

**TECHBOND GROUP BERHAD**

(Company No. 1190604-M)  
(Incorporated in Malaysia)



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 31 MARCH 2019 <sup>(1)</sup>**

	Individual quarter		Cumulative quarter	
	Current year quarter 31/03/2019 RM'000	Preceding year quarter 31/03/2018 <sup>(2)</sup> RM'000	Current year- to-date 31/03/2019 RM'000	Preceding year-to-date 31/03/2018 <sup>(2)</sup> RM'000
<b>Revenue</b>	17,117	N/A	61,217	N/A
Cost of sales	(12,836)	N/A	(45,345)	N/A
<b>Gross profit</b>	4,281	N/A	15,872	N/A
Other income	383	N/A	1,923	N/A
Administration expenses <sup>(3)</sup>	(2,249)	N/A	(7,899)	N/A
Distribution expenses	(595)	N/A	(1,455)	N/A
Other expenses	(426)	N/A	(1,276)	N/A
<b>Profit before tax</b>	1,394	N/A	7,165	N/A
Tax expense	(355)	N/A	(2,185)	N/A
<b>Profit for the period</b>	1,039	N/A	4,980	N/A
<b>Other comprehensive income, net of tax:-</b>				
<b>Item that may be reclassify subsequently to profit or loss</b>				
Foreign currency translation differences	(504)	N/A	385	N/A
<b>Total comprehensive income for the period</b>	535	N/A	5,365	N/A
Earnings per share				
- Basic (sen)	0.45	N/A	3.21	N/A
- Diluted (sen) <sup>(4)</sup>	0.45	N/A	3.21	N/A

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### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 31 MARCH 2019 (continued) <sup>(1)</sup>

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Accountant's Report as disclosed in the Prospectus of the Company dated 13 November 2018 and the accompanying explanatory notes attached to the interim financial report.
- (2) No comparative figures for the preceding year as the Group was only formed on 7 September 2018.
- (3) Administration expenses included one-off non-recurring listing expenses of RM2.60 million. For illustration purposes only, the Group's normalised financial performance after adjusting for the one-off non-recurring listing expenses is as follow:-

	<b>Current year- to-date 31/03/2019 RM'000</b>	<b>Individual quarter Preceding year-to- date 31/03/2018<sup>(2)</sup> RM'000</b>	<b>Current year- to-date 31/03/2019 RM'000</b>	<b>Cumulative quarter Preceding year- to-date 31/03/2018<sup>(2)</sup> RM'000</b>
Profit before tax	1,394	N/A	7,165	N/A
Add: Listing expenses	298	N/A	2,601	N/A
Adjusted profit before tax	<u>1,692</u>	<u>N/A</u>	<u>9,766</u>	<u>N/A</u>

- (4) Diluted EPS is equivalent to the basic EPS as the Company does not have any convertible securities as at the end of the financial period under review.
- N/A Not applicable

**TECHBOND GROUP BERHAD**

(Company No. 1190604-M)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019<sup>(1)</sup>**

	Unaudited As at 31/03/2019 RM'000	Audited As at 30/06/2018 <sup>(2)</sup> RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	18,142	N/A
Land use rights	6,613	N/A
Other receivables	200	N/A
<b>Total non-current assets</b>	<b>24,955</b>	<b>N/A</b>
<b>Current assets</b>		
Inventories	26,342	N/A
Trade receivables	13,673	N/A
Other receivables	3,255	N/A
Tax recoverable	177	N/A
Fixed deposits with licensed banks	15,627	N/A
Cash and bank balances	49,776	N/A
<b>Total current assets</b>	<b>108,850</b>	<b>N/A</b>
<b>TOTAL ASSETS</b>	<b>133,805</b>	<b>N/A</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	139,807	N/A
Merger deficits	(78,938)	N/A
Exchange translation reserve	5,184	N/A
Retained earnings	61,960	N/A
<b>Total equity</b>	<b>128,013</b>	<b>N/A</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Deferred tax liabilities	723	N/A
Deferred income	41	N/A
<b>Total non-current liabilities</b>	<b>764</b>	<b>N/A</b>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019  
(continued) <sup>(1)</sup>**

	Unaudited As at 31/03/2019 RM'000	Audited As at 30/06/2018 <sup>(2)</sup> RM'000
<b>Current liabilities</b>		
Trade payables	3,431	N/A
Other payables	908	N/A
Tax payables	644	N/A
Deferred income	45	N/A
<b>Total current liabilities</b>	<b>5,028</b>	<b>N/A</b>
<b>Total liabilities</b>	<b>5,792</b>	<b>N/A</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>133,805</b>	<b>N/A</b>
Net assets per share (RM) <sup>(3)</sup>	0.56	N/A

## Notes:

- (1) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Accountant's Report as disclosed in the Prospectus of the Company dated 13 November 2018 and the accompanying explanatory notes attached to the interim financial report.
- (2) No comparative figures for the preceding year and preceding quarter as the Group was only formed on 7 September 2018.
- (3) Based on the issued and paid up share capital of 230,000,000 ordinary shares as at 31 March 2019.

## TECHBOND GROUP BERHAD

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### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 31 MARCH 2019<sup>(1)</sup>

	← Non-distributable →			Distributable	
	Share capital RM'000	Merger deficits RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 July 2018	_(2)	-	-	(231)	(231)
Adjustment pursuant to acquisitions	22,999	-	4,799	57,211	85,009
Profit of the financial period	-	-	-	4,980	4,980
Other comprehensive income, net of tax	-	-	385	-	385
<b>Total comprehensive income</b>	<b>22,999</b>	<b>-</b>	<b>5,184</b>	<b>62,191</b>	<b>90,374</b>
Transactions with owners:-					
Issuance of new ordinary shares	141,606	-	-	-	141,606
Share issuance expenses	(1,799)	-	-	-	(1,799)
Acquisition of subsidiaries	(22,999)	(78,938)	-	-	(101,937)
<b>Total transactions with owners</b>	<b>116,808</b>	<b>(78,938)</b>	<b>-</b>	<b>-</b>	<b>37,870</b>
<b>Balance as at 31 March 2019</b>	<b>139,807</b>	<b>(78,938)</b>	<b>5,184</b>	<b>61,960</b>	<b>128,013</b>

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Accountant's Report as disclosed in the Prospectus of the Company dated 13 November 2018 and the accompanying explanatory notes attached to the interim financial report.
- (2) Represents an amount of RM2.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE THIRD QUARTER ENDED  
31 MARCH 2019<sup>(1)</sup>**

	<b>Current year- to-date 31/03/2019 RM'000</b>	<b>Preceding year-to-date 31/03/2018<sup>(2)</sup> RM'000</b>
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	7,165	N/A
<b>Adjustments for:-</b>		
Amortisation of deferred income	(33)	N/A
Amortisation of land use rights	72	N/A
Depreciation of property, plant and equipment	940	N/A
Interest income	(990)	N/A
Inventories written off	1	N/A
Unrealised loss on foreign exchange	591	N/A
Impairment loss on trade receivables	307	N/A
Operating profit before working capital changes	8,053	N/A
Changes in working capital:-		
Inventories	(1,272)	N/A
Receivables	4,660	N/A
Payables	(7,688)	N/A
Cash generated from operations	3,753	N/A
Tax paid	(2,226)	N/A
Interest received	990	N/A
Net cash flows from operating activities	2,517	N/A
<b>INVESTING ACTIVITIES</b>		
Proceeds from issuance of shares	37,870	N/A
Purchase of property, plant and equipment	(2,194)	N/A
Net cash flows from investing activities	35,676	N/A
<b>CASH AND CASH EQUIVALENTS</b>		
Net changes	38,193	N/A
Effect of foreign currency translation differences	(466)	N/A
At beginning of financial period <sup>(3)</sup>	27,676	N/A
At end of financial period	65,403	N/A

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE THIRD QUARTER ENDED 31 MARCH 2019 (continued)<sup>(1)</sup>**

	<b>Current year- to-date 31/03/2019 RM'000</b>	<b>Preceding year-to-date 31/03/2018<sup>(2)</sup> RM'000</b>
<b>Cash and cash equivalents at the end of the financial period comprises:-</b>		
Cash and bank balances	49,776	N/A
Fixed deposits with licensed banks	15,627	N/A
	<u>65,403</u>	<u>N/A</u>

**Notes:**

- (1) The Unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Accountant's Report as disclosed in the Prospectus of the Company dated 13 November 2018 and the accompanying explanatory notes attached to the interim financial report.
  - (2) No comparative figures for the preceding year as the Group was only formed on 7 September 2018.
  - (3) Kindly refer to cash and cash equivalents as at 30 June 2018, as disclosed in the Combined Statements of Financial Position of the Accountant's Report as disclosed in the Prospectus of the Company dated 13 November 2018.
- N/A Not applicable.

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING****A1. Basis of Preparation**

The interim financial report of the Group is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) (“Listing Requirements”).

This is the third interim financial report on the Company’s consolidated results for the third quarter ended 31 March 2019 announced in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year’s corresponding period.

This interim financial report should be read in conjunction with the Accountants’ Report as disclosed in the Prospectus of the Company dated 13 November 2018 and the accompanying explanatory notes attached to this interim financial report.

**A2. Significant Accounting Policies**

The accounting policies adopted by the Group in the interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2018, except for the adoption of the following new and revised MFRSs, Amendments to MFRSs and IC interpretations.

*MFRS, Amendments to MFRSs and IC Interpretation effective 1 January 2019:-*

MFRS 16	Leases
Amendments to MFRS 9*	Financial Instruments: Prepayment Features with Negative Compensation
Amendments to MFRS 119*	Post-employment Benefits: Defined Benefits Plans
Amendments to MFRS 128*	Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
IC Interpretation 23*	Uncertainty Over Income Tax Treatments
Annual improvements to MFRS Standards 2015 – 2017 Cycle*	

*Amendments to References to the Conceptual Framework on MFRS Standards effective 1 January 2020:-*

Amendments to MFRS 3*	Business Combinations
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to Reference to the Conceptual Framework on MFRS Standards (MFRS 2*, 3*, 6*, 14*, 101, 108, 134*, 137, 138* and IC Interpretation 12*, 19*, 20*, 22 and 132*)	



**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (cont'd)****A2. Significant Accounting Policies (cont'd)**MFRS effective 1 January 2021:-

MFRS 17\* Insurance Contracts

Amendments to MFRSs - effective date deferred indefinitely:-

MFRS 10 and 128\* Consolidated Financial Statements and Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

\* Not applicable to Group's operation

The Group is in the process of assessing the impact of implementing these Standards and Amendments to the Standards, since the effects would only be observable for the future financial years.

**A3. Auditors' Report**

No Group audited financial statements was prepared for the financial year ended 30 June 2018 as the Group was only formed on 7 September 2018.

**A4. Seasonal or Cyclical Factors**

The business operations of the Group were not materially affected by any seasonal and cyclical factors during the current quarter and financial year-to-date under review.

**A5. Material Unusual Items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the current quarter and financial year-to-date under review except for the one-off cost related to listing expenses amounting to approximately RM4.4 million where approximately RM1.80 million was deducted from the share capital account and the balance of approximately RM2.60 million was charged to the statement of profit or loss of the Group.

**A6. Material Changes in Estimates**

There were no changes in estimates that have a material effect in the current quarter and financial period under review.

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (cont'd)**

**A7. Debt and equity securities**

There were no issuance, cancellation, repurchase, resale or repayment of debt and equity securities for the current quarter and financial year-to-date under review save as disclosed below:-

**(i) Acquisitions**

We have entered into 4 conditional SPAs in relation to the Acquisitions on 20 December 2017. Further details of the Acquisitions are set out in the ensuing paragraphs.

**(a) Acquisition of Techbond International Sdn Bhd and its subsidiary (“Techbond International Group”)**

The Acquisition of Techbond International Group involves the acquisition by Techbond Group Berhad of the entire issued share capital of Techbond International comprising 2,000,000 Techbond International shares for a purchase consideration of RM2,125,170 satisfied by the issuance of 3,541,952 new shares.

The Acquisition of Techbond International Group was completed on 3 September 2018.

**(b) Acquisition of Techbond Manufacturing Sdn Bhd (“Techbond Manufacturing”)**

The Acquisition of Techbond Manufacturing involves the acquisition by Techbond Group Berhad of the entire issued share capital of Techbond Manufacturing comprising 20,000,000 Techbond Manufacturing shares for a purchase consideration of RM70,245,320 satisfied by the issuance of 117,075,530 new shares.

The Acquisition of Techbond Manufacturing was completed on 3 September 2018.

**(c) Acquisition of Techbond Sabah Sdn Bhd (“Techbond Sabah”)**

The Acquisition of Techbond Sabah involves the acquisition by Techbond Group Berhad of the entire issued share capital of Techbond Sabah comprising 50,000 Techbond Sabah shares for a purchase consideration of RM993,144 satisfied by the issuance of 1,655,242 new shares.

The Acquisition of Techbond Sabah was completed on 3 September 2018.

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### PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (cont'd)

#### A7. Debt and equity securities (cont'd)

##### (d) Acquisition of Techbond Vietnam Co., Ltd. ("Techbond Vietnam")

The Acquisition of Techbond Vietnam involves the acquisition by Techbond Group Berhad of the entire paid-in capital of Techbond Vietnam of USD300,000 for a purchase consideration of RM28,573,365 satisfied by the issuance of 47,622,274 new shares.

The Acquisition of Techbond Vietnam was completed on 7 September 2018.

##### (ii) Initial Public Offering

On 13 November 2018, the Company issued its prospectus and undertook a public issue of 60,105,000 new ordinary shares of RM0.66 each ("**Public Issue Shares**"), representing approximately 26.13% of the Company's enlarged issued share capital to be allocated in the following manner:-

- (a) 11,500,000 Public Issue Shares available for application by Malaysian citizens, companies, societies, co-operatives and institutions;
- (b) 6,000,000 Public Issue Shares available for application by the eligible directors and employees of the Group and other persons who have contributed to the success of the Group;
- (c) 23,000,000 Public Issue Shares available for application by way of private placement to Bumiputera investors approved by the Ministry of International Trade and Industry, Malaysia; and
- (d) 19,605,000 Public Issue Shares available for application by way of private placement to selected investors.

##### (iii) Listing

The Company's entire enlarged issued share capital of RM141,606,300.80 comprising of 230,000,000 ordinary shares was listed on the Main Market of Bursa Securities on 5 December 2018.

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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (cont'd)****A8. Dividend Paid**

No dividend was paid during the current quarter and financial period under review.

**A9. Segmental information**

The Group's operating segments are adhesives, sealants and supporting products and services. These operating segments are required to be organised and managed for the purpose of making decisions about resource allocation and performance assessment. The segmental results are as follows:-

	Individual quarter		Cumulative quarter	
	Current year quarter 31/03/2019 RM'000	Preceding year quarter 31/03/2018 <sup>(1)</sup> RM'000	Current year- to-date 31/03/2019 RM'000	Preceding year- to-date 31/03/2018 <sup>(1)</sup> RM'000
<b>Revenue</b>				
Adhesives	16,393	N/A	57,910	N/A
Sealants	92	N/A	1,060	N/A
Supporting products and services	632	N/A	2,247	N/A
	<b>17,117</b>	<b>N/A</b>	<b>61,217</b>	<b>N/A</b>
<b>Profit before tax</b>				
Adhesives	1,618	N/A	9,388	N/A
Sealants	8	N/A	113	N/A
Supporting products and services	66	N/A	265	N/A
Others <sup>(2)</sup>	(298)	N/A	(2,601)	N/A
	<b>1,394</b>	<b>N/A</b>	<b>7,165</b>	<b>N/A</b>

Notes:

(1) No comparative figures for the preceding year as the Group was only formed on 7 September 2018.

(2) One off non-recurring listing expenses.

N/A Not applicable.

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (cont'd)**

**A10. Property, plant and equipment**

(i) Acquisitions and disposals

There were no material acquisitions and disposals during the current quarter and financial year-to-date under review.

(ii) Impairment losses

There were no impairment losses during the current quarter and financial year-to-date under review.

(iii) Valuation

The Group has not carried out any valuation on its property, plant and equipment during the current quarter and financial year-to-date under review.

**A11. Material Events Subsequent to the end of the Quarter**

There were no material events subsequent to the end of the current quarter and financial year under review that have not been reflected in the interim financial report.

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

There were no changes in the composition of the Group during the current quarter under review.

**A13. Contingent liabilities and contingent assets**

There were no material contingent liabilities or contingent assets to be disclosed as at the date of this interim financial report.

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### PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (cont'd)

#### A14. Material Capital Commitment

The capital commitments of the Group as at the end of the quarter under review were as follows:-

	RM'000
Setting up the VSIP2 factory complex	
- Authorised but not contracted for	14,566
- Authorised and contracted for	7,915
Expansion of facilities in Shah Alam factory complex	
- Authorised but not contracted for	877
- Authorised and contracted for	1,490
	<u>24,848</u>

#### A15. Significant related party transactions

Significant related party transactions in the current quarter and current year-to-date are as follows:-

	Current year quarter 31/03/2019 RM'000	Current year- to-date 31/03/2019 RM'000
Rental expenses charged by a company in which the Directors have interests	21	63
Rental income charged to a company in which the Directors have interests	(*)	(1)

\*Amount below RM 1,000

#### A16. Fair Value of Financial Liabilities

There were no gains or losses arising from fair value changes of the Group's financial liabilities for the current quarter and financial period under review.

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS****B1. Review of Performance**

The Group recorded revenue of RM17.12 million and profit before tax (“PBT”) of RM1.39 million for the current quarter after a one-off charge of the listing expenses amounting to approximately RM0.30 million. The Group’s revenue mainly driven from manufacture of industrial adhesives comprising water-based adhesives and hot melt adhesives, which accounted for RM12.45 million and RM3.94 million of the total revenue. The main contributor of water-based adhesives was woodworking application whereas the main driver of hot melt adhesives was paper and packaging application. The total industrial adhesives contributed RM16.39 million of the Group’s total revenue and RM1.62 million of the Group’s PBT for the current quarter. The Group’s remaining revenue was derived from sealants and supporting products and services.

For the financial year under review, the Group recorded revenue of approximately RM61.22 million and profit before tax of approximately of RM7.17 million after a one-off charge of the listing expenses amounting to approximately RM2.60 million. The Group’s revenue mainly driven from manufacture of industrial adhesives comprising water-based adhesives and hot melt adhesives, which accounted for RM41.02 million and RM16.88 million of the total revenue. The main contributor of water-based adhesives was woodworking application whereas the main driver of hot melt adhesives was paper and packaging application. The total industrial adhesives contributed RM57.91 million of the Group’s total revenue and RM9.39 million of the Group’s PBT for the current quarter. The Group’s remaining revenue was derived from sealants and supporting products and services.

There are no comparative figures for the preceding year’s corresponding quarter as these are the third interim financial statements on the consolidated results for the third quarter ended 31 March 2019 being announced by the Company in compliance with the Listing Requirements.

**B2. Comparison with Immediate Preceding Quarter**

	Individual quarter 3 months ended		Changes	
	31/03/2019 RM’000	31/12/2018 RM’000	RM’000	%
Revenue	17,117	20,879	(3,762)	(18.02)
Profit before tax	1,394	712	682	95.79

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)****B2. Comparison with Immediate Preceding Quarter (cont'd)**

The Group's revenue of approximately RM17.12 million for the current quarter was approximately RM3.76 million lower as compared to the revenue reported for the preceding quarter of approximately RM20.88 million. The decrease was primarily due to softer demand for adhesives.

The Group's reported profit before tax of approximately RM1.39 million for the current year was approximately RM0.68 million higher as compared to the profit before tax reported for the preceding quarter of approximately RM0.71 million. This was mainly due to the one-off charge of the listing expenses amounting to approximately RM2.30 million during the preceding quarter.

**B3. Prospects for the Current Financial Year**

As disclosed in the prospectus of the Company dated 13 November 2018, the Group has in place a business expansion plan moving forward, focused on the following:-

- Vietnam operations

- (i) Construction of a new factory in Vietnam

We intend to commence construction on the VSIP2 Factory Complex by May 2019 and expect to be completed by the first quarter of 2020.

- (ii) Manufacture of new products in Vietnam

We expect to commence production of PVAc polymer by the second quarter of 2020 and also intend to commence the manufacturing of the new types of water-based adhesives using our own manufactured PVAc polymer by the second quarter of 2020.



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### PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)

#### B3. Prospects for the Current Financial Year (cont'd)

- Malaysia operations
  - (i) Expansion of production capacity in Malaysia

The Shah Alam Phase 1 Expansion was completed on December 2018, and we commenced manufacturing operations in March 2019. The Shah Alam Phase 2 Expansion commenced installation in March 2019. We expect to commence manufacturing operations by September 2019.

- (ii) Develop and manufacture of new types of adhesives

With the completion of Shah Alam Phase 1 Expansion, we have commenced the manufacturing of high viscosity hot melt adhesives for commercial trial run. We also expect to commence manufacturing the new range of low viscosity hot melt adhesives by September 2019 upon completion of the Shah Alam Phase 2 Expansion.

Barring any unforeseen circumstances, the Board is optimistic about the Group's performance for the current financial year.

#### B4. Profit forecast

The Group did not issue any profit forecast in any form of public documentation and announcement.

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### PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)

#### B5. Tax expense

	Individual quarter		Cumulative quarter	
	Current year quarter 31/03/2019 RM'000	Preceding year quarter 31/03/2018 <sup>(1)</sup> RM'000	Current year- to-date 31/03/2019 RM'000	Preceding year- to-date 31/03/2018 <sup>(1)</sup> RM'000
Tax expenses				
- Malaysia operation	62	N/A	965	N/A
- Vietnam operation	286	N/A	1,187	N/A
Deferred tax	7	N/A	33	N/A
Total	355	N/A	2,185	N/A

Notes:

- (1) No comparative figures for the preceding year as the Group was only formed on 7 September 2018.  
N/A Not applicable

The tax expenses for current quarter amounting to RM0.36 million is higher than the statutory tax rate of 24.0%. This was due mainly to one-off charge of the listing expenses amounting to approximately RM0.30 million which is non-tax deductible.

For the financial year under review, the effective tax rate of the Group of 30.50% was higher than the statutory tax rate of 24.0% due mainly to one-off charge of the listing expenses amounting to approximately RM2.60 million which is non-tax deductible.

#### B6. Status of corporate proposals

There were no corporate proposals announced but not completed as at the date of this interim report.

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)**

**B7. Utilisation of Proceeds from the Public issue**

The total gross proceeds of approximately RM39.67 million from the Public Issue will be utilised by our Group in the following manner:-

Details of the utilisation of proceeds	Amount	Actual utilisation	Percentage utilised	Estimated utilisation timeframe upon Listing
	RM'000	RM'000		
<b><u>Expansion of Vietnam operations</u></b>				
(a) Construction of the VSIP2 Factory Complex	10,000	102	1.02	Within 24 months
(b) Purchase of machineries and equipment for the VSIP2 Factory Complex	12,740	157	1.23	Within 24 months
(c) Working capital	6,036	-	0.00	Within 24 months
<b><u>Expansion of Malaysia operations</u></b>				
(d) Purchase of machineries and equipment for the Shah Alam Factory Complex	4,500	2,226	49.47	Within 24 months
(e) Working capital	1,393	-	0.00	Within 24 months
(f) Estimated listing expenses	5,000	4,400	88.00	Within 3 months
<b>Total</b>	<b>39,669</b>	<b>6,885</b>		

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 13 November 2018.

**B8. Borrowings**

The Group does not have any bank borrowings, trade facilities and hire purchase loans outstanding.

**B9. Material Litigation**

Save as disclosed below, there were no material litigation pending or changes to the status of material litigations since the Group's Prospectus date up to the date of this report.

Suit in the Shah Alam High Court ("Court") (Suit No. BA-22NCvC-217-05/2018) filed by Techbond Manufacturing ("Plaintiff") against Fabina Properties Sdn Bhd ("1st Defendant"), Peng Hai Chai ("2nd Defendant"), Cemerlang Emas Sdn Bhd ("3rd Defendant") and Pendaftar Hakmilik Negeri Selangor ("4th Defendant")

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)****B9. Material Litigation (cont'd)**

Detail of the law suit should be read in conjunction with the Prospectus of the Company dated 13 November 2018.

As Lee Seng Thye had issued a letter of indemnity to the Plaintiff, indemnifying Techbond Manufacturing against the possibility of a counter-claim by any of the Defendants. As such, the outcome of the suit will not have any financial impact to Techbond Group Berhad.

Subsequent to the full trial held on 29 and 30 April 2019 and status update received on 7 May 2019 from the Plaintiff's solicitors, Messrs Hifdzi Salmiah Kee Hanisah & Co, the Board of Directors of the Company wishes to announce as follows:-

- (i) The 1<sup>st</sup> Defendant had not entered their appearance through-out the entire case managements and full trial even having been served a subpoena. The Plaintiff's solicitors have proceeded to file an application to record a judgment in default against the 1<sup>st</sup> Defendant accordingly due to their non-appearance. However, as the Honourable Court was of the view that the judgment in default involves a declaration on the legality of the transaction between 1<sup>st</sup> and 2<sup>nd</sup> Defendants and between 2<sup>nd</sup> and 3<sup>rd</sup> Defendants, the Court had postponed its decision on the application until full hearing of the Parties' submissions; and
- (ii) The 2<sup>nd</sup> Defendant's solicitors managed to produce relevant documents to prove that the sale and purchase between 2<sup>nd</sup> Defendant and 1<sup>st</sup> Defendant was made with lawful consideration.

The Board also wishes to announce that the Company had agreed to withdraw the case against the 2<sup>nd</sup> and 3<sup>rd</sup> Defendants without liberty to file afresh against them. The 2<sup>nd</sup> Defendant had also withdrawn their counter claim against the Plaintiff accordingly. In addition, the Plaintiff has a liberty to file a fresh suit against the 1<sup>st</sup> Defendant.

The Company will make the necessary announcement on further material development of the above matter in due course.

**B10. Dividend**

No dividend has been declared or recommended for payment by the Company during the current quarter and financial year-to-date under review.

**TECHBOND GROUP BERHAD**

(Company No. 1190604-M)  
(Incorporated in Malaysia)

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)****B11. Earnings per share (“EPS”)**

The basic and diluted EPS for the current quarter and financial period is computed as below:-

	Individual quarter		Cumulative quarter	
	Current year quarter 31/03/2019	Preceding year quarter 31/03/2018 <sup>(1)</sup>	Current year- to-date 31/03/2019	Preceding year-to-date 31/03/2018 <sup>(1)</sup>
Profit after tax attributable to the owners of the Company (RM,000)	1,039	N/A	4,980	N/A
Weighted average number of ordinary shares in issue ('000)	230,000	N/A	154,907	N/A
Basic EPS (sen) <sup>(2)</sup>	0.45	N/A	3.21	N/A
Diluted EPS (sen) <sup>(3)</sup>	0.45	N/A	3.21	N/A

Notes:

- (1) No comparative figures for the preceding year and preceding quarter as the Group was only formed on 7 September 2018.
  - (2) Basic EPS is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period under review.
  - (3) The Company does not have any convertible securities as at the end of the financial period under review.
- N/A Not applicable.

**B12. Profit Before Tax**

Profit before tax is arrived at after charging/(crediting):-

	Individual quarter		Cumulative quarter	
	Current year quarter 31/03/2019 RM'000	Preceding year quarter 31/03/2018 <sup>(1)</sup> RM'000	Current year- to-date 31/03/2019 RM'000	Preceding year-to-date 31/03/2018 <sup>(1)</sup> RM'000
Amortisation of deferred income	(11)	N/A	(33)	N/A
Amortisation of land use rights	24	N/A	72	N/A
Depreciation of property, plant and equipment	354	N/A	940	N/A
Interest income	(393)	N/A	(990)	N/A
Inventory written off	-	N/A	1	N/A
Net realised loss/(gain) on foreign exchange	84	N/A	(456)	N/A
Net unrealised loss on foreign exchange	101	N/A	591	N/A
Rental income	(*)	N/A	(1)	N/A
Rental expenses	21	N/A	63	N/A
Impairment loss on trade receivables	307	N/A	307	N/A

## TECHBOND GROUP BERHAD

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### PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)

#### B12. Profit Before Tax (cont'd)

Notes:-

- (1) No comparative figures for the preceding year and preceding quarter as the Group was only formed on 7 September 2018.
- \* Amount below RM 1,000

Save as disclosed above, the other disclosure items pursuant to Paragraph 16, Part A of Appendix 9B of the Listing Requirements are not applicable.

The Group does not have the following items for the financial period under review:-

- (i) interest expense;
- (ii) gain or loss on disposal of quoted or unquoted investments or properties; and
- (iii) gain or loss on derivatives.