

# **TECHFAST HOLDINGS BERHAD**

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE FIRST QUARTER ENDED 31 MARCH 2019**

**TECHFAST HOLDINGS BERHAD**

(Company No.: 647820-D)

Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 MARCH 2019**

	(Unaudited)			(Unaudited)		
	3 months ended (Quarter)			3 months ended (Cumulative)		
	31.03.2019	31.03.2018	%	31.03.2019	31.03.2018	%
	RM'000	RM'000	chg	RM'000	RM'000	chg
Revenue	6,398	6,951	-8.0%	6,398	6,951	-8.0%
Operating expenses	(5,719)	(6,021)		(5,719)	(6,021)	
Operating profit	679	930	-27.0%	679	930	-27.0%
Other operating income	64	13		64	13	
	743	943	-21.2%	743	943	-21.2%
Finance costs	(7)	(9)		(7)	(9)	
<b>Profit before taxation</b>	736	934	-21.2%	736	934	-21.2%
Taxation	(238)	(328)		(238)	(328)	
<b>Net profit after taxation</b>	<b>498</b>	<b>606</b>	<b>-17.8%</b>	<b>498</b>	<b>606</b>	<b>-17.8%</b>
Other comprehensive income:	-	-		-	-	
<b>Total comprehensive income</b>	<b>498</b>	<b>606</b>		<b>498</b>	<b>606</b>	
<b>Profit attributable to:</b>						
Owners of the Company	498	606	-17.8%	498	606	-17.8%
Non-controlling interests	-	-		-	-	
	<b>498</b>	<b>606</b>		<b>498</b>	<b>606</b>	
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	498	606	-17.8%	498	606	-17.8%
Non-controlling interests	-	-		-	-	
	<b>498</b>	<b>606</b>		<b>498</b>	<b>606</b>	
<b>Earnings per share attributable to owners of the parent:</b>						
Basic (sen)	0.22	0.27		0.22	0.27	
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 2018 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 2019**

	(Unaudited) As at 31.03.2019 RM'000	(Audited) As at 31.12.2018 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	7,942	8,142
Other investment	62	62
Goodwill on acquisition	1,110	1,110
	<u>9,114</u>	<u>9,314</u>
<b>Current assets</b>		
Inventories	3,853	3,603
Trade and other receivables	7,084	7,298
Tax recoverable	42	-
Fixed deposits with licensed banks	4,466	4,166
Short term investment	4,288	3,752
Cash and bank balances	2,372	2,850
	<u>22,105</u>	<u>21,669</u>
<b>TOTAL ASSETS</b>	<b><u>31,219</u></b>	<b><u>30,983</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	29,946	29,946
Accumulated losses	(3,194)	(3,692)
<b>Total equity</b>	<b><u>26,752</u></b>	<b><u>26,254</u></b>
<b>Non-current liabilities</b>		
Finance lease liabilities	358	420
Deferred taxation	502	502
	<u>860</u>	<u>922</u>
<b>Current liabilities</b>		
Trade and other payables	3,388	3,556
Finance lease liabilities	214	202
Tax payable	5	49
	<u>3,607</u>	<u>3,807</u>
<b>Total liabilities</b>	<b><u>4,467</u></b>	<b><u>4,729</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>31,219</u></b>	<b><u>30,983</u></b>
Net assets per share attributable to equity holders of the parent (sen)	<u>11.7</u>	<u>11.5</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2019**

	Share Capital RM'000	Retained Earnings/ (Accumulate d Losses) RM'000	Equity Attributable to Owners of the Parent RM'000
<b>Balance at 1 January 2018</b>	29,946	(5,390)	24,556
Net profit for the period	-	606	606
<b>Balance as at 31 March 2018</b>	29,946	(4,784)	25,162
<b>Balance at 1 January 2019</b>	29,946	(3,692)	26,254
Net profit for the period	-	498	498
<b>Balance as at 31 March 2019</b>	29,946	(3,194)	26,752

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 CASH FLOWS  
FOR THE PERIOD ENDED 31 MARCH 2019**

	(Unaudited)	
	3 Months Ended	
	31.03.2019	31.03.2018
	RM'000	RM'000
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	736	934
<u>Adjustments for:</u>		
Non-cash items	258	223
Non-operating items	(50)	(47)
Operating profit before working capital changes	944	1,110
<u>Changes in working capital:</u>		
Net change in current assets	(83)	(390)
Net change in current liabilities	(168)	(30)
Cash generated from operations	693	690
Interest paid	(7)	(9)
Tax (paid)/refunded	(323)	(390)
<b>Net cash generated from operating activities</b>	<b>363</b>	<b>291</b>
<b>Cash Flows From Investing Activities</b>		
Interest received	50	48
Purchase of property, plant and equipment	(6)	(540)
Withdrawal/(Placement) of fixed deposits	-	(2)
<b>Net cash generated from/(used in) investing activities</b>	<b>44</b>	<b>(494)</b>
<b>Cash Flow From Financing Activities</b>		
Net repayment of hire purchase creditors	(49)	(47)
<b>Net cash used in financing activities</b>	<b>(49)</b>	<b>(47)</b>
<b>NET INCREASE/(DECREASE) CASH AND CASH EQUIVALENTS</b>	<b>358</b>	<b>(250)</b>
<b>CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR</b>	<b>10,162</b>	<b>9,585</b>
<b>CASH AND CASH EQUIVALENTS AS AT END OF YEAR</b>	<b>10,520</b>	<b>9,335</b>
<u>Cash and cash equivalents comprise:</u>		
Deposits with licensed banks	4,466	3,559
Short term investment	4,288	4,073
Cash and bank balances	2,372	1,767
	11,126	9,399
Less : Fixed deposits pledged to a licensed bank	(66)	(64)
Deposits with maturity period of more than three months	(540)	-
	<b>10,520</b>	<b>9,335</b>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 – 31 MARCH 2019

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

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#### 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 2018 and the accompanying explanatory notes attached to the interim financial reports. These explanatory notes attached 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 2018.

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 2018, which have been prepared in accordance with MFRS, International Financial Reporting Standards (“IFRS”) and the requirements of the Companies Act 2016 in Malaysia.

Additionally, MFRS 9 Financial Instruments came into effect for annual periods beginning 1 January 2018. MFRS 9 replaces the guidance in MFRS 139 Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, impairment of financial assets, and on hedge accounting.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. The new standard contains three principle classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL), and eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available for sale.

In summary, the Group has applied the MFRS 9 retrospectively and assessed that there is no material impact to the opening balances of the Statement of Financial Position as at 1 January 2018 and of the Financial Statements for the current financial period under review.

#### A2. Auditor’s Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the financial year ended 31 December 2018 was not qualified.

#### A3. Comments about Seasonal or Cyclical Factors

The business of the fasteners division of the Group is generally not affected by seasonal and cyclical factors. However, the business of the Mould cleaning rubber sheets and LED epoxy encapsulant materials division sell its products to customers in the semi-conductor and manufacturing industries. Therefore, the performance of this division to a certain extent depends on the cyclical nature of the semi-conductor and manufacturing industries.

## **TECHFAST HOLDINGS BERHAD**

(Company No.: 647820-D)

Incorporated in Malaysia

### **NOTES TO THE QUARTERLY REPORT – 31 MARCH 2019**

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

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##### **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**

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

##### **A7. Dividend Paid or Proposed**

There were no dividends paid during the quarter under review. The Board of Directors have proposed a final single tier dividend of 0.5 sen per share for the financial year ended 31 December 2018 subject to the approval of shareholders at the forthcoming Annual General Meeting.

**TECHFAST HOLDINGS BERHAD**

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Incorporated in Malaysia

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2019****A. EXPLANATORY NOTES AS PER MFRS 134 – INTERIM FINANCIAL REPORTING****A8. Segmental Information**

	Self-clinching fasteners	Mould cleaning rubber sheets and LED epoxy encapsulant materials	Investment Holding	Elimination	Consolidation
<b>3 Months Ended</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>31.03.2019</u></b>					
External sales	2,418	3,948	32	-	6,398
Inter-segment revenue	-	331	360	(691)	-
Total	<u>2,418</u>	<u>4,279</u>	<u>392</u>	<u>(691)</u>	<u>6,398</u>
Operating segment profit/(loss)	23	778	(103)	45	743
Finance cost	(4)	(2)	-	(1)	(7)
Profit/(loss) before taxation	19	776	(103)	44	736
Taxation	(27)	(211)	-	-	(238)
Net profit/(loss) after taxation	<u>(8)</u>	<u>565</u>	<u>(103)</u>	<u>44</u>	<u>498</u>
Segment assets	11,171	14,186	36,871	(32,119)	30,109
Unallocated corporate asset					1,110
					<u>31,219</u>
Segment liabilities	<u>1,513</u>	<u>2,926</u>	<u>294</u>	<u>(266)</u>	<u>4,467</u>
<b><u>3 Months Ended</u></b>					
<b><u>31.03.2018</u></b>					
External sales	3,064	3,855	32	-	6,951
Inter-segment revenue	-	475	1,360	(1,835)	-
Total	<u>3,064</u>	<u>4,330</u>	<u>1,392</u>	<u>(1,835)</u>	<u>6,951</u>
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	<u>216</u>	<u>499</u>	<u>889</u>	<u>(998)</u>	<u>606</u>
Segment assets	11,689	12,167	37,095	(32,125)	28,826
Unallocated corporate asset					1,110
					<u>29,936</u>
Segment liabilities	<u>2,456</u>	<u>2,292</u>	<u>317</u>	<u>(290)</u>	<u>4,775</u>



## **TECHFAST HOLDINGS BERHAD**

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### **NOTES TO THE QUARTERLY REPORT – 31 MARCH 2019**

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

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##### **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 2018.

##### **A10. Subsequent Events**

Subsequent to 31 March 2019 and up to the date of this report, the Company repurchased 435,000 shares in the open market for a total consideration RM120,857 at an average price of 27.8 sen per share.

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.

##### **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 related party transactions during the current quarter under review.

## **TECHFAST HOLDINGS BERHAD**

(Company No.: 647820-D)

Incorporated in Malaysia

### **NOTES TO THE QUARTERLY REPORT – 31 MARCH 2018**

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

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##### **B1. Review of Performance**

###### **1st Quarter 2019 vs 1st Quarter 2018**

The Group revenue for the current quarter of RM6.40 million was 8.0% lower than RM6.95 million recorded for the corresponding quarter in the previous year. Unaudited profit before taxation (“PBT”) for the quarter ended 31 March 2019 was 21.2% lower at RM0.74 million compared to RM0.93 million during the corresponding quarter in the previous year.

The self-clinching fastener (“SCF”) segment recorded revenue of RM2.42 million for the current quarter under review compared to RM3.06 million for the corresponding quarter in the previous year. PBT of RM0.02 million for the current quarter was lower compared to RM0.29 million in the corresponding quarter of the previous year. Lower sales meant the company was unable to enjoy economies of scale resulting in lower profit margins. The results were also affected higher costs of maintenance for older machinery.

The mould cleaning rubber sheets (“rubber sheets”) and LED epoxy encapsulant (“epoxy”) material segment recorded a PBT of RM0.78 million which was marginally higher than RM0.75 million recorded in the corresponding quarter in the previous year. Sale revenue of RM4.28 million for the quarter under review was marginally lower compared to RM4.33 million for the corresponding quarter last year. Results were buffered mainly by lower foreign exchange losses.

**TECHFAST HOLDINGS BERHAD**

(Company No.: 647820-D)

Incorporated in Malaysia

**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)		%
	3 months ended (Quarter)		
	31.03.2019	31.12.2018	
	RM'000	RM'000	chg
Revenue	6,398	7,188	-11.0%
Operating expenses	(5,719)	(6,360)	
Operating profit	679	828	-18.0%
Other operating income	64	58	
	743	886	-16.1%
Finance costs	(7)	(7)	
<b>Profit before taxation</b>	<b>736</b>	<b>879</b>	<b>-16.3%</b>
Income tax expense	(238)	(314)	
<b>Net profit after taxation</b>	<b>498</b>	<b>565</b>	<b>-11.9%</b>
Other comprehensive income:	-	-	
<b>Total comprehensive income</b>	<b>498</b>	<b>565</b>	
<b>Profit attributable to:</b>			
Owners of the Company	498	565	-11.9%
Non-controlling interests	-	-	
	<b>498</b>	<b>565</b>	
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	498	565	-11.9%
Non-controlling interests	-	-	
	<b>498</b>	<b>565</b>	

In the current quarter under review, the Group made a PBT of RM0.74 million, which was 16.3% lower than PBT of RM0.88 million for the preceding quarter ended 31 December 2018.

For the current quarter, the SCF segment recorded revenue of RM2.42 million which was lower than RM2.74 million recorded in previous quarter ended 31 December 2018. PBT for the SCF segment for the current quarter of RM0.02 million and was the same for the previous quarter. Current quarter's results were due to lower sales which meant the company was unable to enjoy economies of scale for its operations to be profitable.

The rubber sheets and epoxy material segment recorded a PBT of RM0.78 million on sales revenue of RM4.28 million, which was lower than PBT of RM1.15 million on sales revenue of RM5.01 million recorded in the previous quarter ended 31 December 2018. Lower PBT was in line with lower sales revenue for the current quarter under review. Gross profit margins were affected by lower selling prices and higher costs of raw materials.

# TECHFAST HOLDINGS BERHAD

(Company No.: 647820-D)

Incorporated in Malaysia

## NOTES TO THE QUARTERLY REPORT – 31 MARCH 2018

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

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#### B3. Prospects For The Financial Year Ending 31 December 2019

##### SCF Segment

The fastener industry appears to be facing some economic slowdown and as such, business in this segment in the last six months was slow. However, there are signs of revival and Management is optimistic of delivering a satisfactory result going forward.

##### Rubber Sheets and Epoxy Segment

The rubber sheets business segment will be focusing on some new key projects and at the same time, putting in effort on capturing a bigger market share in Taiwan and China, where the huge demands are. Other initiatives like second sourcing to lower its materials cost and enhancing machinery capability with new technology is ongoing.

The epoxy segment of the business has undertaken various projects where results are yet to materialise and the company will continue to explore opportunities for its products.

With these efforts undertaken by the subsidiary companies, the Group is confident that the results for 2019 will be satisfactory, barring any unforeseen circumstances.

#### B4. Profit Forecast or Profit Guarantee

This is not applicable as no profit forecast was published.

#### B5. Income Tax Expense

	(Unaudited)		(Unaudited)	
	3 months ended (Quarter)		3 months ended (Cumulative)	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	RM'000	RM'000	RM'000	RM'000
<b>Current tax:</b>				
Malaysian income tax	229	371	229	371
Deferred taxation	-	(43)	-	(43)
	<u>229</u>	<u>328</u>	<u>229</u>	<u>328</u>
Underprovision for tax in prior year	9	-	9	-
Total income tax expense	<u>238</u>	<u>328</u>	<u>238</u>	<u>328</u>

#### B6. Corporate Proposals

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

## TECHFAST HOLDINGS BERHAD

(Company No.: 647820-D)

Incorporated in Malaysia

### NOTES TO THE QUARTERLY REPORT – 31 MARCH 2018

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

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##### B7. Group Borrowings

	As at 31.03.2019 RM '000	As at 31.12.2018 RM '000
<b>Finance lease liabilities</b>		
Repayable within one year denominated in Ringgit Malaysia	214	202
Repayable after one year denominated in Ringgit Malaysia	358	420
	<u>572</u>	<u>622</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 2018.

**TECHFAST HOLDINGS BERHAD**

(Company No.: 647820-D)

Incorporated in Malaysia

**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

	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
	<b>3 months ended</b>		<b>3 Months Ended</b>	
	<b>(Quarter)</b>		<b>(Cumulative)</b>	
	<b>31.03.2019</b>	<b>31.03.2018</b>	<b>31.03.2019</b>	<b>31.03.2018</b>
Net profit attributable to owners of the Company (RM '000)	498	606	498	606
Weighted average number of ordinary shares in issue ( '000)	228,148	228,148	228,148	228,148
Basic earnings per share (sen)	0.22	0.27	0.22	0.27

(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.

**B11. Notes to the Statement of Comprehensive Income**

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

	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
	<b>3 months ended (Quarter)</b>		<b>3 Months Ended(Cumulative)</b>	
	<b>31.03.2019</b>	<b>31.03.2018</b>	<b>31.03.2019</b>	<b>31.03.2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	50	48	50	48
Interest expense	(7)	(9)	(7)	(9)
Depreciation and amortisation	(206)	(189)	(206)	(189)
Foreign exchange loss	(100)	(206)	(100)	(206)

Dated: 24 May 2019