

TECHFAST HOLDINGS BERHAD

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2018**

TECHFAST HOLDINGS BERHAD

(Company No.: 647820-D)

Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2018**

	(Unaudited) 3 months ended (Quarter)			(Unaudited) 3 months ended (Cumulative)		
	31.03.2018 RM'000	31.03.2017 RM'000	% chg	31.03.2018 RM'000	31.03.2017 RM'000	% chg
Revenue	6,951	5,448	27.6%	6,951	5,448	27.6%
Operating expenses	(6,021)	(4,296)		(6,021)	(4,296)	
Operating profit	930	1,152	-19.3%	930	1,152	-19.3%
Other operating income	13	168		13	168	
	943	1,320	-28.6%	943	1,320	-28.6%
Finance costs	(9)	(7)		(9)	(7)	
Profit before taxation	934	1,313	-28.9%	934	1,313	-28.9%
Taxation	(328)	(389)		(328)	(389)	
Net profit after taxation	606	924	-34.4%	606	924	-34.4%
Other comprehensive income:	-	-		-	-	
Total comprehensive income	606	924		606	924	
Profit attributable to:						
Owners of the Company	606	858	-29.4%	606	858	-29.4%
Non-controlling interests	-	66		-	66	
	606	924		606	924	
Total comprehensive income attributable to:						
Owners of the Company	606	858	-29.4%	606	858	-29.4%
Non-controlling interests	-	66		-	66	
	606	924		606	924	
Earnings per share attributable to owners of the parent:						
Basic (sen) *	0.27	0.38		0.27	0.38	
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 2017 and the accompanying explanatory notes attached to the interim financial statements.)

* The total number of 228,148,477 shares after the completion of the bonus issue on 24 October 2017 was used in the earnings per share calculation retrospectively. Please refer to note disclosure for further details.

TECHFAS^T HOLDINGS BERHAD

(Company No.: 647820-D)

Incorporated in Malaysia

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	(Unaudited) As at 31.03.2018 RM'000	(Audited) As at 31.12.2017 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	8,667	8,317
Other investment	62	62
Goodwill on acquisition	1,110	1,110
	<u>9,839</u>	<u>9,489</u>
Current assets		
Inventories	3,460	3,445
Trade and other receivables	7,163	6,813
Tax recoverable	75	59
Fixed deposits with licensed banks	3,559	3,033
Short term investment	4,073	4,072
Cash and bank balances	1,767	2,543
	<u>20,097</u>	<u>19,965</u>
TOTAL ASSETS	<u>29,936</u>	<u>29,454</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	29,946	29,946
Accumulated losses	(4,785)	(5,390)
Total equity	<u>25,161</u>	<u>24,556</u>
Non-current liabilities		
Finance lease liabilities	555	621
Deferred taxation	414	457
	<u>969</u>	<u>1,078</u>
Current liabilities		
Trade and other payables	3,528	3,558
Finance lease liabilities	211	192
Tax payable	67	70
	<u>3,806</u>	<u>3,820</u>
Total liabilities	<u>4,775</u>	<u>4,898</u>
TOTAL EQUITY AND LIABILITIES	<u>29,936</u>	<u>29,454</u>
Net assets per share attributable to equity holders of the parent (sen)*	<u>10.5</u>	<u>10.3</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.)

* The total number of 228,148,477 shares after the completion of the bonus issue on 24 October 2017 was used in the calculation of the net assets per share attributable to the equity holders of the parents retrospectively.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2018

	← Attributable to Equity Holders of the Parent →						
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Non- Distributable	Distributable	Total RM'000	Non- Controlling Interests RM'000
				Retained Earnings/ (Accumu- lated Losses) RM'000			
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)
Balance as at 31 March 2017	17,111	(506)	11,270	(4,023)	23,852	1,068	24,920
Balance at 1 January 2018	29,946	-	-	(5,390)	24,556	-	24,556
Net profit/(loss) for the period	-	-	-	606	606	-	606
Balance as at 31 March 2018	29,946	-	-	(4,784)	25,162	-	25,162

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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 PERIOD ENDED 31 MARCH 2018**

	(Unaudited)	
	3 Months Ended	
	31.03.2018	31.03.2017
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before taxation	934	1,313
<u>Adjustments for:</u>		
Non-cash items	223	193
Non-operating items	(47)	(58)
Operating profit before working capital changes	1,110	1,448
<u>Changes in working capital:</u>		
Net change in current assets	(390)	43
Net change in current liabilities	(30)	(1,133)
Cash generated from operations	690	358
Interest paid	(9)	(7)
Tax (paid)/refunded	(390)	(249)
Net cash generated from operating activities	291	102
Cash Flows From Investing Activities		
Interest received	48	58
Purchase of property, plant and equipment	(540)	(620)
Withdrawal/(Placement) of fixed deposits	(2)	-
Net cash used in investing activities	(494)	(562)
Cash Flow From Financing Activities		
Net repayment of hire purchase creditors	(47)	329
Dividends paid	-	(100)
Net cash generated from/(used in) financing activities	(47)	229
NET DECREASE CASH AND CASH EQUIVALENTS	(250)	(231)
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR	9,585	11,029
CASH AND CASH EQUIVALENTS AS AT END OF YEAR	9,335	10,798
<u>Cash and cash equivalents comprise:</u>		
Deposits with licensed banks	3,559	3,402
Short term investment	4,073	5,297
Cash and bank balances	1,767	2,161
	9,399	10,860
Less : Fixed deposits pledged to a licensed bank	(64)	(62)
	9,335	10,798

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.)

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NOTES TO THE QUARTERLY REPORT – 31 MARCH 2018

A. EXPLANATORY NOTES AS PER MFRS 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 2017 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 2017.

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 2017.

A2. Auditor’s Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the financial year ended 31 December 2017 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.

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NOTES TO THE QUARTERLY REPORT – 31 MARCH 2018**A. EXPLANATORY NOTES AS PER MFRS 134 – INTERIM FINANCIAL REPORTING****A6. Changes in Debt and Equity Securities**

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

A7. Dividend Paid

There were no dividends paid during the quarter under review. The Board of Directors have proposed a single tier final dividend 0.5 cents per share subject to approval of the shareholders at the forthcoming Annual General Meeting.

A8. Segmental Information

	Self-clinching fasteners	Mould cleaning rubber sheets and LED epoxy encapsulant materials	Investment Holding	Elimination	Consolidation
3 Months Ended 31.03.2018	RM'000	RM'000	RM'000	RM'000	RM'000
External sales	3,064	3,855	32	-	6,951
Inter-segment revenue	-	475	1,360	(1,835)	-
Total	3,064	4,330	1,392	(1,835)	6,951
Operating segment profit/(loss)	300	752	889	(998)	943
Finance cost	(6)	(3)	-	-	(9)
Profit/(loss) before taxation	294	749	889	(998)	934
Taxation	(78)	(250)	-	-	(328)
Net profit/(loss) after taxation	216	499	889	(998)	606
Segment assets	11,689	12,167	37,095	(32,125)	28,826
Unallocated corporate asset					1,110
					29,936
Segment liabilities	2,456	2,292	317	(290)	4,775

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NOTES TO THE QUARTERLY REPORT – 31 MARCH 2018**A. EXPLANATORY NOTES AS PER MFRS 134 – INTERIM FINANCIAL REPORTING****A8. Segmental Information (cont'd)**

	Self-clinching fasteners	Mould cleaning rubber sheets and LED epoxy encapsulant materials	Investment Holding	Elimination	Consolidation
3 Months Ended					
31.03.2017					
External sales	2,290	3,132	27	-	5,449
Inter-segment revenue	-	545	1,260	(1,805)	-
Total	<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	<u>409</u>	<u>923</u>	<u>886</u>	<u>(905)</u>	<u>1,313</u>
Taxation	(129)	(260)	-	-	(389)
Net profit/(loss) after taxation	<u>280</u>	<u>663</u>	<u>886</u>	<u>(905)</u>	<u>924</u>
Segment assets	10,403	12,870	33,158	(28,638)	27,793
Unallocated corporate asset					<u>1,110</u>
					<u>28,903</u>
Segment liabilities	<u>1,652</u>	<u>2,124</u>	<u>208</u>	<u>-</u>	<u>3,984</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 2017.

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 – 31 MARCH 2018

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

A11. Changes in Composition of the Group

There were no changes in the composition of the Group that occurred in the 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. Related Party Transactions

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, other than those disclosed below:

	(Unaudited) 3 months ended (Quarter)		(Unaudited) 3 months ended (Cumulative)	
	31.03.2018 RM'000	31.03.2017 RM'000	31.03.2018 RM'000	31.03.2017 RM'000
Related Party Transactions				
Company connected to a director				
Professional fee payable to:				
- ML Taxation Services Sdn Bhd	-	34	-	34

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NOTES TO THE QUARTERLY REPORT – 31 MARCH 2018

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

B1. Review of Performance

1st Quarter 2018 vs 1st Quarter 2017

The Group revenue for the current quarter of RM6.95 million was about 27.6% higher than RM5.45 million recorded for the corresponding quarter in the previous year. Unaudited profit before taxation ("PBT") for the quarter ended 31 March 2018 was 28.9% lower at RM0.93 million compared to RM1.31 million during the corresponding quarter in the previous year.

For the current quarter, the self-clinching fastener ("SCF") segment made a PBT of RM0.29 million compared to RM0.41 million in the corresponding quarter of the previous year. PBT was lower despite higher sales of RM3.06 million for the quarter under review compared to RM2.29 million for the corresponding quarter in the previous year. This was mainly due to the strengthening of the Ringgit Malaysia ("MYR") against the US Dollar ("USD") coupled with higher indirect material cost and higher depreciation charges affecting gross profit margin.

The mould cleaning rubber sheets ("rubber sheets") and LED epoxy encapsulant ("epoxy") material segment recorded a PBT of RM0.75 million which was lower than RM0.92 million recorded in the corresponding quarter in the previous year despite higher revenue of RM4.33 million for the first quarter ended 31 March 2018 compared to RM3.68 million for the corresponding quarter last year. The lower PBT was mainly due to decrease in gross profit margin from the strengthening of MYR against USD and higher raw materials cost.

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NOTES TO THE QUARTERLY REPORT – 31 MARCH 2018

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

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

	(Unaudited)		% chg
	3 months ended (Quarter)		
	31.03.2018	31.12.2017	
	RM'000	RM'000	
Revenue	6,951	6,784	2.5%
Operating expenses	(6,021)	(6,107)	
Operating profit	930	677	37.4%
Other operating income	13	97	
	943	774	21.8%
Finance costs	(9)	(9)	
Profit before taxation	934	765	22.1%
Income tax expense	(328)	(263)	
Net profit after taxation	606	502	20.7%
Other comprehensive income:	-	-	
Total comprehensive income	606	502	
Profit attributable to:			
Owners of the Company	606	502	20.7%
Non-controlling interests	-	-	
	606	502	
Total comprehensive income attributable to:			
Owners of the Company	606	502	20.7%
Non-controlling interests	-	-	
	606	502	

In the current quarter under review, the Group made a PBT of RM0.93 million, which was 22.1% higher than RM0.77 million in the preceding quarter ended 31 December 2017.

For the current quarter, the SCF segment recorded revenue of RM3.06 million for the current quarter which was higher than RM2.63 million recorded in previous quarter ended 31 December 2017. PBT for the SCF segment for the current quarter of RM0.29 million was marginally higher than RM0.21 million quarter-on-quarter. The current quarter's results was, however, dampened despite higher sales revenue mainly due to foreign exchange losses and higher indirect costs and depreciation charges.

The rubber sheets and epoxy material segment recorded a PBT of RM0.75 million on revenue of RM4.33 million was higher than PBT of RM0.66 million on revenue of RM4.37 million recorded in the previous quarter ended 31 December 2017. PBT was higher mainly due to lower operating expenses compared to the last quarter of FYE 31 December 2017.

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NOTES TO THE QUARTERLY REPORT – 31 MARCH 2018

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

B3. The Prospects For The Year 2018

SCF Segment

The fastener segment has increased production capacity having commissioned additional CNC machines to cater to demands from the US market. After some initial teething issues with the CNC machines and since its rectification, production has been running smoothly. The machines are expected to be able to meet incoming additional sales orders which will contribute positively to the sales turnover and hence the bottomline of the SCF business segment for the financial year ending 31 December 2018.

Rubber Sheets and Epoxy Segment

Marketing efforts for the rubber sheets and epoxy segment to increase sales in the Taiwan and China markets are progressing albeit at slow pace. New customers will go through product evaluations and this process takes time for sales to firm up. It is expected that there will be an increase to the revenue and bottomline results of the segment for the financial year ending 31 December 2018.

The Board expects the Group's business to grow moderately in the coming quarters and barring unforeseen circumstances, the Board foresees the performance of the Group for the year ending 31 December 2018 to be positive and satisfactory.

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) 3 months ended (Cumulative)	
	31.03.2018 RM'000	31.03.2017 RM'000	31.03.2018 RM'000	31.03.2017 RM'000
Current tax:				
Malaysian income tax	371	389	371	389
Deferred taxation	(43)	-	(43)	-
Total income tax expense	<u>328</u>	<u>389</u>	<u>328</u>	<u>389</u>

B6. Corporate Proposals

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

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NOTES TO THE QUARTERLY REPORT – 31 MARCH 2018

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

B7. Group Borrowings

	As at 31.03.2018 RM '000	As at 31.12.2017 RM '000
Finance lease liabilities		
Repayable within one year denominated in Ringgit Malaysia	211	192
Repayable after one year denominated in Ringgit Malaysia	555	621
	<u>766</u>	<u>813</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. Dividend Policy

A dividend policy of the Company was established and took effect from the financial year ended 31 December 2017. Techfast targets a payout ratio of at least 40% of its audited consolidated profit after taxation attributable to shareholders for each financial year, after excluding any income that is capital in nature.

The dividend policy of the Company is disclosed in full detail in the Annual Report for the financial year ended 31 December 2017.

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NOTES TO THE QUARTERLY REPORT – 31 MARCH 2018**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)	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Net profit attributable to owners of the Company (RM '000)	606	858	606	858
Weighted average number of ordinary shares in issue ('000)	228,148	228,148 *	228,148	228,148 *
Basic earnings per share (sen)	0.27	0.38	0.27	0.38

* Comparative figures have been adjusted retrospectively for issuance of bonus shares to be comparable with the current period's presentation.

For the purpose of comparisons, the table below depicts the comparative figures for the quarterly results as announced for the period ended 31 March 2017.

	(Unaudited) 3 months ended (Quarter)		(Unaudited) 3 Months Ended (Cumulative)	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Net profit attributable to owners of the Company (RM '000)	606	858	606	858
Weighted average number of ordinary shares in issue ('000)	228,148	167,723 #	228,148	167,723 #
Basic earnings per share (sen)	0.27	0.51	0.27	0.51

Comparative figures based on quarterly announcement for the period ended 31 March 2017 as announced.

(b) Diluted earnings per share

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

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NOTES TO THE QUARTERLY REPORT – 31 MARCH 2018**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****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)	
	31.03.2018 RM'000	31.03.2017 RM'000	31.03.2018 RM'000	31.03.2017 RM'000
Interest income	48	58	48	58
Interest expense	(9)	(7)	(9)	(7)
Depreciation and amortisation	(189)	(162)	(189)	(162)
Foreign exchange gain/(loss)	(206)	35	(206)	35

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 31.03.2018 RM '000	(Audited) As at 31.12.2017 RM '000
Total accumulated losses of the Company and its subsidiaries		
Realised	15,923	15,846
Unrealised	18	(508)
	<u>15,941</u>	<u>15,338</u>
Less: Consolidation adjustments	(20,726)	(20,728)
	<u>(4,785)</u>	<u>(5,390)</u>
Total accumulated losses as per consolidated accounts		

Dated: 25 May 2018