

# **TECHFAST HOLDINGS BERHAD**

Registration No.: 200401009317 (647820-D)  
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2020

**TECHFAST HOLDINGS BERHAD**

Registration No.: 200401009317 (647820-D)

Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 JUNE 2020**

|   | (Unaudited)              |            |       | (Unaudited)                 |              |       |
|---|--------------------------|------------|-------|-----------------------------|--------------|-------|
|   | 3 months ended (Quarter) |            |       | 6 months ended (Cumulative) |              |       |
|   | 30.06.2020               | 30.06.2019 | %     | 30.06.2020                  | 30.06.2019   | %     |
|   | RM'000                   | RM'000     | chg   | RM'000                      | RM'000       | chg   |
| Revenue   | 7,238                    | 7,124      | 1.6%  | 14,077                      | 13,521       | 4.1%  |
| Operating expenses  | (6,178)                  | (6,057)    |       | (12,392)                    | (11,776)     |       |
| Operating profit  | 1,060                    | 1,067      | -0.7% | 1,685                       | 1,745        | -3.4% |
| Other operating income  | 278                      | 81         |       | 665                         | 145          |       |
|   | 1,338                    | 1,148      | 16.6% | 2,350                       | 1,890        | 24.3% |
| Finance costs   | (4)                      | (6)        |       | (8)                         | (13)         |       |
| <b>Profit before taxation</b>                                   | 1,334                    | 1,142      | 16.8% | 2,342                       | 1,877        | 24.8% |
| Taxation  | (444)                    | (365)      |       | (745)                       | (602)        |       |
| <b>Net profit after taxation</b>                                | <b>890</b>               | <b>777</b> | 14.5% | <b>1,597</b>                | <b>1,275</b> | 25.3% |
| Other comprehensive income:                                     | -                        | -          |       | -                           | -            |       |
| <b>Total comprehensive income</b>                               | <b>890</b>               | <b>777</b> |       | <b>1,597</b>                | <b>1,275</b> |       |
| <b>Profit attributable to:</b>                                  |                          |            |       |                             |              |       |
| Owners of the Company   | <b>890</b>               | <b>777</b> | 14.5% | <b>1,597</b>                | <b>1,275</b> | 25.3% |
| <b>Total comprehensive income attributable to:</b>              |                          |            |       |                             |              |       |
| Owners of the Company   | <b>890</b>               | <b>777</b> | 14.5% | <b>1,597</b>                | <b>1,275</b> | 25.3% |
| <b>Earnings per share attributable to owners of the parent:</b> |                          |            |       |                             |              |       |
| Basic (sen)   | 0.39                     | 0.34       |       | 0.70                        | 0.56         |       |
| 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 2019 and the accompanying explanatory notes attached to the interim financial statements.)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2020**

|   | (Unaudited)<br>As at<br>30.06.2020<br>RM'000 | (Audited)<br>As at<br>31.12.2019<br>RM'000 |
|---|--|--|
| <b>ASSETS</b>   |  |  |
| <b>Non-current assets</b>   |  |  |
| Property, plant and equipment   | 7,689  | 7,825                                      |
| Other investment  | 62   | 62   |
| Goodwill on acquisition   | 1,110  | 1,110                                      |
|   | <u>8,861</u>                                 | <u>8,997</u>                               |
| <b>Current assets</b>   |  |  |
| Inventories   | 4,851  | 5,040                                      |
| Trade and other receivables   | 6,921  | 8,884                                      |
| Tax recoverable   | 255  | 124  |
| Fixed deposits with licensed banks                                      | 6,658  | 3,058                                      |
| Short term investment   | 1,930  | 3,388                                      |
| Cash and bank balances  | 4,061  | 2,981                                      |
|   | <u>24,676</u>                                | <u>23,475</u>                              |
| <b>TOTAL ASSETS</b>   | <b><u>33,537</u></b>                         | <b><u>32,472</u></b>                       |
| <b>EQUITY AND LIABILITIES</b>   |  |  |
| <b>Equity</b>   |  |  |
| Share capital   | 29,946                                       | 29,946                                     |
| Treasury shares   | -  | (218)                                      |
| Reserves  | 106  | -  |
| Accumulated losses  | (863)  | (2,460)                                    |
| <b>Total equity</b>   | <b><u>29,189</u></b>                         | <b><u>27,268</u></b>                       |
| <b>Non-current liabilities</b>  |  |  |
| Finance lease liabilities   | 101  | 209  |
| Deferred taxation   | 576  | 510  |
|   | <u>677</u>                                   | <u>719</u>                                 |
| <b>Current liabilities</b>  |  |  |
| Trade and other payables  | 3,234  | 4,133                                      |
| Finance lease liabilities   | 215  | 211  |
| Tax payable   | 222  | 141  |
|   | <u>3,671</u>                                 | <u>4,485</u>                               |
| <b>Total liabilities</b>  | <b><u>4,348</u></b>                          | <b><u>5,204</u></b>                        |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                     | <b><u>33,537</u></b>                         | <b><u>32,472</u></b>                       |
| Net assets per share attributable to equity holders of the parent (sen) | <u>12.8</u>                                  | <u>12.0</u>                                |

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.)

**TECHFAST HOLDINGS BERHAD**

Registration No.: 200401009317 (647820-D)

Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2020**

|                                   | Share<br>Capital<br>RM'000 | Treasury<br>Shares<br>RM'000 | Other<br>Reserves<br>RM'000 | Retained<br>Earnings/<br>(Accumulate<br>d Losses)<br>RM'000 | Equity<br>Attributable<br>to Owners<br>of the<br>Parent<br>RM'000 |
|-----------------------------------|----------------------------|------------------------------|-----------------------------|---|---|
| <b>Balance at 1 January 2019</b>  | 29,946                     | -                            | -                           | (3,692)   | 26,254  |
| Net profit for the period         | -                          | -                            | -                           | 1,275   | 1,275   |
| Purchase of own shares            | -                          | (218)                        | -                           | -   | (218)   |
| Dividends paid                    | -                          | -                            | -                           | (1,137)   | (1,137)   |
| <b>Balance as at 30 June 2019</b> | 29,946                     | (218)                        | -                           | (3,554)   | 26,174  |
| <br>                              |                            |                              |                             |   |   |
| <b>Balance at 1 January 2020</b>  | 29,946                     | (218)                        | -                           | (2,460)   | 27,268  |
| Net profit for the period         | -                          | -                            | -                           | 1,597   | 1,597   |
| Resale of treasury shares         | -                          | 218                          | 106                         | -   | 324   |
| <b>Balance as at 30 June 2020</b> | 29,946                     | -                            | 106                         | (863)   | 29,189  |

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 30 JUNE 2020**

|   | (Unaudited)          |                       |
|---|----------------------|-----------------------|
|   | 6 Months Ended       |                       |
|   | 30.06.2020           | 30.06.2019            |
|   | RM'000               | RM'000                |
| <b>Cash Flows From Operating Activities</b>                   |                      |                       |
| Profit before taxation  | 2,342                | 1,877                 |
| <u>Adjustments for:</u>                                       |                      |                       |
| Non-cash items  | 487                  | 468                   |
| Non-operating items   | (312)                | (107)                 |
| Operating profit before working capital changes               | <u>2,517</u>         | <u>2,238</u>          |
| <u>Changes in working capital:</u>                            |                      |                       |
| Net change in current assets                                  | 2,127                | (767)                 |
| Net change in current liabilities                             | (899)                | 169                   |
| Cash generated from operations                                | <u>3,745</u>         | <u>1,640</u>          |
| Tax (paid)/refunded   | (729)                | (726)                 |
| <b>Net cash generated from operating activities</b>           | <b><u>3,016</u></b>  | <b><u>914</u></b>     |
| <b>Cash Flows From Investing Activities</b>                   |                      |                       |
| Interest received   | 312                  | 107                   |
| Purchase of property, plant and equipment                     | (317)                | (219)                 |
| <b>Net cash used in investing activities</b>                  | <b><u>(5)</u></b>    | <b><u>(112)</u></b>   |
| <b>Cash Flow From Financing Activities</b>                    |                      |                       |
| Purchase of own shares  | -                    | (218)                 |
| Proceeds from resale of treasury shares                       | 323                  | -                     |
| Net repayment of hire purchase creditors                      | (112)                | (99)                  |
| Interest paid   | -                    | (13)                  |
| Dividends paid  | -                    | (1,137)               |
| <b>Net cash generated from/(used in) financing activities</b> | <b><u>211</u></b>    | <b><u>(1,467)</u></b> |
| <b>NET INCREASE/(DECREASE) CASH AND CASH EQUIVALENTS</b>      | <b><u>3,222</u></b>  | <b><u>(665)</u></b>   |
| <b>CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR</b>      | <b><u>8,821</u></b>  | <b><u>10,162</u></b>  |
| <b>CASH AND CASH EQUIVALENTS AS AT END OF YEAR</b>            | <b><u>12,043</u></b> | <b><u>9,497</u></b>   |
| <u>Cash and cash equivalents comprise:</u>                    |                      |                       |
| Deposits with licensed banks                                  | 6,658                | 3,596                 |
| Short term investment   | 1,930                | 3,125                 |
| Cash and bank balances  | 4,061                | 3,382                 |
|   | <u>12,649</u>        | <u>10,103</u>         |
| Less : Fixed deposits pledged to a licensed bank              | (66)                 | (66)                  |
| Deposits with maturity period of more than three months       | (540)                | (540)                 |
|   | <b><u>12,043</u></b> | <b><u>9,497</u></b>   |

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.)

**NOTES TO THE QUARTERLY REPORT – 30 JUNE 2020**

**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 Rule 9.22 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 2019 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 2019.

**A2. Changes in Accounting Policies**

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited financial statement for the financial year ended 31 December 2019 except for the adoption of the following Malaysian Financial Reporting Standards (“MFRS”) and amendments to certain MFRSs and Interpretations with effect from 1 January 2020:

Amendments to MFRS 3, Business Combinations – Definition of a Business

Amendments to MFRS 101, Presentation of Financial Statements: Definition of Material

Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material

Amendments to MFRS 139, Financial Instruments – Recognition and Measurements: Interest Rate Benchmark Reform

Amendments to MFRS 7, Financial Instruments – Disclosures: Interest Rate Benchmark Reform

Amendments to MFRS 9, Financial Instruments – Interest Rate Benchmark Reform

The directors expect that the adoption of the above accounting standards and interpretations will have no material impact on the Financial Statements in the year of initial application.

**A3. Auditor’s Report on Preceding Annual Financial Statements**

The auditors’ report on the financial statements for the financial year ended 31 December 2019 was not qualified.

**NOTES TO THE QUARTERLY REPORT – 30 JUNE 2020**

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

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**A4. 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, mould cleaning rubber sheets segment sells its products to customers in the semi-conductor and manufacturing industries. Therefore, the performance of this division is dependant on the cyclical nature of the semi-conductor and manufacturing industries, to a certain extent. Sales of LED epoxy encapsulant materials, on the other hand, remain unaffected by seasonality.

**A5. 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.

**A6. 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.

**A7. Changes in Debt and Equity Securities**

**Resale of treasury shares of the Company**

On 28 April 2020, the Company disposed off 820,000 treasury shares in the open market for a net consideration of RM323,472. The difference between the sale proceeds and the carrying amount of the treasury shares which amounted to RM105,731 was accounted for as other reserve as part of the equity of the Company. After the disposal, the Company no longer hold any treasury shares.

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

**A8. Dividend Paid or Proposed**

On 26 August 2020, the Board of Directors declared an interim single tier dividend of 1.0 sen per share which total RM2,281,485 for the financial year ending 31 December 2020. The dividend would be payable on 28 September 2020 to shareholders whose names appear in the Record of Depositors of the Company on 14 September 2020.

**NOTES TO THE QUARTERLY REPORT – 30 JUNE 2020**

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

**A9. Segmental Information**

|                                  | Self-clinching fasteners | Mould cleaning rubber sheets and LED epoxy encapsulant materials | Investment Holding | Elimination    | Consolidation |
|----------------------------------|--------------------------|--|--------------------|----------------|---------------|
|                                  | RM'000                   | RM'000   | RM'000             | RM'000         | RM'000        |
| <b>6 Months Ended</b>            |                          |  |                    |                |               |
| <b><u>30.06.2020</u></b>         |                          |  |                    |                |               |
| External sales                   | 5,189                    | 8,843  | 45                 | -              | 14,077        |
| Inter-segment revenue            | -                        | 743  | 1,560              | (2,303)        | -             |
| Total                            | <u>5,189</u>             | <u>9,586</u>   | <u>1,605</u>       | <u>(2,303)</u> | <u>14,077</u> |
| Operating segment profit/(loss)  | 416                      | 2,281  | 602                | (949)          | 2,350         |
| Finance cost                     | (5)                      | (2)  | -                  | (1)            | (8)           |
| Profit/(loss) before taxation    | <u>411</u>               | <u>2,279</u>   | <u>602</u>         | <u>(950)</u>   | <u>2,342</u>  |
| Taxation                         | (129)                    | (616)  | -                  | -              | (745)         |
| Net profit/(loss) after taxation | <u>282</u>               | <u>1,663</u>   | <u>602</u>         | <u>(950)</u>   | <u>1,597</u>  |
| Segment assets                   | 12,624                   | 15,173   | 36,814             | (32,184)       | 32,427        |
| Unallocated corporate asset      |                          |  |                    |                | <u>1,110</u>  |
|                                  |                          |  |                    |                | <u>33,537</u> |
| Segment liabilities              | <u>1,781</u>             | <u>2,586</u>   | <u>276</u>         | <u>(295)</u>   | <u>4,348</u>  |
| <b>6 Months Ended</b>            |                          |  |                    |                |               |
| <b><u>30.06.2019</u></b>         |                          |  |                    |                |               |
| External sales                   | 5,355                    | 8,094  | 72                 | -              | 13,521        |
| Inter-segment revenue            | -                        | 743  | 1,720              | (2,463)        | -             |
| Total                            | <u>5,355</u>             | <u>8,837</u>   | <u>1,792</u>       | <u>(2,463)</u> | <u>13,521</u> |
| Operating segment profit/(loss)  | 284                      | 1,894  | 697                | (985)          | 1,890         |
| Finance cost                     | (8)                      | (4)  | -                  | (1)            | (13)          |
| Profit/(loss) before taxation    | <u>276</u>               | <u>1,890</u>   | <u>697</u>         | <u>(986)</u>   | <u>1,877</u>  |
| Taxation                         | (106)                    | (496)  | -                  | -              | (602)         |
| Net profit/(loss) after taxation | <u>170</u>               | <u>1,394</u>   | <u>697</u>         | <u>(986)</u>   | <u>1,275</u>  |
| Segment assets                   | 11,514                   | 13,138   | 37,328             | (32,108)       | 29,872        |
| Unallocated corporate asset      |                          |  |                    |                | <u>1,110</u>  |
|                                  |                          |  |                    |                | <u>30,982</u> |
| Segment liabilities              | <u>1,679</u>             | <u>2,048</u>   | <u>1,305</u>       | <u>(224)</u>   | <u>4,808</u>  |



**NOTES TO THE QUARTERLY REPORT – 30 JUNE 2020**

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

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**A10. 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 2019.

**A11. 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.

**A12. Changes in Composition of the Group**

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

**A13. 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.

**A14. 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.

**A15. 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)              |            | (Unaudited)                 |            |
|--|--------------------------|------------|-----------------------------|------------|
|  | 3 months ended (Quarter) |            | 6 months ended (Cumulative) |            |
|  | 30.06.2020               | 30.06.2019 | 30.06.2020                  | 30.06.2019 |
|  | RM'000                   | RM'000     | RM'000                      | RM'000     |
| <b>Related Party Transactions</b>      |                          |            |                             |            |
| <b>Company connected to a director</b> |                          |            |                             |            |
| Professional fee payable to:           |                          |            |                             |            |
| - ML Taxation Services Sdn Bhd         | 28                       | 9          | 28                          | 9          |
| <b>Firms connected to directors</b>    |                          |            |                             |            |
| Professional fee payable to:           |                          |            |                             |            |
| - Michael Lim & Co.                    | 54                       | 60         | 54                          | 60         |

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

**NOTES TO THE QUARTERLY REPORT – 30 JUNE 2020**

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

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**B1. Review of Performance**

**2nd Quarter 2020 vs 2nd Quarter 2019**

The Group revenue for the current quarter of RM7.24 million was just 1.6% marginally higher than RM7.12 million recorded for the corresponding quarter in the previous year. Unaudited profit before taxation (“PBT”) for the quarter ended 30 June 2020 was 16.8% higher at RM1.33 million compared to RM1.14 million during the corresponding quarter in the previous year.

The self-clinching fastener (“SCF”) segment recorded revenue of RM2.38 million for the current quarter under review compared to RM2.94 million for the corresponding quarter in the previous year. PBT of RM0.31 million for the current quarter was higher compared to RM0.26 million in the corresponding quarter of the previous year. The marginally higher PBT despite lower sales was mainly due to higher foreign exchange gains and lower operating expenses.

The mould cleaning rubber sheets (“rubber sheets”) and LED epoxy encapsulant (“epoxy”) material segment recorded a PBT of RM1.32 million which was higher than RM1.12 million recorded in the corresponding quarter in the previous year. Sale revenue of RM5.27 million for the quarter under review was higher compared to RM4.56 million for the corresponding quarter last year. Results were improved mainly due to higher sales to China and Taiwan despite some lower domestic sales and lower profit margins.

**Half year 2020 vs Half year 2019**

For the half year ended 30 June 2020, total turnover of the Group of RM14.08 million was 4.1% higher compared to RM13.52 million recorded during the same period last year. The Group recorded a PBT of RM2.34 million for the half year ended 30 June 2020 which was 24.8% higher than RM1.88 million recorded during the same period in the prior year, due to higher sales volume overall for Cape and Oriem during the half year.

The SCF segment made a PBT of about RM0.41 million on the back of RM5.19 million of sales revenue for the half year ended 30 June 2020. For the half year ended 30 June 2019, the SCF recorded PBT of RM0.28 million on sales revenue of RM5.36 million. Results were mainly due to higher foreign exchange gains over the period.

The rubber sheets and epoxy segment recorded higher external sales revenue of RM8.84 million for the half year ended 30 June 2020 compared to RM8.09 million for the same period in the previous year. Sales increase came from China and Taiwan while other regions and domestic sales recorded lower sales volume over the half year period. For the half year ended 30 June 2020, PBT of RM2.28 million was higher than RM1.89 million recorded for the same period last year. The increase in the PBT was partly due to increase in sales to China and Taiwan, aided by higher interest income and lower foreign exchange losses.

**NOTES TO THE QUARTERLY REPORT – 30 JUNE 2020**

**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) |              |              |
|  | 30.06.2020               | 31.03.2020   |              |
|  | RM'000                   | RM'000       | chg          |
| Revenue  | 7,238                    | 6,839        | 5.8%         |
| Operating expenses                                 | (6,178)                  | (6,213)      |              |
| Operating profit                                   | 1,060                    | 626          | 69.3%        |
| Other operating income                             | 278                      | 387          |              |
|  | 1,338                    | 1,013        | 32.1%        |
| Finance costs                                      | (4)                      | (4)          |              |
| <b>Profit before taxation</b>                      | <b>1,334</b>             | <b>1,009</b> | <b>32.2%</b> |
| Income tax expense                                 | (444)                    | (301)        |              |
| <b>Net profit after taxation</b>                   | <b>890</b>               | <b>708</b>   | <b>25.7%</b> |
| Other comprehensive income:                        | -                        | -            |              |
| <b>Total comprehensive income</b>                  | <b>890</b>               | <b>708</b>   |              |
| <b>Profit attributable to:</b>                     |                          |              |              |
| Owners of the Company                              | <b>890</b>               | <b>708</b>   | 25.7%        |
| <b>Total comprehensive income attributable to:</b> |                          |              |              |
| Owners of the Company                              | <b>890</b>               | <b>708</b>   | 25.7%        |

In the current quarter under review, the Group made a PBT of RM1.33 million, which was 32.2% higher than PBT of RM1.01 million for the preceding quarter ended 31 March 2020.

For the current quarter, the SCF segment recorded revenue of RM2.38 million which was lower than RM2.81 million recorded in previous quarter ended 31 March 2020. PBT for the SCF segment for the current quarter of RM0.31 million was higher than RM0.10 million for the previous quarter. Higher PBT despite lower sales was mainly due to improvement in gross profit margins that normalized after provision for obsolete stock in last quarter.

The rubber sheets and epoxy material segment recorded a PBT of RM1.32 million on sales revenue of RM5.27 million, which was higher than PBT of RM0.96 million on sales revenue of RM4.32 million recorded in the previous quarter ended 31 March 2020. Results improved mainly due to higher sales turnover to China and Taiwan and lower operating costs.

**NOTES TO THE QUARTERLY REPORT – 30 JUNE 2020**

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

**B3. Prospects For The Financial Year Ending 31 December 2020**

**SCF Segment**

Sales has normalized to pre-Covid 19 levels at the time of writing this report. Management hopes that there would not be another lockdown in light of the recent spike in number of positive Covid-19 cases. Management is still unsure about the extent of the impact on the SCF business segment for the remaining half of the financial year ending 31 December 2020.

**Rubber Sheets and Epoxy Segment**

The rubber sheets and epoxy business segments have improved its export sales to China and Taiwan substantially. At time of writing this report, these two major export markets for this business segment has recovered from the pandemic and incoming sales from these markets so far have been encouraging.

This financial year is definitely a challenging one as the eventual impact of the Covid-19 pandemic depends on how long it takes for containment. However, Management is taking the necessary steps with a contingency plan to improve production efficiencies and cost control to minimise the financial impact from the pandemic.

**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) |            | 6 months ended (Cumulative) |            |
|                                      | 30.06.2020               | 30.06.2019 | 30.06.2020                  | 30.06.2019 |
|                                      | RM'000                   | RM'000     | RM'000                      | RM'000     |
| <b>Current tax:</b>                  |                          |            |                             |            |
| Malaysian income tax                 | 480                      | 355        | 679                         | 583        |
| Deferred taxation                    | (36)                     | 10         | 66                          | 10         |
|                                      | <u>444</u>               | <u>365</u> | <u>745</u>                  | <u>593</u> |
| Underprovision for tax in prior year | -                        | -          | -                           | 9          |
| Total income tax expense             | <u>444</u>               | <u>365</u> | <u>745</u>                  | <u>602</u> |

The disproportionate tax charge of the Group is due to certain expenses of the Group companies which are not deductible for tax purposes and there is no Group relief over the loss making company within the Group.

**NOTES TO THE QUARTERLY REPORT – 30 JUNE 2020**

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

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**B6. Corporate Proposals**

At the 16<sup>th</sup> Annual General Meeting held on 20 July 2020, the shareholders approved the renewal of the Share Buy-Back mandate. To date, the Company had not effected any share buy-back transaction.

**B7. Group Borrowings**

|   | <b>As at<br/>30.06.2020<br/>RM '000</b> | <b>As at<br/>31.12.2019<br/>RM '000</b> |
|---|---|---|
| <b>Finance lease liabilities</b>                          |   |   |
| Repayable within one year denominated in Ringgit Malaysia | 215                                     | 211                                     |
| Repayable after one year denominated in Ringgit Malaysia  | 101                                     | 209                                     |
|   | <u>316</u>                              | <u>420</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.

**NOTES TO THE QUARTERLY REPORT – 30 JUNE 2020**

**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>6 Months Ended</b> |                   |
|   | <b>(Quarter)</b>      |                   | <b>(Cumulative)</b>   |                   |
|   | <b>30.06.2020</b>     | <b>30.06.2019</b> | <b>30.06.2020</b>     | <b>30.06.2019</b> |
| Net profit attributable to owners of the Company (RM '000)  | 890                   | 777               | 1,597                 | 1,275             |
| Weighted average number of ordinary shares in issue ( '000) | 227,612               | 227,973           | 227,612               | 227,973           |
| Basic earnings per share (sen)                              | 0.39                  | 0.34              | 0.70                  | 0.56              |

(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>6 Months Ended(Cumulative)</b> |                   |
|                               | <b>30.06.2020</b>               | <b>30.06.2019</b> | <b>30.06.2020</b>                 | <b>30.06.2019</b> |
|                               | <b>RM'000</b>                   | <b>RM'000</b>     | <b>RM'000</b>                     | <b>RM'000</b>     |
| Interest income               | 267                             | 56                | 312                               | 107               |
| Interest expense              | (4)                             | (6)               | (8)                               | (13)              |
| Depreciation and amortisation | (230)                           | (210)             | (453)                             | (416)             |
| Provision for obsolete stocks | -                               | -                 | (93)                              | -                 |
| Foreign exchange gain/(loss)  | (51)                            | 12                | 295                               | (88)              |

By order of the Board  
Dated: 26 August 2020