

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 FOURTH QUARTER ENDED 31 DECEMBER 2021**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 DECEMBER 2021**

	(Unaudited) 3 months ended (Quarter)			(Unaudited) (Audited) 12 months ended (Cumulative)		
	31.12.2021 RM'000	31.12.2020 RM'000	% chg	31.12.2021 RM'000	31.12.2020 RM'000	% chg
Revenue	62,262	9,424	560.6%	194,696	22,284	773.7%
Operating expenses	(63,805)	(9,207)		(200,502)	(20,188)	
Operating profit/(loss)	(1,543)	217	-810.8%	(5,806)	2,096	-376.9%
Other operating income	(278)	(102)		145	440	
	(1,821)	115	-1678.5%	(5,661)	2,536	-323.2%
Share of profit from joint venture	307	-		307	-	
Share of results of associate company, net of tax	185	-		720	-	
Finance costs	(9)	(5)		(31)	(8)	
Profit/(Loss) before taxation from continuing operations	(1,338)	110	-1314.2%	(4,665)	2,528	-284.5%
Taxation	(87)	(368)		(738)	(1,223)	
Net profit/(loss) after tax from continuing operations	(1,425)	(258)		(5,403)	1,305	
(Loss)/Profit after tax from discontinuing operations	(58)	(117)		(277)	771	
Net profit/(loss) after taxation	(1,483)	(375)	452.7%	(5,680)	2,076	-373.6%
Other comprehensive income:	-	-		-	-	
Total comprehensive income/(expense)	(1,483)	(375)		(5,680)	2,076	
Profit/(loss) attributable to:						
Owners of the Company	(1,483)	(375)	295.5%	(5,680)	2,076	-373.6%
Total comprehensive income/(loss) attributable to:						
Owners of the Company	(1,483)	(375)	295.5%	(5,680)	2,076	-373.6%
Earnings/(loss) per share attributable to owners of the						
Basic (sen)	(0.36)	(0.16)		(1.38)	0.91	
Diluted (sen)	(0.30)	N/A		(1.14)	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 31 DECEMBER 2021**

	(Unaudited) As at 31.12.2021 RM'000	(Audited) As at 31.12.2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	4,490	7,288
Investment in associate	26,970	-
Other investment	40	62
Right-of-use asset	328	507
Goodwill on acquisition	363	363
	<u>32,191</u>	<u>8,220</u>
Current assets		
Inventories	1,172	4,902
Trade and other receivables	51,214	11,497
Amount owing by associated company	10,920	-
Amount owing by joint venture partner	16,186	-
Tax recoverable	301	401
Fixed deposits with licensed banks	2,051	1,070
Cash and bank balances	9,321	17,028
	<u>91,165</u>	<u>34,898</u>
TOTAL ASSETS	<u>123,356</u>	<u>43,118</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	116,754	39,920
Discount on equity	(5,336)	-
Warrant reserve	5,336	-
Accumulated losses	(8,240)	(2,560)
Total equity	<u>108,514</u>	<u>37,360</u>
Non-current liabilities		
Finance lease liabilities	851	21
Lease liability	306	477
Deferred taxation	130	541
	<u>1,287</u>	<u>1,039</u>
Current liabilities		
Trade and other payables	13,341	4,302
Finance lease liabilities	177	188
Tax payable	37	229
	<u>13,555</u>	<u>4,719</u>
Total liabilities	<u>14,842</u>	<u>5,758</u>
TOTAL EQUITY AND LIABILITIES	<u>123,356</u>	<u>43,118</u>
Net assets per share attributable to equity holders of the parent (sen)	<u>26.4</u>	<u>9.1</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.)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 DECEMBER 2021**

	Share Capital RM'000	Treasury Shares RM'000	Discount on Equity RM'000	Warrant Reserve 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	-	-	-	-	2,076	2,076
Resale of treasury shares	-	218	-	-	105	323
Dividends paid	-	-	-	-	(2,281)	(2,281)
Issue of shares	9,974	-	-	-	-	9,974
Balance as at 31 December 2020	39,920	-	-	-	(2,560)	37,360
Balance at 1 January 2021	39,920	-	-	-	(2,560)	37,360
Net loss for the period	-	-	-	-	(5,680)	(5,680)
Rights issue	20,927	-	-	-	-	20,927
Warrants issue	-	-	(5,336)	5,336	-	-
Share options vested	93	-	-	-	-	93
Issue of new shares	55,814	-	-	-	-	55,814
Balance as at 31 December 2021	116,754	-	(5,336)	5,336	(8,240)	108,514

(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 YEAR ENDED 31 DECEMBER 2021**

	(Unaudited) 12 Months Ended 31.12.2021 RM'000	(Audited) 12 Months Ended 31.12.2020 RM'000
Cash Flows From Operating Activities		
Profit/(Loss) before taxation		-
- Continuing operations	(4,665)	2,528
- Discontinuing operations	(236)	924
<u>Adjustments for:</u>		
Non-cash items	2,901	1,878
Non-operating items	(58)	(84)
Operating profit/(Loss) before working capital changes	(2,058)	5,246
<u>Changes in working capital:</u>		
Net change in current assets	(68,613)	(2,575)
Net change in current liabilities	10,723	175
Cash generated from/(used in) operations	(59,948)	2,846
Tax (paid)/refunded	(1,379)	(1,533)
Net cash generated from/(used in) operating activities	(61,327)	1,313
Cash Flows From Investing Activities		
Placement of deposits more than 3 months	(1)	-
Proceeds from disposal of plant and equipment	-	4
Rental income	41	-
Interest received:	-	-
- Continuing operations	17	84
- Discontinuing operations	1	-
Purchase of property, plant and equipment	(1,780)	(459)
Acquisition of stake in associate company	(26,250)	-
Proceeds from disposal of subsidiary company	5,136	-
Withdrawal/(Placement) of fixed deposits pledged	-	328
Net cash used in investing activities	(22,836)	(43)
Cash Flow From Financing Activities		
Proceeds from resale of treasury shares	-	323
Proceeds from issue of new shares	76,740	9,975
Net increase/(Repayment) of hire purchase creditors	812	(225)
Interest paid	-	(4)
Repayment of lease liability	(171)	(60)
Dividends paid	-	(2,281)
Net cash generated from financing activities	77,381	7,728
NET INCREASE/(DECREASE) CASH AND CASH EQUIVALENTS	(6,782)	8,998
Effects of exchange rate changes	355	1
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR	17,728	8,729
CASH AND CASH EQUIVALENTS AS AT END OF YEAR	11,301	17,728
<u>Cash and cash equivalents comprise:</u>		
Deposits with licensed banks	2,051	1,070
Cash and bank balances	9,321	17,028
	11,372	18,098
Less : Fixed deposits pledged to a licensed bank	(71)	-
Deposits with maturity period of more than three months	-	(370)
	11,301	17,728

(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 – 31 DECEMBER 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 2020 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 2020.

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 – 31 DECEMBER 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 17 December 2021, the Company issued 174,388,993 new ordinary shares under the rights issue corporate exercise as disclosed in Item B6: Corporate Proposals.

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 – 31 DECEMBER 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	Consolidation entries	Consolidation
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
12 Months Ended 31.12.2021						
External sales	-	19,178	175,518	-	-	194,696
Inter-segment revenue	-	377	-	1,500	(1,877)	-
Total	-	19,555	175,518	1,500	(1,877)	194,696
Operating segment profit/(loss)	-	1,950	197	(6,062)	(1,746)	(5,661)
Share of profit from joint venture	-	-	307	-	-	307
Share of results of associate, net of tax	-	-	-	-	720	720
Finance cost	-	(9)	-	(22)	-	(31)
Profit/(loss) before taxation	-	1,941	504	(6,084)	(1,026)	(4,665)
Taxation	-	(555)	(183)	-	-	(738)
Net profit/(loss) after taxation from continuing operations	-	1,386	321	(6,084)	(1,026)	(5,403)
Loss after tax from discontinuing operations						(277)
Profit/(loss) after taxation						(5,680)
Segment assets	-	12,437	76,002	117,476	(82,922)	122,993
Unallocated corporate asset						363
						123,356
Segment liabilities	-	4,116	55,668	745	(45,687)	14,842
12 Months Ended 31.12.2020						
External sales	-	18,201	4,017	66	-	22,284
Inter-segment revenue	-	1,539	-	8,340	(9,879)	-
Total	-	19,740	4,017	8,406	(9,879)	22,284
Operating segment profit/(loss)	-	4,743	13	2,356	(4,576)	2,536
Finance cost	-	(4)	-	(4)	-	(8)
Profit/(loss) before taxation	-	4,739	13	2,352	(4,576)	2,528
Taxation	-	(1,223)	-	-	-	(1,223)
Net profit/(loss) after taxation from continuing operations	-	3,516	13	2,352	(4,576)	1,305
Loss after tax from discontinuing operations						771
Profit/(loss) after taxation						2,077
Segment assets	15,645	13,569	6,620	46,610	(39,689)	42,755
Unallocated corporate asset						363
						43,118
Segment liabilities	5,911	4,429	6,507	629	(11,718)	5,758

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2021

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

A9. Segmental Information (cont'd)

On 12 November 2021, the disposal of 100% shareholdings in Techfast Precision Sdn Bhd (“TPSB”) was completed and it ceased to be a subsidiary of the Company. The results of TPSB was reported under discontinuing operations pursuant to MFRS 5.

The results of the discontinuing operations are as follows:

	12 months ended (Cumulative)		
	31.12.2021	31.12.2020	%
	RM'000	RM'000	chg
Revenue	11,495	10,863	5.8%
Operating expenses	(11,996)	(10,268)	
Operating profit/(loss)	(501)	595	-184.2%
Other operating income	269	339	
	(232)	934	-124.8%
Finance costs	(4)	(10)	
Profit/(Loss) before taxation from discontinuing operations	(236)	924	-125.5%
Taxation	(41)	(153)	
Net profit/(loss) after tax from discontinuing operations	(277)	771	-135.9%

The loss after tax of RM277,000 from the discontinuing operations for the financial year ended 31 December 2021 is attributable entirely to the owners of the Company. The disposal of discontinuing operations resulted in a loss of RM3.04 million which was accounted for in the previous quarter as an impairment loss on assets-held-for-sale.

Net cash flows from discontinuing operations are as follows:

	12 Months Ended	
	31.12.2021	31.12.2020
	RM'000	RM'000
Net Cash Flows:		
Operating activities	(3,838)	5,866
Investing activities	-	(132)
Financing activities	(134)	(1,146)
	(3,971)	4,588

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.

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2021

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

A11. Subsequent Events

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 11 November 2021, the Company received the full proceeds for the disposal of Techfast Precision Sdn Bhd (“TPSB”) and it ceased to be a subsidiary of the Company.

On 28 December 2021, the Company increased its investments in two of its wholly-owned subsidiary companies, Fast Energy Sdn Bhd (“FESB”) and Fast Solar Sdn Bhd (“FSSB”) from RM100,000 for both companies to RM20,000,000 and RM2,000,000 respectively.

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

A13. Contingent Liabilities

There were no contingent liabilities as at the end of the quarter under review.

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:

	<u>3 months ended (Quarter)</u>		<u>12 months ended (Cumulative)</u>	
	<u>31.12.2021</u>	<u>31.12.2020</u>	<u>31.12.2021</u>	<u>31.12.2020</u>
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	11	1	47	43
Firm connected to a director				
Professional fee payable to:				
- Michael Lim & Co.	-	-	-	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 – 31 DECEMBER 2021

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

A16. Provision of Financial Assistance

Pursuant to paragraph 8.23 (2)(e) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company wishes to announce that it had provided financial assistance in the form of advances to its associate company, CCK Petroleum Sdn Bhd (“CCK”) during the fourth quarter ended 31 December 2021.

As at 31 December 2021, advances amounting to a total of RM10.92 million was provided as financial assistance to CCK by the Company. This was provided in the ordinary course of business and to facilitate the running of the operations and affairs of CCK for the petroleum trading business.

This financial assistance does not have any material effect on the earnings per share, net assets per share and gearing of the Company and its subsidiaries.

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2021

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

B1. Review of Performance

4th Quarter 2021 vs 4th Quarter 2020

The Group revenue for the current quarter of RM62.26 million was significantly higher than the revenue of RM9.42 million recorded for the corresponding quarter in the previous year. The Group recorded a loss before taxation from continuing operations of RM1.34 million compared to a profit before tax (“PBT”) of RM0.11 million in the corresponding quarter last year. Loss for the current quarter under review was largely due to higher overhead operating expenses.

Discontinued operations posted a marginal loss after tax of RM0.06 million for the quarter under review compared to net loss of RM0.12 million in the previous corresponding quarter. The results are attributable to higher operating costs, which is in line with the divestment strategy for the self-clinching fastener business.

The mould cleaning rubber sheets (“rubber sheets”) and LED epoxy encapsulant (“epoxy”) material segment recorded a PBT of RM0.16 million which was lower than RM1.43 million recorded in the corresponding quarter in the previous year. The segment recorded lower PBT due to overall increase in administrative expenses.

The oil bunkering business segment recorded loss before tax of RM0.14 million on the back of RM57.40 million in revenue compared to a marginal PBT of RM0.01 million for the corresponding quarter last year. The loss reported in the current quarter was partly due to the unrealised foreign exchange loss and operating expenses. Operating expenses in the corresponding quarter last year were only preliminary business expenses.

Full Year 2021 vs Full Year 2020

For the financial year ended (“FYE”) 31 December 2021, total turnover of the Group was RM194.70 million. This was significantly higher than RM22.28 million for the prior year and increase in turnover was attributable to the oil bunkering business which reported a full year’s operations compared with half a month’s operations last year when it commenced operations in mid-December 2020. However, the Group posted loss before taxation from continuing business of RM4.67 million compared to PBT of RM2.53 million for last year. Losses before taxation was arrived at after accounting for share of results from associate company of RM0.72 million. Group loss was mainly attributable to one-off losses on disposal of wholly-owned subsidiaries, Oriem and TPSB of RM3.11 million coupled with higher overhead operating expenses.

The discontinued SCF business posted a net loss after tax of RM0.28 million for the financial year ended (“FYE”) 31 December 2021 compared to a profit after tax of RM0.77 million for prior year. The loss incurred was due to higher operations costs and Covid-related expenses.

The rubber sheets and epoxy segment recorded higher external sales revenue of RM19.18 million for the FYE 31 December 2021 compared to RM18.20 million for the previous year. This business segment posted PBT of RM1.94 million which was lower than RM4.74 million recorded for the prior year. Lower PBT for the current year under review despite higher revenue was partly due to higher distribution costs, administrative expenses and increased operating expenses for Covid-related expenditure.

The oil bunkering business recorded PBT of RM0.50 million for the year compared to RM0.01 million last year. Last year’s results comprised only half a month’s operations when it commenced operations in mid-December 2020.

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 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)		
	31.12.2021	30.09.2021	
	RM'000	RM'000	chg
Revenue	62,262	52,913	17.7%
Operating expenses	(63,805)	(56,032)	
Operating loss	(1,543)	(3,119)	-50.5%
Other operating income	(278)	254	
	(1,821)	(2,865)	-36.4%
Share of profit from joint venture	307	-	
Share of results of associate, net of tax	185	261	
Finance costs	(9)	(9)	
Loss before taxation	(1,338)	(2,613)	-48.8%
Income tax expense	(87)	(149)	
Loss after taxation from continuing operations	(1,425)	(2,762)	-48.8%
Loss after tax from discontinuing operations	(58)	4	
Net loss after taxation	(1,483)	(2,758)	-46.2%
Other comprehensive income:	-	-	
Total comprehensive loss	(1,483)	(2,758)	
Loss attributable to:			
Owners of the Company	(1,483)	(2,758)	-46.2%
Total comprehensive loss attributable to:			
Owners of the Company	(1,483)	(2,758)	-46.2%

In the current quarter under review, the Group made loss before taxation from continuing operations of RM1.34 million compared to loss of RM2.61 million for the prior quarter ended 30 September 2021. Loss for the current quarter was mainly due to higher overhead operating expenses and professional fees in relation to the corporate exercises undertaken by the Company.

The rubber sheets and epoxy material segment recorded a profit before taxation ("PBT") of RM0.16 million which was lower than PBT of RM0.47 million for the previous quarter ended 30 September 2021. PBT was lower quarter on quarter mainly due to higher selling and distribution costs coupled with higher administrative expenses.

The oil bunkering business segment posted loss before tax of RM0.14 million in the current quarter compared to a PBT of RM0.37 million in the September quarter. The segment recorded a loss before tax despite higher quarterly revenue of RM57.71 million compared to RM48.61 million in the previous quarter due to unfavourable foreign exchange movements and higher operating expenses.

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 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 2022

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.

The recent increase in oil prices results in higher working capital requirements from oil bunkering players as supply needs to be secured at higher cost. This also dampens the profitability for this business segment. However, with the inflow of funds from the rights issue, Management will be able to utilise the proceeds as working capital to fund a larger supply volume for our customers.

Taking into consideration the growing demand for marine fuel oils as global trade and shipping activities gain momentum following reopening of economies, Management is cautiously optimistic on the overall prospects of this business segment barring any unforeseen circumstances.

Renewable Energy Segment

On 2 August 2021, Fast Solar Sdn Bhd ("Fast Solar") was incorporated as a wholly-owned subsidiary with issued and paid-up capital of RM2,000,000. The intended principal activities of Fast Solar are investment in solar, design, construction and operation of solar and trading of any solar related products. Fast Solar has yet to commence operations as at 31 December 2021.

On 7 October 2021, Fast Solar had entered into Solar Power Purchase Agreement with Volta Energy Sdn Bhd, Apex Office Furniture Exporter Sdn Bhd, Apex Office Furniture Sdn Bhd where Fast Solar has agreed to engage Volta Energy to construct a solar photovoltaic system and supply electricity for an initial purchase period of 25 years.

Construction of the solar photovoltaic system has been completed and handed over on 26 January 2022 and the business commenced operations henceforth.

Rubber Sheets and Epoxy Segment

With the pandemic still affecting travel plans, this business segment continue to struggle with providing onsite support to customers. There is increased competition from suppliers in China and Taiwan who have been slowly gaining market share from us. Materials shortages persist, driving up cost while logistics costs are still elevated due to the use of air freight instead of sea freight. Operationally, employee turnover has increased, which in turn, impacts productivity for the company.

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2021

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

B4. Profit Forecast or Profit Guarantee

This is not applicable as no profit forecast was published.

B5. Income Tax Expense

	3 months ended (Quarter)		12 months ended(Cumulative)	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	96	367	782	1,219
Deferred taxation	(9)	1	(28)	23
	<u>87</u>	<u>368</u>	<u>754</u>	<u>1,242</u>
Overprovision for tax in prior year	-	-	(16)	(19)
Total income tax expense	<u>87</u>	<u>368</u>	<u>738</u>	<u>1,223</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 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 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.

On 12 November 2021, the share sale agreement for the disposal of 100% equity interest in TPSB comprising 8,000,000 ordinary shares was completed. TPSB ceased to be a subsidiary of the Company.

On 17 December 2021, it was announced that 174,388,993 new ordinary shares and 87,194,496 warrants were issued pursuant to the renounceable rights issue.

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 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 31 December 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	9,874	-
Estimated expenses	Upon completion of exercise	100	100	-
Total		9,974	9,974	-

On 22 March 2021, the Company completed a private placement for the issue of 23,441,860 new shares at an issue price of 43 sen per share. The total proceeds raised from the private placement amounted to RM10,080,000. These proceeds were fully utilised as part settlement for the purchase of 175,000 ordinary shares in CCK Petroleum Sdn Bhd ("CCKSB"), representing 35% equity interest in CCKSB.

On 17 December 2021, the Company raised RM20,926,679 from the issue of 174,388,993 new ordinary shares at 12 sen from the renounceable rights issue as mentioned in Item B6. The utilisation of these proceeds as at 31 December 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 funds	20,535	18,600	1,935
Estimated expenses	Upon completion of exercise	392	392	-
Total		20,927	18,992	1,935

B8. Group Borrowings

	As at 31.12.2021 RM '000	As at 31.12.2020 RM '000
Finance lease liabilities		
Repayable within one year denominated in Ringgit Malaysia	177	188
Repayable after one year denominated in Ringgit Malaysia	851	21
	<u>1,028</u>	<u>209</u>

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2021

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

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.

B11. Earnings Per Share (“EPS”)

(a) Basic earnings / (loss) per share

	3 months ended (Quarter)		12 Months Ended (Cumulative)	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Net profit/(loss) attributable to owners of the Company (RM '000)	(1,483)	(375)	(5,680)	2,076
Weighted average number of ordinary shares in issue ('000)	411,773	228,879	411,773	228,879
Basic earnings/(loss) per share (sen)	(0.36)	(0.16)	(1.38)	0.91

(b) Diluted earnings / (loss) per share

	3 months ended (Quarter)		12 Months Ended (Cumulative)	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Net profit/(loss) attributable to equity holders of the parent (RM '000)	(1,483)	(375)	(5,680)	2,076
Weighted average number of ordinary shares in issue ('000) - basic	411,773	228,879	411,773	228,879
Adjustment for warrants ('000)	87,194	-	87,194	-
Weighted average number of ordinary shares for diluted earnings per share ('000)	498,967	228,879	498,967	228,879
Diluted earnings/(loss) per share (sen)	(0.30)	N/A	(1.14)	N/A

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 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:

	3 months ended (Quarter)		12 Months Ended(Cumulative)	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Interest income	16	52	33	193
Interest expense	(13)	(3)	(44)	(14)
Depreciation and amortisation	(359)	(260)	(1,370)	(945)
Provision for obsolete stocks	-	-	-	(238)
Gain/(Loss) on disposal of quoted/unquoted investments	(3,035)	-	(3,738)	-
Impairment of assets	-	747	-	747
Foreign exchange gain/(loss)	(145)	(89)	324	110

By order of the Board

Tan Tong Lang
Company Secretary
Dated: 28 February 2022