from operating activities	<u>102</u>	<u>947</u>
Cash Flows From Investing Activities		
Interest received	58	39
Purchase of property, plant and equipment	(620)	(80)
Net cash used in investing activities	<u>(562)</u>	<u>(41)</u>
Cash Flow From Financing Activities		
Purchase of own shares	-	(80)
Proceeds from private placement shares	-	-
Net repayment of hire purchase creditors	329	(46)
Dividends paid	(100)	-
Net cash generated from/(used in) financing activities	<u>229</u>	<u>(126)</u>
NET INCREASE/(DECREASE) CASH AND CASH EQUIVALENTS	<u>(231)</u>	<u>780</u>
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR	<u>11,029</u>	<u>7,820</u>
CASH AND CASH EQUIVALENTS AS AT END OF YEAR	<u>10,798</u>	<u>8,600</u>
<u>Cash and cash equivalents comprise:</u>		
Fixed deposits with licensed banks	3,402	910
Short term investment	5,297	3,666
Cash and bank balances	2,161	4,024
	<u>10,860</u>	<u>8,600</u>
Less : Fixed deposits pledged to licensed banks	(62)	-
	<u>10,798</u>	<u>8,600</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.)

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NOTES TO THE QUARTERLY REPORT – 31 MARCH 2017

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 2016 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 2016.

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 2016.

A2. Auditor’s Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the financial year ended 31 December 2016 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 31 March 2017. As at the end of the quarter under review, a total of 3,492,500 ordinary shares were held as treasury shares in accordance with the requirements of Section 127(4)(b) of the Companies Act, 2016.

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 – 31 MARCH 2017

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
3 Months Ended	RM'000	RM'000	RM'000	RM'000	RM'000
31.03.2017					
Revenue from external customers	2,290	3,132	27	-	5,449
Inter-segment revenue	-	545	1,260	(1,805)	-
Total segment revenue	<u>2,290</u>	<u>3,677</u>	<u>1,287</u>	<u>(1,805)</u>	<u>5,449</u>
Operating segment profit/(loss)	413	927	886	(906)	1,320
Finance cost	(4)	(4)	-	1	(7)
Profit/(loss) before taxation	409	923	886	(905)	1,313
Income tax	(129)	(260)	-	-	(389)
Net profit/(loss) after taxation	<u>280</u>	<u>663</u>	<u>886</u>	<u>(905)</u>	<u>924</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 2016.

A10. Subsequent Events

On 9 May 2017, the Company disposed of 1,500,000 treasury shares in the open market for a total cash consideration of approximately RM709,808 at an average price of RM0.475 per share. This disposal of treasury shares resulted in a profit of about RM492,308 to the Company. After the disposal, the Company still holds a total of 1,992,500 ordinary shares as treasury shares.

There were no other 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 – 31 MARCH 2017

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.

	(Unaudited) 3 months ended (Quarter)		(Unaudited) 3 months ended (Cumulative)	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Significant Related Party Transactions	RM'000	RM'000	RM'000	RM'000
Company connected to a director				
Professional fee payable to:				
- ML Taxation Services Sdn Bhd	-	-	34	-

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NOTES TO THE QUARTERLY REPORT – 31 MARCH 2017

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

B1. Review of Performance

1st Quarter 2017 vs 1st Quarter 2016

The Group revenue for the current quarter of RM5.45 million was in line with RM5.44 million recorded for the corresponding quarter in the previous year. Unaudited profit before taxation (“PBT”) for the quarter ended 31 March 2017 was higher at RM1.31 million compared to RM0.83 million during the corresponding quarter in the previous year.

For the current quarter, the self-clinching fastener (“SCF”) segment made a PBT of RM0.41 million compared to RM0.05 million in the corresponding quarter of the previous year. The financial result for the current quarter ended 31 March 2017 was much improved mainly due to higher sales of electronic hardware that have better profit margins and lower depreciation charges on plant and machinery. The better performance was also assisted by foreign exchange gain during the current quarter under review.

The mould cleaning rubber sheets (“rubber sheets”) and LED epoxy encapsulant (“epoxy”) material segment recorded a PBT of RM0.92 million which was marginally higher than RM0.86 million recorded in the corresponding quarter in the previous year. This mainly due to lower realised and unrealised foreign exchange losses from foreign currency movements in the current quarter under review compared to the previous year corresponding quarter.

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 RM1.31 million compared to RM1.72 million in the preceding quarter ended 31 December 2016. The financial performance of the Group was lower quarter-on-quarter due to lower sales by the rubber sheets segment that peaked in the last quarter of the previous year.

B3. Current Year’s Prospects

The domestic economy is expected to be slower in the current year due to rising cost pressure coupled with the volatility in the world economy as a result of the slow down in the Chinese economy. The Board of Directors will look at improving operating efficiency and explore opportunities for growth and is cautiously optimistic that performance of the Group in the year 2017 will be satisfactory.

B4. Profit Forecast or Profit Guarantee

This is not applicable as no profit forecast was published.

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NOTES TO THE QUARTERLY REPORT – 31 MARCH 2017

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

B5. Income Tax Expense

	(Unaudited) 3 months ended (Quarter)		(Unaudited) 3 months ended (Cumulative)	
	31.03.2017 RM'000	31.03.2016 RM'000	31.03.2017 RM'000	31.03.2016 RM'000
Current tax:				
Malaysian income tax	389	433	389	433
Total income tax expense	<u>389</u>	<u>433</u>	<u>389</u>	<u>433</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 31.03.2017 RM '000	As at 31.12.2016 RM '000
Hire purchase creditors		
Repayable within one year denominated in Ringgit Malaysia	491	150
Repayable after one year denominated in Ringgit Malaysia	<u>479</u>	<u>490</u>
	<u>970</u>	<u>640</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

The shareholders have approved a final single tier dividend of 0.5 sen per ordinary share amounting to RM845,597 in respect of the financial year ended 31 December 2016 at the Annual General Meeting on 26 May 2017.

The dividend will be paid on 15 June 2017 to the depositors whose names appear in the record of depositors of the Company at the close of business on 1 June 2017.

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NOTES TO THE QUARTERLY REPORT – 31 MARCH 2017**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) 3 Months Ended (Cumulative)	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Net profit attributable to owners of the Company (RM '000)	858	344	858	344
Weighted average number of ordinary shares in issue ('000)	167,723	158,581	167,723	158,581
Basic earnings per share (sen)	0.51	0.22	0.51	0.22

(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) 3 Months Ended (Cumulative)	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	RM'000	RM'000	RM'000	RM'000
Interest income	58	34	58	34
Interest expense	(7)	(5)	(7)	(5)
Depreciation and amortisation	(162)	(314)	(162)	(314)
Foreign exchange gain/(loss)	35	471	35	471

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NOTES TO THE QUARTERLY REPORT – 31 MARCH 2017

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 31.03.2017 RM '000	(Audited) As at 31.12.2016 RM '000
Total accumulated losses of the Company and its subsidiaries		
Realised	14,597	14,047
Unrealised	(25)	(304)
	<u>14,572</u>	<u>13,743</u>
Less: Consolidation adjustments	(18,595)	(18,624)
	<u>(4,023)</u>	<u>(4,881)</u>
Total accumulated losses as per consolidated accounts	<u>(4,023)</u>	<u>(4,881)</u>

Dated: 26 May 2017