

FAST ENERGY HOLDINGS BERHAD

(Formerly known as Techfast Holdings Berhad)

Registration No.: 200401009317 (647820-D)

Incorporated in Malaysia

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2021**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2021**

	(Unaudited)			(Unaudited)		
	3 months ended (Quarter)			6 months ended (Cumulative)		
	30.06.2021	30.06.2020	%	30.06.2021	30.06.2020	%
	RM'000	RM'000	chg	RM'000	RM'000	chg
Revenue	73,528	7,238	915.9%	85,955	14,077	510.6%
Operating expenses	(73,557)	(6,178)		(87,477)	(12,392)	
Operating profit/(loss)	(29)	1,060	-102.7%	(1,522)	1,685	-190.3%
Other operating income	171	278		324	665	
	142	1,338	-89.4%	(1,198)	2,350	-151.0%
Finance costs	(7)	(4)		(15)	(8)	
Share of results of associate company, net of tax	275	-		275	-	
Profit/(Loss) before taxation	410	1,334	-69.3%	(938)	2,342	-140.1%
Taxation	(301)	(444)		(500)	(745)	
Net profit/(loss) after taxation	109	890	-87.8%	(1,438)	1,597	-190.0%
Other comprehensive income:	-	-		-	-	
Total comprehensive income/(expense)	109	890		(1,438)	1,597	
Profit/(loss) attributable to:						
Owners of the Company	109	890	-87.8%	(1,438)	1,597	-190.0%
Total comprehensive income/(loss) attributable to:						
Owners of the Company	109	890	-87.8%	(1,438)	1,597	-190.0%
Earnings/(loss) per share attributable to owners of the parent:						
Basic (sen)	0.03	0.39		(0.37)	0.70	
Diluted (sen)	0.02	N/A		(0.33)	N/A	

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 30 JUNE 2021**

	(Unaudited) As at 30.06.2021 RM'000	(Audited) As at 31.12.2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	7,611	7,288
Investment in associate	26,525	-
Other investment	40	62
Right-of-use asset	417	507
Goodwill on acquisition	363	363
	<u>34,956</u>	<u>8,220</u>
Current assets		
Inventories	3,190	4,902
Trade and other receivables	46,541	11,497
Tax recoverable	520	401
Fixed deposits with licensed banks	1,070	1,070
Cash and bank balances	10,574	17,028
	<u>61,895</u>	<u>34,898</u>
TOTAL ASSETS	<u>96,851</u>	<u>43,118</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	95,734	39,920
Accumulated losses	(3,998)	(2,560)
Total equity	<u>91,736</u>	<u>37,360</u>
Non-current liabilities		
Finance lease liabilities	427	21
Lease liability	393	477
Deferred taxation	517	541
	<u>1,337</u>	<u>1,039</u>
Current liabilities		
Trade and other payables	3,432	4,302
Finance lease liabilities	88	188
Tax payable	258	229
	<u>3,778</u>	<u>4,719</u>
Total liabilities	<u>5,115</u>	<u>5,758</u>
TOTAL EQUITY AND LIABILITIES	<u>96,851</u>	<u>43,118</u>
Net assets per share attributable to equity holders of the parent (sen)	<u>23.7</u>	<u>9.7</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.)

FAST ENERGY HOLDINGS BERHAD (Formerly known as Techfast Holdings Berhad)
 Registration No.: 200401009317 (647820-D)
 Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE PERIOD ENDED 30 JUNE 2021**

	Share Capital RM'000	Treasury Shares RM'000	Other Reserves RM'000	Retained Earnings/ (Accumulated Losses) RM'000	Equity Attributable to Owners of the Parent RM'000
Balance at 1 January 2020	29,946	(218)	-	(2,460)	27,268
Net profit for the year	-	-	-	1,598	1,598
Resale of treasury shares	-	218	106	-	324
Balance as at 30 June 2020	29,946	-	106	(862)	29,190
Balance at 1 January 2021	39,920	-	-	(2,559)	37,361
Net loss for the period	-	-	-	(1,438)	(1,438)
Issue of new shares	55,814	-	-	-	55,814
Balance as at 30 June 2021	95,734	-	-	(3,997)	91,737

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE PERIOD ENDED 30 JUNE 2021**

	(Unaudited) 6 Months Ended	
	30.06.2021	30.06.2020
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit/(Loss) before taxation	(938)	2,342
<u>Adjustments for:</u>		
Non-cash items	158	487
Non-operating items	(32)	(312)
Operating profit/(Loss) before working capital changes	(812)	2,517
<u>Changes in working capital:</u>		
Net change in current assets	(33,307)	2,127
Net change in current liabilities	(870)	(899)
Repayment of lease liabilities	(84)	-
Cash generated from/(used in) operations	(35,073)	3,745
Tax (paid)/refunded	(611)	(729)
Net cash generated from/(used in) operating activities	(35,684)	3,016
Cash Flows From Investing Activities		
Rental income	27	-
Interest received	5	312
Purchase of property, plant and equipment	(764)	(317)
Acquisition of stake in associate company	(26,250)	-
Proceeds from disposal of assets-held-for-sale	108	-
Net cash used in investing activities	(26,874)	(5)
Cash Flow From Financing Activities		
Proceeds from resale of treasury shares	-	323
Proceeds from issue of new shares	55,813	-
Net repayment of hire purchase creditors	291	(112)
Net cash generated from financing activities	56,104	211
NET INCREASE/(DECREASE) CASH AND CASH EQUIVALENTS	(6,454)	3,222
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR	17,728	8,821
CASH AND CASH EQUIVALENTS AS AT END OF YEAR	11,274	12,043
<u>Cash and cash equivalents comprise:</u>		
Deposits with licensed banks	1,070	6,658
Short term investment	-	1,930
Cash and bank balances	10,574	4,061
	11,644	12,649
Less : Fixed deposits pledged to a licensed bank	(70)	(66)
Deposits with maturity period of more than three months	(300)	(540)
	11,274	12,043

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.)

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2021

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 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 2020 except for the adoption of the following Malaysian Financial Reporting Standards (“MFRS”) and amendments to certain MFRSs and Interpretations that are issued but not yet effective as disclosed below:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 16, Leases – Covid-19 Related Rent Concessions	1 June 2020
Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement, MFRS 7, Financial Instruments: Disclosures, MFRS 4, Insurance Contracts and MFRS 16, Leases – Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)	1 January 2022
Amendments to MFRS 3, Business Combinations - Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)	1 January 2022
Amendments to Illustrative Examples accompanying MFRS 16, Leases (Annual Improvements to MFRS Standards 2018-2020)	1 January 2022
Amendments to MFRS 116, Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018-2020)	1 January 2022
MFRS 17, Insurance Contracts	1 January 2023

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2021

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

Amendments to MFRS 101, Presentation of Financial Statements 1 January 2023
- Classification of Liabilities as Current or Non-Current

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 2020 was not qualified.

A4. Comments about Seasonal or Cyclical Factors

The principal businesses of the Group are not affected by seasonality factors. As with any business currently, its performance is dependent on the economic cycle that is dependent on the national recovery plan during these pandemic times.

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

On 9 April 2021, the Company announced that it has offered 83,356,493 options under the Employee Share Option Scheme ("ESOS") at an exercise price of 36.27 sen. This offer was declined and a new offer for 83,816,479 options were offered at an exercise price of 32.04 sen per ordinary share. Out of this, 46,816,480 options were exercised on 19 April 2021 resulting in the issuance of 46,816,480 new ordinary shares and thereafter, increasing the share capital of the Company to RM93,233,826.

On 8 June 2021, the Company announced the offer of 8,573,388 options under the ESOS at an exercise price of 29.16 sen per ordinary share. The options were fully exercised on 11 June 2021 and 8,573,388 new ordinary shares were issued on 11 June 2021. This increased the share capital to RM95,733,826.

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

There were no dividends nor proposed during the quarter under review.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2021

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	Bunkering, vessel chartering and petroleum trading	Investment Holding	Elimination	Consolidation
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
6 Months Ended						
<u>30.06.2021</u>						
External sales	6,434	10,020	69,501	-	-	85,955
Inter-segment revenue	-	-	-	1,200	(1,200)	-
Total	6,434	10,020	69,501	1,200	(1,200)	85,955
Operating segment profit/(loss)	(523)	1,316	276	(3,889)	1,622	(1,198)
Finance cost	(3)	(1)	-	(13)	2	(15)
Share of results of associate, net of tax	-	-	-	-	275	275
Profit/(loss) before taxation	(526)	1,315	276	(3,902)	1,899	(938)
Taxation	2	(439)	(63)	-	-	(500)
Net profit/(loss) after taxation	(524)	876	213	(3,902)	1,899	(1,438)
Segment assets	10,755	10,806	39,014	98,327	(62,414)	96,488
Unallocated corporate asset						363
						96,851
Segment liabilities	1,545	2,994	38,687	433	(38,544)	5,115
6 Months Ended						
<u>30.06.2020</u>						
External sales	5,189	8,843	-	45	-	14,077
Inter-segment revenue	-	743	-	1,560	(2,303)	-
Total	5,189	9,586	-	1,605	(2,303)	14,077
Operating segment profit/(loss)	416	2,281	-	602	(949)	2,350
Finance cost	(5)	(2)	-	-	(1)	(8)
Profit/(loss) before taxation	411	2,279	-	602	(950)	2,342
Taxation	(129)	(616)	-	-	-	(745)
Net profit/(loss) after taxation	282	1,663	-	602	(950)	1,597
Segment assets	12,624	15,173	-	36,814	(32,184)	32,427
Unallocated corporate asset						1,110
						33,537
Segment liabilities	1,781	2,586	-	276	(295)	4,348

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2021

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

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 2020.

A11. Subsequent Events

On 14 April 2021, the Company announced that it had entered into a conditional share sale agreement (“SSA”) with Lu Eng Shean for the proposed disposal of 100% equity interest in Techfast Precision Sdn Bhd (“TPSB”) comprising 8,000,000 ordinary shares in TPSB for a disposal consideration of RM6,100,000 to be satisfied entirely by cash. On 2 August 2021, shareholders approved the proposed disposal of TPSB at an Extraordinary General Meeting held on the same date. This transaction was not yet completed as at the date of this report.

On 2 August 2021, the Company announced that it had incorporated a new wholly-owned subsidiary, Fast Solar Sdn Bhd (“Fast Solar”), with an issued capital of RM100,000 represented by 100,000 ordinary shares. The principal activities of Fast Solar are investment in solar, design, construction, operation and trading of any solar related products. As at the date of this report, Fast Solar had yet to commence operations.

At the Annual General Meeting held on 28 June 2021, shareholders had approved the change of company name from Techfast Holdings Berhad to Fast Energy Holdings Berhad. On 26 July 2021, the Company received the Notice of Registration of name change to Fast Energy Holdings Berhad and hence the change was effected on said date.

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.

A12. Changes in Composition of the Group

On 31 March 2021, the Company had entered into a share sale and purchase agreement with Richard Mak Yik Fun to dispose of its 100% equity interest in Oriem Technology Sdn Bhd (“Oriem”) comprising 1,500,000 ordinary shares in Oriem for a total cash consideration of RM900,000. This transaction was completed on 7 April 2021 and Oriem ceased to be a wholly-owned subsidiary of the Company.

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

A13. Contingent Liabilities

As at 30 June 2021, 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.

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.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2021

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

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)	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
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	3	28	4	28
Firms connected to directors				
Professional fee payable to:				
- Michael Lim & Co.	-	54	-	54

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 2021

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

B1. Review of Performance

2nd Quarter 2021 vs 2nd Quarter 2020

The Group revenue for the current quarter of RM73.53 million was significantly higher than the revenue of RM7.24 million recorded for the corresponding quarter in the previous year. The Group recorded a profit before taxation (“PBT”) of RM0.41 million for the second quarter ended 30 June 2021 compared to RM1.33 million during the corresponding quarter in the previous year. In the current quarter under review, the Group profit included RM0.28 million as share of profit in its associate company, CCK Petroleum Sdn Bhd (“CCKSB”) but was affected by expenses relating to corporate exercises and reduced interest income.

The self-clinching fastener (“SCF”) segment recorded revenue of RM3.56 million for the current quarter under review which was higher than RM2.38 million for the corresponding quarter in the previous year. The SCF segment made a loss before tax of RM0.32 million for the current quarter compared to a PBT of RM0.31 million in the corresponding quarter of the previous year. Financial performance of the SCF segment was affected by increase in raw materials cost impacting its profit margins despite higher sales turnover and increased costs of running the business.

The mould cleaning rubber sheets (“rubber sheets”) and LED epoxy encapsulant (“epoxy”) material segment recorded a PBT of RM0.82 million which was lower than RM1.26 million recorded in the corresponding quarter in the previous year. Total external sales revenue of RM4.91 million for the quarter under review was higher compared to RM4.61 million for the corresponding quarter last year. The segment recorded lower PBT despite higher sales turnover due to higher administrative and operating expenses. PBT was also affected by the cessation of Prihatin assistance from the government.

The oil bunkering business segment recorded PBT of RM0.33 million on the back of RM64.68 million in revenue. There were no comparative figures for the corresponding period in the previous year as the oil bunkering business commenced operations in December 2020.

Half year ended 30 June 2021 vs Half Year ended 30 June 2020

For the half year ended 30 June 2021, total turnover of the Group of RM85.96 million was significantly higher than the revenue of RM14.08 million recorded during the same period last year. The Group recorded a loss before taxation of RM0.94 million even after including the share of profit of CCKSB of RM0.28 million. The same corresponding period in the prior year recorded PBT of RM2.34 million. The results for the current half year was affected by the loss on disposal of Oriem Technology Sdn Bhd that was completed in April 2021.

The SCF segment made a loss before tax of RM0.52 million on revenue of RM6.43 million for the half year ended 30 June 2021. For the half year ended 30 June 2020, the SCF recorded PBT of RM0.41 million on sales revenue of RM5.19 million. Results were affected by higher direct costs impacting profit margins and higher operating and administrative expenses.

The rubber sheets and epoxy segment recorded higher external sales revenue of RM10.02 million for the half year ended 30 June 2021 compared to RM8.84 million for the same period in the previous year. For the half year ended 30 June 2021, PBT of RM1.32 million was lower than RM2.28 million recorded for the same period last year. The decrease in the PBT was partly due to cessation of Prihatin assistance from the government and higher operating and administrative costs to include testing for Covid and prevention of Covid in the factory.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2021

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)		
	30.06.2021	31.03.2021	
	RM'000	RM'000	chg
Revenue	73,528	12,428	491.6%
Operating expenses	(73,557)	(13,922)	
Operating loss	(29)	(1,494)	-98.1%
Other operating income	171	153	
	142	(1,341)	-110.6%
Finance costs	(7)	(8)	
Share of results of associate, net of tax	275	-	
Profit/(Loss) before taxation	410	(1,349)	-130.4%
Income tax expense	(301)	(198)	
Net profit/(loss) after taxation	109	(1,547)	-107.0%
Other comprehensive income:	-	-	
Total comprehensive income/(expense)	109	(1,547)	
Profit/(loss) attributable to:			
Owners of the Company	109	(1,547)	-107.0%
Total comprehensive income/(loss) attributable to:			
Owners of the Company	109	(1,547)	-107.0%

In the current quarter under review, the Group made PBT of RM0.41 million compared to a loss of RM1.35 million for the preceding quarter ended 31 March 2021. The Group results for the quarter included its share of profit from associate company, CCKSB, of RM0.28 million for the quarter.

For the current quarter, the SCF segment recorded revenue of RM3.56 million which was higher than RM2.87 million recorded in previous quarter ended 31 March 2021. The SCF segment made a loss before tax of RM0.32 million compared to a loss of RM0.21 million in the previous quarter. Higher loss despite higher sales revenue was mainly due to increase in raw materials and production costs that resulted in lower profit margins.

The rubber sheets and epoxy material segment recorded a PBT of RM0.81 million on sales revenue of RM4.90 million, which was higher than PBT of RM0.51 million on sales revenue of RM4.74 million recorded in the previous quarter ended 31 March 2021. PBT was higher in the current quarter under review due to marginally higher sales and lower maintenance expenses.

Oil bunkering segment contributed PBT of RM0.33 million in the current quarter compared to a loss of RM0.06 million in the March quarter.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2021

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 2021

Oil Bunkering, Vessel Chartering and Petroleum Trading Segment

In an effort to expand Fast Energy Group's revenue and profits as well as diversify its earnings base, the Fast Energy Group is diversifying its principal activities to include oil bunkering, vessel chartering and petroleum trading business, thereby reducing its reliance on its manufacturing business segment. This new business segment commenced operations under its wholly-owned subsidiary, Fast Energy Sdn Bhd ("FESB") in December 2020 and management hopes that this business will contribute to group profit going forward.

Additionally, the Company had also invested in a 35% equity stake in CCK Petroleum Sdn Bhd on 24 March 2021 which includes a profit guarantee. The Company's share of profit would amount to at least RM1.75 million for each of the two financial years.

Based on industry forecasts, maritime trade flows is expected to improve following global recovery from the health pandemic.

SCF Segment

The Group will be exiting the self-clinching fastener business following the completion of the share sale and purchase agreement for 100% equity interest in Techfast Precision Sdn Bhd ("TPSB"), a wholly-owned subsidiary of the Company. The shareholders had approved the proposed disposal of TPSB at an Extraordinary General Meeting held on 2 August 2021. This transaction is yet to be completed as at the date of this report.

Rubber Sheets and Epoxy Segment

This segment continue to experience price increases for its raw materials due to shortages of materials such as a curing agent required for use in the manufacturing process. This has impacted its finished goods from meeting customers' requirements. While management figures out a workaround, this may eventually results in loss of customers in China and Taiwan.

Additionally, logistics cost has increased due to use of air freight instead of sea freight. This has disrupted its supply chain in serving its customers located in China and Taiwan.

Management expects a challenging business operating environment for the remaining year 2021, despite covid-19 vaccine roll-outs worldwide. Business operational expenses have increased due to covid testing and prevention procedures put in place at its business premises.

Our Board anticipates the oil bunkering and petroleum trading business to potentially contribute 25% or more of the net operating profits of Fast Energy Group moving forward and the overall profitability of the Group to be satisfactory for the year 2021.

B4. Profit Forecast or Profit Guarantee

This is not applicable as no profit forecast was published.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2021

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

B5. Income Tax Expense

	(Unaudited)		(Unaudited)	
	3 months ended (Quarter)		6 months ended (Cumulative)	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	320	480	521	679
Deferred taxation	(19)	(36)	(21)	66
	<u>301</u>	<u>444</u>	<u>500</u>	<u>745</u>
Underprovision for tax in prior year	-	-	-	-
Total income tax expense	<u>301</u>	<u>444</u>	<u>500</u>	<u>745</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.

B6. Corporate Proposals

On 16 July 2021, a circular was distributed together with a Notice to an Extraordinary General Meeting ("EGM") to obtain the shareholders' approval for the following proposals:

- (i) a renounceable rights issue of up to 909,204,618 new ordinary shares in Fast Energy on the basis of 2 rights share for every 1 existing ordinary shares in Fast Energy Holdings Berhad ("Fast Share") held, together with up to 454,602,309 free detachable warrants in Fast Energy ("Warrant(s)") on the basis of 1 Warrant for every 2 Rights Shares subscribed for; and
- (ii) the Company had on 14 April 2021 entered into a conditional share sale agreement with Lu Eng Shean for the proposed disposal of its 100% equity interest in Techfast Precision Sdn Bhd ("TPSB"), comprising 8,000,000 ordinary shares in TPSB for a disposal consideration of RM6,100,000 to be satisfied entirely via cash.

The proposals above were approved by shareholders at the said EGM held on 2 August 2021 and have yet to be completed as at the date of this report.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2021

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

B7. Utilisation of Proceeds from Corporate Proposals

On 15 December 2020, the Company completed a private placement exercise for the issue of 22,814,847 new shares at an issue price of 43.72 sen per share. The total proceeds raised from the private placement amounted to RM9,974,651 and the proceeds are to be allocated and utilised in accordance with the approved utilisation plan. The status of the utilisation as at 30 June 2021 were as follows:

Purpose	Timeframe for Utilisation	Proposed Utilisation RM'000	Actual Utilisation RM '000	Balance to be Utilised RM '000
Working capital	Within 12 months from receipt of placement funds	9,874	5,071	4,803
Estimated expenses	Upon completion of exercise	100	100	-
Total		9,974	5,171	4,803

B8. Group Borrowings

	As at 30.06.2021 RM '000	As at 31.12.2020 RM '000
Finance lease liabilities		
Repayable within one year denominated in Ringgit Malaysia	88	188
Repayable after one year denominated in Ringgit Malaysia	427	21
	<u>515</u>	<u>209</u>

B9. 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.

B10. Dividend Policy

A dividend policy of the Company was established and took effect from the financial year ended 31 December 2017. Fast Energy 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 2021

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

B11. Earnings Per Share (“EPS”)

(a) Basic earnings / (loss) per share

	(Unaudited)		(Unaudited) (Audited)	
	3 months ended		6 Months Ended	
	(Quarter)		(Cumulative)	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Net profit/(loss) attributable to owners of the Company (RM '000)	109	890	(1,438)	1,597
Weighted average number of ordinary shares in issue ('000)	387,077	227,612	387,077	227,612
Basic earnings/(loss) per share (sen)	0.03	0.39	(0.37)	0.70

(b) Diluted earnings / (loss) per share

	3 months ended		6 Months Ended	
	(Quarter)		(Cumulative)	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Net profit/(loss) attributable to equity holders of the parent (RM '000)	109	890	(1,438)	1,597
Weighted average number of ordinary shares in issue ('000) - basic	387,077	228,148	387,077	228,148
Adjustment for ESOS ('000)	49,518	-	49,518	-
Weighted average number of ordinary shares for diluted earnings per share ('000)	436,595	228,148	436,595	228,148
Diluted earnings/(loss) per share (sen)	0.02	N/A	(0.33)	N/A

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2021

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

B12. 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) 6 Months Ended(Cumulative)	
	30.06.2021 RM'000	30.06.2020 RM'000	30.06.2021 RM'000	30.06.2020 RM'000
Interest income	3	267	5	312
Interest expense	(7)	(4)	(15)	(8)
Depreciation and amortisation	(259)	(230)	(511)	(453)
Provision for obsolete stocks	-	-	-	(93)
Impairment of assets	-	-	(725)	-
Foreign exchange gain/(loss)	76	(51)	172	295

By order of the Board

Tan Tong Lang
Company Secretary
Dated: 27 August 2021