

TECHFAST HOLDINGS BERHAD

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

TECHFAST HOLDINGS BERHAD

Registration No.: 200401009317 (647820-D)

Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	(Unaudited)			(Unaudited)	(Audited)		
	3 months ended (Quarter)			12 months ended (Cumulative)			
	31.12.2020	31.12.2019	%	31.12.2020	31.12.2019		%
	RM'000	RM'000	chg	RM'000	RM'000	chg	
Revenue	12,464	7,754	60.7%	33,147	29,529	12.3%	
Operating expenses	(12,425)	(6,527)		(30,481)	(24,787)		
Operating profit	39	1,227	-96.8%	2,666	4,742	-43.8%	
Other operating income	(33)	59		803	287		
	6	1,286	-99.5%	3,469	5,029	-31.0%	
Finance costs	(7)	(5)		(18)	(23)		
Profit/(Loss) before taxation	(1)	1,281	-100.1%	3,451	5,006	-31.1%	
Taxation	(373)	(389)		(1,375)	(1,501)		
Net profit/(loss) after taxation	(374)	892	-141.9%	2,076	3,505	-40.8%	
Other comprehensive income:	-	-		-	-		
Total comprehensive income/(expense)	(374)	892		2,076	3,505		
Profit/(loss) attributable to:							
Owners of the Company	(374)	892	-141.9%	2,076	3,505	-40.8%	
Total comprehensive income/(loss) attributable to:							
Owners of the Company	(374)	892	-141.9%	2,076	3,505	-40.8%	
Earnings/(loss) per share attributable to owners of the parent:							
Basic (sen)	(0.16)	0.39		0.91	1.54		
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 31 DECEMBER 2020**

	(Unaudited) As at 31.12.2020 RM'000	(Audited) As at 31.12.2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	7,288	7,825
Other investment	62	62
Right-of-use asset	507	-
Goodwill on acquisition	363	1,110
	<u>8,220</u>	<u>8,997</u>
Current assets		
Inventories	4,903	5,040
Trade and other receivables	11,491	8,884
Tax recoverable	401	124
Fixed deposits with licensed banks	1,070	3,058
Short term investment	-	3,388
Cash and bank balances	17,028	2,981
	<u>34,893</u>	<u>23,475</u>
TOTAL ASSETS	<u>43,113</u>	<u>32,472</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	39,920	29,946
Treasury shares	-	(218)
Reserves	106	-
Accumulated losses	(2,665)	(2,460)
Total equity	<u>37,361</u>	<u>27,268</u>
Non-current liabilities		
Finance lease liabilities	23	209
Lease liability	477	-
Deferred taxation	541	510
	<u>1,041</u>	<u>719</u>
Current liabilities		
Trade and other payables	4,296	4,133
Finance lease liabilities	186	211
Tax payable	229	141
	<u>4,711</u>	<u>4,485</u>
Total liabilities	<u>5,752</u>	<u>5,204</u>
TOTAL EQUITY AND LIABILITIES	<u>43,113</u>	<u>32,472</u>
Net assets per share attributable to equity holders of the parent (sen)	<u>16.4</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 YEAR ENDED 31 DECEMBER 2020**

	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 2019	29,946	-	-	(3,692)	26,254
Net profit for the year	-	-	-	3,505	3,505
Purchase of own shares	-	(218)	-	-	(218)
Dividends paid	-	-	-	(2,273)	(2,273)
Balance as at 31 December 2019	29,946	(218)	-	(2,460)	27,268
Balance at 1 January 2020	29,946	(218)	-	(2,460)	27,268
Net profit for the year	-	-	-	2,076	2,076
Dividends paid	-	-	-	(2,281)	(2,281)
Resale of treasury shares	-	218	106	-	324
Private placement of new shares	9,974	-	-	-	9,974
Balance as at 31 December 2020	39,920	-	106	(2,665)	37,361

(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 CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	(Unaudited) 12 Months Ended 31.12.2020 RM'000	(Audited) 12 Months Ended 31.12.2019 RM'000
Cash Flows From Operating Activities		
Profit before taxation	3,451	5,006
<u>Adjustments for:</u>		
Non-cash items	2,118	1,021
Non-operating items	(84)	(112)
Operating profit before working capital changes	5,485	5,915
<u>Changes in working capital:</u>		
Net change in current assets	(2,800)	(3,185)
Net change in current liabilities	163	577
Repayment of lease liabilities	(60)	-
Cash generated from operations	2,788	3,307
Tax (paid)/refunded	(1,534)	(1,524)
Net cash generated from operating activities	1,254	1,783
Cash Flows From Investing Activities		
Withdrawal of deposits more than 3 months	330	-
Proceeds from disposal of plant and equipment	4	18
Interest received	84	112
Purchase of property, plant and equipment	(459)	(546)
Placement of fixed deposits pledged	(2)	(92)
Net cash used in investing activities	(43)	(508)
Cash Flow From Financing Activities		
Purchase of own shares	-	(218)
Proceeds from resale of treasury shares	323	-
Proceeds from private placement shares	9,974	-
Net repayment of hire purchase creditors	(224)	(202)
Interest paid	(4)	(22)
Dividends paid	(2,281)	(2,273)
Net cash generated from/(used in) financing activities	7,788	(2,715)
NET INCREASE/(DECREASE) CASH AND CASH EQUIVALENTS	8,999	(1,440)
Effects of exchange rate changes	-	7
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR	8,729	10,162
CASH AND CASH EQUIVALENTS AS AT END OF YEAR	17,728	8,729
<u>Cash and cash equivalents comprise:</u>		
Deposits with licensed banks	1,070	3,058
Short term investment	-	3,388
Cash and bank balances	17,028	2,981
	18,098	9,427
Less : Fixed deposits pledged to a licensed bank	(70)	(68)
Deposits with maturity period of more than three months	(300)	(630)
	17,728	8,729

(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 – 31 DECEMBER 2020

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 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 – 31 DECEMBER 2020

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

A4. Comments about Seasonal or Cyclical Factors

The fasteners and bunkering business segments of the Group are generally not affected by seasonal and cyclical factors. However, the mould cleaning rubber sheets segment sells its products to customers in the semi-conductor and manufacturing industries. Therefore, the performance of this division is dependent 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

On 15 December 2020, the Company completed a private placement exercise for the issue of 22,814,847 new shares at the price of 43.72 sen per share. The shares were listed and quoted on the ACE Market of Bursa Malaysia Securities Berhad on said day.

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 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	Bunkering, vessel chartering and petroleum trading	Investment Holding	Elimination	Consolidation
12 Months Ended	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>31.12.2020</u>						
External sales	10,863	18,201	4,017	66	-	33,147
Inter-segment revenue	-	1,539	-	8,340	(9,879)	-
Total	10,863	19,740	4,017	8,406	(9,879)	33,147
Operating segment profit/(loss)	333	4,743	13	6,356	(7,976)	3,469
Finance cost	(9)	(4)	-	(5)	-	(18)
Profit/(loss) before taxation	324	4,739	13	6,351	(7,976)	3,451
Taxation	(152)	(1,223)	-	-	-	(1,375)
Net profit/(loss) after taxation	172	3,516	13	6,351	(7,976)	2,076
Segment assets	15,639	13,569	6,620	50,610	(43,688)	42,750
Unallocated corporate asset						363
						43,113
Segment liabilities	5,905	4,429	6,507	629	(11,718)	5,752
<u>31.12.2019</u>						
External sales	11,573	17,824	-	132	-	29,529
Inter-segment revenue	-	1,522	-	3,440	(4,962)	-
Total	11,573	19,346	-	3,572	(4,962)	29,529
Operating segment profit/(loss)	1,277	4,270	-	1,425	(1,943)	5,029
Finance cost	(15)	(8)	-	-	-	(23)
Profit/(loss) before taxation	1,262	4,262	-	1,425	(1,943)	5,006
Taxation	(365)	(1,136)	-	-	-	(1,501)
Net profit/(loss) after taxation	897	3,126	-	1,425	(1,943)	3,505
Segment assets	12,414	14,995	-	36,069	(32,116)	31,362
Unallocated corporate asset						1,110
						32,472
Segment liabilities	1,852	3,172	-	455	(275)	5,204

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2020

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 2019.

A11. Subsequent Events

On 9 January 2021, the Company announced the following corporate proposals:

- (i) private placement of 75,288,900 new ordinary shares in Techfast Holdings Berhad ("Techfast" or "the Company"), representing approximately 30% of the total issued shares of Techfast at an issue price of RM0.375 per share to identified investors;
- (ii) acquisition of 175,000 ordinary shares in CCK Petroleum Sdn Bhd ("CCKSB"), representing 35.0% equity interest in CCKSB from Kuah Choon Ching for a purchase consideration of RM26,250,000 to be satisfied via a combination of RM16,170,000 in cash and RM10,080,000 via the issuance of 23,441,860 new ordinary shares in the Company at an issue price of RM0.43 per share;
- (iii) diversification of the existing principal activities of Techfast and its subsidiaries to include trading of petroleum products, oil bunkering and other related activities; and
- (iv) establishment of an employees' share option scheme ("ESOS") of up to 30% of the total issued shares of Techfast (excluding treasury shares, if any) at any point in time over the duration of the ESOS for the eligible directors and employees.

On 8 February 2021, the Company received approval to proceed with the abovementioned corporate proposals vide a letter received from Bursa Malaysia, subject to certain conditions.

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 2 November 2020, the Company incorporated a new wholly-owned subsidiary, Fast Energy Sdn Bhd ("FESB") (Registration No. 202001035281 (1391602-T)) with an issued and paid-up capital of RM100,000 comprising 100,000 ordinary shares.

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

A13. Contingent Liabilities

As at 31 December 2020, 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.

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2020

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

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:

Related Party Transactions	(Unaudited)		(Unaudited)	
	3 months ended (Quarter)		12 months ended (Cumulative)	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Company connected to a director				
Professional fee payable to:				
- ML Taxation Services Sdn Bhd	1	-	43	43
Firms connected to directors				
Professional fee payable to:				
- Michael Lim & Co.	-	-	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 – 31 DECEMBER 2020

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

B1. Review of Performance

4th Quarter 2020 vs 4th Quarter 2019

The Group revenue for the current quarter of RM12.46 million was 60.7% higher than RM7.75 million recorded for the corresponding quarter in the previous year. The marginal loss before taxation for the quarter ended 31 December 2020 was 100.1% lower compared to profit before taxation (“PBT”) of RM1.28 million during the corresponding quarter in the previous year. In the current quarter under review, the Group profit was affected by a goodwill impairment loss of RM0.75 million on one of its wholly-owned subsidiary company, Oriem Technology Sdn Bhd (“Oriem”).

The self-clinching fastener (“SCF”) segment recorded revenue of RM3.04 million for the current quarter under review compared to RM2.59 million for the corresponding quarter in the previous year. The SCF segment made a loss of RM0.17 million for the current quarter compared to a PBT of RM0.21 million in the corresponding quarter of the previous year. Loss was due to lower gross profit margins from higher direct costs and higher operating expenses.

The mould cleaning rubber sheets (“rubber sheets”) and LED epoxy encapsulant (“epoxy”) material segment recorded a PBT of RM1.48 million which was higher than RM1.25 million recorded in the corresponding quarter in the previous year. Total sales revenue of RM5.83 million for the quarter under review was higher compared to RM5.58 million for the corresponding quarter last year. Results were improved due to higher sales of rubber sheets.

The oil bunkering business segment started operations in December 2020 and recorded sales revenue of RM4.0 million with PBT of RM0.01 million.

Full Year 2020 vs Full Year 2019

For the year ended 31 December 2020, total turnover of the Group of RM33.15 million was 12.3% higher compared to RM29.53 million recorded last year. The Group recorded a PBT of RM3.45 million for the year ended 31 December 2020 which was 31.1% lower than RM5.01 million recorded in the prior year, mainly due to lower profit margins from higher operating costs and goodwill impairment loss of RM0.75 million on Oriem.

The SCF segment made a PBT of RM0.32 million on the back of RM10.86 million of sales revenue for the year ended 31 December 2020. For the year ended 31 December 2019, the SCF segment recorded PBT of RM1.26 million on sales revenue of RM11.57 million. Results were lower than last year due to the lower sales as the fastener business environment was affected by the pandemic. The pandemic also brought on higher direct costs and provision for stock write-offs which further dampened profit margins.

The rubber sheets and epoxy segment recorded higher external sales revenue of RM18.20 million for the year ended 31 December 2020 compared to RM17.82 million in the previous year. Improved sales were mainly for rubber sheets as demand came from China and Taiwan. For the year ended 31 December 2020, PBT of RM4.74 million was higher than RM4.26 million recorded last year. The higher PBT was largely in line with increase in sales turnover of rubber sheets.

The oil bunkering segment commenced business operations in December 2020 and recorded sales revenue of RM4.0 million with PBT of RM0.01 million.

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 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)		
	31.12.2020	30.09.2020	%
	RM'000	RM'000	chg
Revenue	12,464	6,606	88.7%
Operating expenses	(12,425)	(5,664)	
Operating profit	39	942	-95.9%
Other operating income	(33)	171	
	6	1,113	-99.5%
Finance costs	(7)	(3)	
Profit/(Loss) before taxation	(1)	1,110	-100.1%
Income tax expense	(373)	(256)	
Net profit/(loss) after taxation	(374)	854	-143.8%
Other comprehensive income:	-	-	
Total comprehensive income/(expense)	(374)	854	
Profit/(loss) attributable to:			
Owners of the Company	(374)	854	-143.8%
Total comprehensive income/(loss) attributable to:			
Owners of the Company	(374)	854	-143.8%

In the current quarter under review, the Group made a marginal loss which was 100.1% lower than PBT of RM1.11 million for the preceding quarter ended 30 September 2020. In the current quarter under review, the Group profit was affected by a goodwill impairment loss of RM0.75 million on Oriem.

For the current quarter, the SCF segment recorded revenue of RM3.04 million which was higher than RM2.63 million recorded in previous quarter ended 30 September 2020. The SCF segment made a loss of RM0.17 million compared to a PBT of RM0.08 million in the previous quarter. Loss was due to higher direct costs and higher operating expenses.

The rubber sheets and epoxy material segment recorded a PBT of RM1.48 million on sales revenue of RM5.83 million, which was higher than PBT of RM0.98 million on sales revenue of RM4.33 million recorded in the previous quarter ended 30 September 2020. Results were improved quarter-on-quarter due to higher sales.

Oil bunkering segment contributed RM4.0 million in revenue in the current quarter when it commenced business operations in December 2020 with PBT of RM0.01 million.

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 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 2021

SCF Segment

This pandemic has severely affected the domestic and export sales especially to the USA, which is our largest market for the SCF business segment. The Company is facing increasing cost pressure and the shortage of skilled labour and management expects a challenging business environment going forward in the year 2021.

Rubber Sheets and Epoxy Segment

The export sales of rubber sheets have steadily increasing to China and Taiwan. Domestic sales also saw an uptick in the second half of 2020 compared to the earlier half when movement control orders were stricter. This could be due to customers stock piling their orders in fear of the inability to obtain stocks if there are any further strict movement control orders. However, management is uncertain how long this trend would continue for the time being.

As the pandemic has restricted traveling movements, there is the threat that the Company might lose customers to Chinese competitors who are able to offer physical technical support and assistance to customers.

The epoxy business segment, on the other hand, has experienced a major slow down in demand. Management expects the business to deteriorate further as the pandemic is not contained.

Oil Bunkering, Vessel Chartering and Petroleum Trading Segment

In an effort to expand Techfast Group's revenue and profits as well as diversify its earnings base, the Techfast Group intends to diversify its principal activities to include new 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.

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

The Board had also proposed the acquisition of 35% equity interest in CCK Petroleum Sdn Bhd which will contribute to the profitability of the Group as well.

B4. Profit Forecast or Profit Guarantee

This is not applicable as no profit forecast was published.

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2020

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)		12 months ended (Cumulative)	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	365	403	1,361	1,457
Deferred taxation	8	(14)	31	8
	<u>373</u>	<u>389</u>	<u>1,392</u>	<u>1,465</u>
Underprovision for tax in prior year	-	-	(17)	36
Total income tax expense	<u>373</u>	<u>389</u>	<u>1,375</u>	<u>1,501</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

Corporate proposals announced on 9 January 2021 that have yet to be completed have been disclosed under item A11 Subsequent Events of this report.

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 2020 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	-

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2020

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

B8. Group Borrowings

	As at 31.12.2020 RM '000	As at 31.12.2019 RM '000
Finance lease liabilities		
Repayable within one year denominated in Ringgit Malaysia	186	211
Repayable after one year denominated in Ringgit Malaysia	23	209
	<u>209</u>	<u>420</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. 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.

B11. Earnings Per Share (“EPS”)

(a) Basic earnings / (loss) per share

	(Unaudited) 3 months ended (Quarter)		(Unaudited) (Audited) 12 Months Ended (Cumulative)	
	<u>31.12.2020</u>	<u>31.12.2019</u>	<u>31.12.2020</u>	<u>31.12.2019</u>
Net profit/(loss) attributable to owners of the Company (RM '000)	(374)	892	2,076	3,505
Weighted average number of ordinary shares in issue ('000)	228,879	227,648	228,879	227,648
Basic earnings/(loss) per share (sen)	(0.16)	0.39	0.91	1.54

(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.

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2020

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)		(Unaudited)	
	3 months ended (Quarter)		12 Months Ended(Cumulative)	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Interest income	52	90	193	244
Interest expense	(3)	(5)	(14)	(23)
Depreciation and amortisation	(260)	(221)	(945)	(854)
Provision for obsolete stocks	-	(67)	(238)	(67)
Impairment of assets	747	-	747	-
Foreign exchange gain/(loss)	(89)	(56)	110	(143)

By order of the Board
 Dated: 25 February 2021