

TECHFAST HOLDINGS BERHAD

(Company No.: 647820-D)

Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2014**

	(Unaudited)		(Unaudited)	
	3 months ended (Quarter)		9 months ended (Cumulative)	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RM'000	RM'000	RM'000	RM'000
Revenue	5,396	5,509	15,505	15,268
Operating expenses	(4,507)	(4,672)	(13,251)	(13,792)
Other operating income	262	145	525	466
	1,151	982	2,779	1,942
Finance costs	(6)	(8)	(20)	(28)
Profit/(Loss) before taxation	1,145	974	2,759	1,914
Income tax expense	(312)	(332)	(828)	(497)
Net profit after taxation	833	642	1,931	1,417
Other comprehensive income:	-	-	-	-
Total comprehensive income	833	642	1,931	1,417
Profit attributable to:				
Owners of the Company	268	363	465	598
Non-controlling interests	565	279	1,466	819
	833	642	1,931	1,417
Total comprehensive income attributable to:				
Owners of the Company	268	363	465	598
Non-controlling interests	565	279	1,466	819
	833	642	1,931	1,417
Earnings per share attributable to owners of the parent:				
Basic (sen)	0.17	0.23	0.30	0.38
Diluted (sen)	NA	NA	NA	NA

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.)

TECHFAST HOLDINGS BERHAD

(Company No.: 647820-D)

Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2014**

	(Unaudited) As at 30.09.2014 RM'000	(Audited) As at 31.12.2013 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	8,538	9,413
Goodwill on acquisition	1,110	1,110
	<u>9,648</u>	<u>10,523</u>
Current assets		
Inventories	2,858	3,141
Trade and other receivables	7,199	6,310
Tax recoverable	42	25
Fixed deposits with licensed banks	2,053	2,052
Short term investment	6,806	7,975
Cash and bank balances	3,189	3,014
	<u>22,147</u>	<u>22,517</u>
TOTAL ASSETS	<u>31,795</u>	<u>33,040</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	15,591	15,591
Treasury shares	(416)	(72)
Share premium	9,978	9,978
Accumulated losses	(821)	(522)
	<u>24,332</u>	<u>24,975</u>
Non-controlling interests	<u>4,420</u>	<u>3,355</u>
Total equity	<u>28,752</u>	<u>28,330</u>
Non-current liabilities		
Hire purchase creditors	379	512
Deferred taxation	847	847
	<u>1,226</u>	<u>1,359</u>
Current liabilities		
Trade and other payables	1,506	3,164
Hire purchase creditors	174	170
Tax payable	137	17
	<u>1,817</u>	<u>3,351</u>
Total liabilities	<u>3,043</u>	<u>4,710</u>
TOTAL EQUITY AND LIABILITIES	<u>31,795</u>	<u>33,040</u>
Net assets per share attributable to equity holders of the parent (sen)	<u>15.7</u>	<u>16.2</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2014

	← Attributable to Equity Holders of the Parent →						Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	<u>Distributable</u> Retained Earnings/ (Accumu- lated Losses) RM'000	<u>Distributable</u> Total RM'000	Non- Controlling Interests RM'000	
Balance at 1 January 2013	15,591	-	9,978	(478)	25,091	4,547	29,638
Net profit/(loss) for the period	-	-	-	598	598	819	1,417
Other comprehensive income	-	-	-	-	-	-	-
Purchase of own shares	-	(24)	-	-	(24)	-	(24)
Dividends paid to non- controlling interests	-	-	-	(780)	(780)	(1,100)	(1,880)
Balance as at 30 September 2013	15,591	(24)	9,978	(660)	24,885	4,266	29,151
Balance at 1 January 2014	15,591	(72)	9,978	(522)	24,975	3,355	28,330
Net profit/(loss) for the period	-	-	-	465	465	1,466	1,931
Other comprehensive income	-	-	-	-	-	-	-
Dividends paid	-	-	-	(764)	(764)	(401)	(1,165)
Purchase of own shares	-	(344)	-	-	(344)	-	(344)
Balance as at 30 September 2014	15,591	(416)	9,978	(821)	24,332	4,420	28,752

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.)

TECHFAST HOLDINGS BERHAD

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014**

	(Unaudited)	
	9 Months Ended	
	30.09.2014	30.09.2013
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before taxation	2,759	1,914
<u>Adjustments for:</u>		
Non-cash items	824	850
Non-operating items	(224)	(209)
Operating profit before working capital changes	<u>3,359</u>	<u>2,555</u>
<u>Changes in working capital:</u>		
Net change in current assets	(489)	(556)
Net change in current liabilities	(1,659)	538
Cash generated from operations	<u>1,211</u>	<u>2,537</u>
Interest paid	(20)	(28)
Tax (paid)/refunded	(725)	(363)
Net cash generated from operating activities	<u>466</u>	<u>2,146</u>
Cash Flows From Investing Activities		
Proceeds from disposal of plant and equipment	-	122
Interest received	225	209
Purchase of property, plant and equipment	(45)	(154)
Net cash generated from investing activities	<u>180</u>	<u>177</u>
Cash Flow From Financing Activities		
Purchase of own shares	(343)	(24)
Net repayment of hire purchase creditors	(129)	(123)
Dividends paid	(1,166)	(1,880)
Drawdown/(Repayment) of term loans	-	(187)
Net cash used in financing activities	<u>(1,638)</u>	<u>(2,214)</u>
NET INCREASE/(DECREASE) CASH AND CASH EQUIVALENTS	(992)	109
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR	<u>12,989</u>	<u>12,806</u>
CASH AND CASH EQUIVALENTS AS AT END OF YEAR	<u>11,997</u>	<u>12,915</u>
<u>Cash and cash equivalents comprise:</u>		
Fixed deposits with licensed banks	2,053	3,634
Short term investment	6,806	5,589
Cash and bank balances	3,189	3,743
	<u>12,048</u>	<u>12,966</u>
Less : Fixed deposits pledged to licensed banks	(51)	(51)
	<u>11,997</u>	<u>12,915</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.)

TECHFAST HOLDINGS BERHAD

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NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2014

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

A1. Basis of Preparation

The interim financial report is unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134 : “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board (“MASB”) and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the ACE Market (“ACE LR”).

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying notes attached to the interim financial reports. These explanatory notes attached to the interim financial statements 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 2013.

A2. Changes in Accounting Policies

The significant accounting policies and methods of computation adopted for this interim financial report are consistent with those of the audited financial statements for the financial year ended 31 December 2013 except for the following MFRS, Amendments to MFRSs and Issues Committee (“IC”) Interpretations that were issued but not yet effective:

Effective for financial periods beginning on or after 1 January 2014

Amendments to MFRS 10	Consolidated Financial Statements: Investment Entities
Amendments to MFRS 12	Disclosure of Interest in Other Entities: Investment Entities
Amendments to MFRS 127	Separate Financial Statements (2011): Investment Entities
Amendments to MFRS 132	Offsetting of Financial Assets and Financial Liabilities
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

Effective for financial periods beginning on or after 1 July 2014

Amendments to MFRS 119	Defined Benefit Plans: Employee Contribution
Annual improvements to MFRSs 2010 – 2012 Cycle	
Annual improvements to MFRSs 2011 – 2013 Cycle	

A3. Auditor’s Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the financial year ended 31 December 2013 was not qualified.

A4. Comments about Seasonal or Cyclical Factors

The business of the Group is generally not affected by seasonal and cyclical factors.

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.

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NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2014

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

A6. Changes in Estimates

There were no changes in the estimates of amounts reported that have a material effect on the results in the current quarter under review.

A7. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter ended 30 September 2014.

A8. Dividend Paid

No dividend was paid during the current quarter under review.

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
9 Months Ended 30.09.2014					
Revenue from external customers	5,413	9,900	192	-	15,505
Inter-segment revenue	-	3,023	1,076	(4,099)	-
Total segment revenue	<u>5,413</u>	<u>12,923</u>	<u>1,268</u>	<u>(4,099)</u>	<u>15,505</u>
Operating segment profit/(loss)	(321)	3,778	(261)	(417)	2,779
Finance cost	(11)	(9)	-	-	(20)
Profit/(loss) before taxation	(332)	3,769	(261)	(417)	2,759
Income tax	-	(828)	-	-	(828)
Net profit/(loss) after taxation	<u>(332)</u>	<u>2,941</u>	<u>(261)</u>	<u>(417)</u>	<u>1,931</u>

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 2013.

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NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2014

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

A11. Subsequent Events

On 16 October 2014, the shareholders of Techfast have approved the proposed acquisition of 40% equity interest in each of the Company's 50%-owned entities, namely Cape Technology Sdn Bhd ("Cape") and Oriem Technology Sdn Bhd ("Oriem"), for a total cash consideration of up to RM12.16 million. The proposed acquisition was completed on 17 November 2014.

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 15 August 2014, Techfast International Sdn Bhd ("TISB") and Techfast Technologies Sdn Bhd ("TTSB"), both which are wholly-owned subsidiaries of the Company, had received notices for striking off pursuant to Section 308 (4) of the Companies Act, 1965 from Suruhanjaya Syarikat Malaysia that TISB and TTSB had both been struck off the Registrar of Companies.

TISB was incorporated on 10 July 2006 and ceased operations during the financial year ended 31 December 2009 and have since remained dormant. TTSB was incorporated on 26 August 2005 and ceased operations during the financial year ended 31 December 2011 and have since remained dormant.

Both companies have since ceased to be subsidiary companies of the Group.

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

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NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2014

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

A15. Significant Related Party Transactions

	<u>3 months ended</u> <u>(Quarter)</u> <u>30.09.2014</u> RM'000	<u>9 months ended</u> <u>(Cumulative)</u> <u>30.09.2014</u> RM'000
Significant Related Party Transactions		
Professional fees paid to firms connected to directors of the Company		
Michael Lim & Co.		
- Professional fee	-	58
ML Taxation Services Sdn. Bhd.		
- Professional fee	22	22
A.T. Aun & Associates		
- Professional fee	11	21

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.

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NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2014

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

B1. Review of Performance

3rd Quarter 2014 vs 3rd Quarter 2013

The Group recorded revenue of RM5.40 million for the current quarter with an unaudited profit before taxation of RM1.15 million. The revenue was roughly in line compared to RM5.51 million recorded during the corresponding quarter in the previous year. Profit before taxation of RM1.15 million was higher than RM0.97 million recorded in the corresponding quarter in the previous year, mainly due to the continued improvement in the semi conductor industry despite marginal losses in the self-clinching fastener (“SCF”) segment of the Group.

For the current quarter, the SCF segment made a loss before tax of RM0.09 million compared to a small profit before tax of RM0.14 million in the corresponding quarter in the previous year. The SCF segment made a small loss in the quarter under review due to lower project based orders.

The mould cleaning rubber sheets (“rubber sheets”) and LED epoxy encapsulant (“epoxy”) materials segment recorded a profit before taxation of RM1.44 million which was higher than RM0.92 million recorded in the corresponding quarter in the previous year. The better performance this quarter was due to the continued improvement in the semi conductor business which has reflected positively for subsidiary companies, Cape and Oriem.

3rd Quarter 2014 YTD vs 3rd Quarter 2013 YTD

For the nine months period ended 30 September 2014, total turnover of the Group of RM15.51 million was marginally higher compared to RM15.27 million recorded during the same period last year. The Group recorded a profit before taxation of RM2.76 million for the period ended 30 September 2014 which was higher than RM1.91 million recorded during the same period in the prior year, due to improved performance from the rubber sheets and epoxy segment

The SCF segment made a loss before taxation of about RM0.33 million for the period ended 30 September 2014 compared to marginal profit of RM0.04 million for the period ended 30 September 2013. The results in the period ended 30 September 2014 worsened due to lower orders from its main customer based in the United States of America.

The rubber sheets and epoxy segment recorded higher profit before taxation of RM3.77 million for the nine months period ended 30 September 2014 compared to RM2.18 million during the same period last year. This segment delivered improved results in the nine months period under review mainly due to continued pick up of business in the semi conductor industry which led to increased sales volume of rubber sheets, especially to China and Taiwan.

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

In the current quarter under review, the Group made a profit before taxation of RM1.15 million compared to RM0.88 million in the preceding quarter ended 30 June 2014. The Group performance was marginally quarter-to-quarter mainly due to the some improved results across some business segments of the Group which was partially offset by one off expenses for the voluntary general offer corporate exercise.

B3. Current Year’s Prospects

Based on the current economic conditions and barring unforeseen circumstances, the Group is expected to turn in positive results overall for the year 2014 as the rubber sheets and epoxy businesses are expected to perform well amidst the continued upward trend of the semi conductor industry. The fasteners segment is expected to make a loss for the year due to poor demand.

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NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2014

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)		9 months ended (Cumulative)	
	30.09.2014 RM'000	30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
Current tax:				
Malaysian income tax	344	332	861	497
Under/(Over)provision of tax	(32)	-	(33)	-
Total income tax expense	<u>312</u>	<u>332</u>	<u>828</u>	<u>497</u>

B6. Corporate Proposals

There were no other corporate proposals other than that explained in item A11 Subsequent Events that were announced but not yet completed as at the date of this report.

B7. Group Borrowings

	As at 30.09.2014 RM '000	As at 31.12.2013 RM '000
Hire purchase creditors		
Repayable within one year denominated in Ringgit Malaysia	174	170
Repayable after one year denominated in Ringgit Malaysia	<u>379</u>	<u>512</u>
	<u>553</u>	<u>682</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. Proposed Dividend

There was no dividend proposed during the current quarter ended 30 September 2014.

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NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2014**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

	3 months ended (Quarter)		9 Months Ended (Cumulative)	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
Net profit attributable to owners of the Company (RM '000)	268	363	465	598
Weighted average number of ordinary shares in issue ('000)	154,491	155,912	154,491	155,912
Basic earnings per share (sen)	0.17	0.23	0.30	0.38

(b) Diluted earnings per share

The fully diluted earnings per share for the Group is not presented as there were no potential dilutive ordinary 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:

	3 months ended (Quarter)		9 Months Ended (Cumulative)	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RM'000	RM'000	RM'000	RM'000
Interest income	78	77	225	209
Interest expense	(6)	(8)	(20)	(28)
Depreciation and amortisation	(303)	(324)	(918)	(1,027)
Gain/(Loss) on disposal of properties, plant and equipment	(1)	(2)	(2)	44
Foreign exchange gain/(loss)	141	173	370	299

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NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2014

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

B12. Realised and Unrealised Profit / Losses

The breakdown of accumulated losses of the Group as at the reporting date, into realised and unrealised profits is as follows:

	(Unaudited) As at 30.09.2014 RM '000	(Audited) As at 31.12.2013 RM '000
Total accumulated losses of the Company and its subsidiaries		
Realised	9,566	9,374
Unrealised	110	(574)
	<u>9,676</u>	<u>8,800</u>
Less: Consolidation adjustments	(10,497)	(9,322)
	<u>(821)</u>	<u>(522)</u>
Total accumulated losses as per consolidated accounts	<u>(821)</u>	<u>(522)</u>

Dated: 25 November 2014