

TECHBOND GROUP BERHAD

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



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 30 JUNE 2019 ⁽¹⁾

	Individual quarter		Cumulative quarter	
	Current year quarter 30/06/2019 RM'000	Preceding year quarter 30/06/2018 ⁽²⁾ RM'000	Current year- to-date 30/06/2019 RM'000	Preceding year-to-date 30/06/2018 ⁽²⁾ RM'000
Revenue	20,162	N/A	81,379	N/A
Cost of sales	(14,986)	N/A	(60,331)	N/A
Gross profit	5,176	N/A	21,048	N/A
Other income	680	N/A	2,603	N/A
Administration expenses ⁽³⁾	(2,042)	N/A	(9,941)	N/A
Distribution expenses	(545)	N/A	(2,000)	N/A
Other expenses	(276)	N/A	(1,552)	N/A
Profit before tax	2,993	N/A	10,158	N/A
Tax expense	(900)	N/A	(3,085)	N/A
Profit for the period	2,093	N/A	7,073	N/A
Other comprehensive income, net of tax:-				
Item that may be reclassify subsequently to profit or loss				
Foreign currency translation differences	490	N/A	875	N/A
Total comprehensive income for the period	2,583	N/A	7,948	N/A
Earnings per share				
- Basic (sen)	0.91	N/A	4.07	N/A
- Diluted (sen) ⁽⁴⁾	0.91	N/A	4.07	N/A

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 30 JUNE 2019 (continued) ⁽¹⁾

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:-

	Individual quarter		Cumulative quarter	
	Current year- to-date 30/06/2019 RM'000	Preceding year- to-date 30/06/2018 ⁽²⁾ RM'000	Current year- to-date 30/06/2019 RM'000	Preceding year- to-date 30/06/2018 ⁽²⁾ RM'000
Profit before tax	2,993	N/A	10,158	N/A
Add: Listing expenses	-	N/A	2,601	N/A
Adjusted profit before tax	2,993	N/A	12,759	N/A

- (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

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019⁽¹⁾**

	Unaudited As at 30/06/2019 RM'000	Audited As at 30/06/2018 ⁽²⁾ RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	21,822	N/A
Land use rights	6,667	N/A
Other receivables	191	N/A
Total non-current assets	28,680	N/A
Current assets		
Inventories	25,363	N/A
Trade receivables	14,204	N/A
Other receivables	4,050	N/A
Tax recoverable	341	N/A
Fixed deposits with licensed banks	17,746	N/A
Cash and bank balances	48,389	N/A
Total current assets	110,093	N/A
TOTAL ASSETS	138,773	N/A
EQUITY AND LIABILITIES		
EQUITY		
Share capital	139,807	N/A
Merger deficits	(78,938)	N/A
Exchange translation reserve	6,021	N/A
Retained earnings	63,706	N/A
Total equity	130,596	N/A
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	879	N/A
Deferred income	30	N/A
Total non-current liabilities	909	N/A

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019
(continued) ⁽¹⁾**

	Unaudited As at 30/06/2019 RM'000	Audited As at 30/06/2018 ⁽²⁾ RM'000
Current liabilities		
Trade payables	4,850	N/A
Other payables	1,341	N/A
Tax payables	1,032	N/A
Deferred income	45	N/A
Total current liabilities	7,268	N/A
Total liabilities	8,177	N/A
TOTAL EQUITY AND LIABILITIES	138,773	N/A
Net assets per share (RM) ⁽³⁾	0.57	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 30 June 2019.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 30 JUNE 2019⁽¹⁾

	← 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	-	5,146	56,864	85,009
Profit of the financial period	-	-	-	7,073	7,073
Other comprehensive income, net of tax	-	-	875	-	875
Total comprehensive income	22,999	-	6,021	63,706	92,726
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)
Total transactions with owners	116,808	(78,938)	-	-	37,870
Balance as at 30 June 2019	139,807	(78,938)	6,021	63,706	130,596

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 FOURTH QUARTER ENDED 30 JUNE 2019⁽¹⁾

	Current year- to-date 30/06/2019 RM'000	Preceding year-to-date 30/06/2018 ⁽²⁾ RM'000
OPERATING ACTIVITIES		
Profit before taxation	10,158	N/A
Adjustments for:-		
Amortisation of deferred income	(45)	N/A
Amortisation of land use rights	96	N/A
Depreciation of property, plant and equipment	1,298	N/A
Interest income	(1,679)	N/A
Inventories written off	1	N/A
Unrealised gain on foreign exchange	(2)	N/A
Written off of trade receivables	70	
Impairment loss on trade receivables	513	N/A
Operating profit before working capital changes	10,410	N/A
Changes in working capital:-		
Inventories	(316)	N/A
Receivables	1,243	N/A
Payables	(3,648)	N/A
Cash generated from operations	7,689	N/A
Tax paid	(2,906)	N/A
Tax refunded	23	N/A
Interest received	1,679	N/A
Net cash flows from operating activities	6,485	N/A
INVESTING ACTIVITY		
Purchase of property, plant and equipment	(6,203)	N/A
Net cash flows used in investing activity	(6,203)	N/A
FINANCING ACTIVITY		
Proceeds from issuance of shares	37,870	N/A
Net cash flows from financing activity	37,870	N/A

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FOURTH QUARTER ENDED 30 JUNE 2019 (continued)⁽¹⁾

	Current year- to-date 30/06/2019 RM'000	Preceding year-to-date 30/06/2018⁽²⁾ RM'000
CASH AND CASH EQUIVALENTS		
Net changes	38,152	N/A
Effect of foreign currency translation differences	307	N/A
At beginning of financial period ⁽³⁾	27,676	N/A
At end of financial period	66,135	N/A
Cash and cash equivalents at the end of the financial period comprises:-		
Cash and bank balances	48,389	N/A
Fixed deposits with licensed banks	17,746	N/A
	66,135	N/A

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 fourth interim financial report on the Company’s consolidated results for the fourth quarter ended 30 June 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 RM4.40 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 Sales and Purchase Agreements (“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.

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

A7. Debt and equity securities (cont'd)

(i) Acquisitions (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 30/06/2019 RM'000	Preceding year quarter 30/06/2018 ⁽¹⁾ RM'000	Current year- to-date 30/06/2019 RM'000	Preceding year- to-date 30/06/2018 ⁽¹⁾ RM'000
Revenue				
Adhesives	18,220	N/A	76,130	N/A
Sealants	135	N/A	1,195	N/A
Supporting products and services	1,807	N/A	4,054	N/A
	20,162	N/A	81,379	N/A
Profit before tax				
Adhesives	2,752	N/A	12,140	N/A
Sealants	15	N/A	128	N/A
Supporting products and services	226	N/A	491	N/A
Others ⁽²⁾	-	N/A	(2,601)	N/A
	2,993	N/A	10,158	N/A

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 addition of property, plant and equipment 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	2,255
- Authorised and contracted for	16,653
Expansion of facilities in Shah Alam factory complex	
- Authorised but not contracted for	704
- Authorised and contracted for	554
	20,166

A15. Significant related party transactions

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

	Current year quarter 30/06/2019 RM'000	Current year- to-date 30/06/2019 RM'000
Rental expenses charged by a company in which the Directors have interests	21	84
Rental income charged to a company in which the Directors have interests	(*)	(2)
	(*)	(2)

*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 RM20.16 million and profit before tax (“PBT”) of RM2.99 million for the current quarter. The Group’s revenue mainly driven from manufacture of industrial adhesives comprising water-based adhesives and hot melt adhesives, which accounted for RM13.84 million and RM4.38 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 RM18.22 million of the Group’s total revenue and RM2.75 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 RM81.38 million and profit before tax of approximately of RM10.16 million after 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 RM54.86 million and RM21.27 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 RM76.13 million of the Group’s total revenue and RM12.14 million of the Group’s PBT for the current year. 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 fourth interim financial statements on the consolidated results for the fourth quarter ended 30 June 2019 being announced by the Company in compliance with the Listing Requirements.

B2. Comparison with Immediate Preceding Quarter

	Individual quarter 3 months ended		Changes	
	30/06/2019 RM’000	31/03/2019 RM’000	RM’000	%
Revenue	20,162	17,117	3,045	17.79
Profit before tax	2,993	1,394	1,599	114.71

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 RM20.16 million for the current quarter was approximately RM3.04 million higher as compared to the revenue reported for the preceding quarter of approximately RM17.12 million. The increase was primarily due to stronger demand from both Malaysia and overseas.

The Group's reported profit before tax of approximately RM2.99 million for the current quarter was approximately RM1.60 million higher as compared to the profit before tax reported for the preceding quarter of approximately RM1.39 million. This was mainly due to higher revenue for the current quarter.

B3. Prospects

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 commence construction on the VSIP2 factory complex in 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 (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 coming 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 30/06/2019 RM'000	Preceding year quarter 30/06/2018 ⁽¹⁾ RM'000	Current year- to-date 30/06/2019 RM'000	Preceding year- to-date 30/06/2018 ⁽¹⁾ RM'000
Tax expenses				
- Malaysia operation	145	N/A	1,110	N/A
- Vietnam operation	599	N/A	1,786	N/A
Deferred tax	156	N/A	189	N/A
Total	900	N/A	3,085	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 RM0.90 million is higher than the statutory tax rate of 24.0%. This was due mainly to non-tax deductible expenses arising from Vietnam operations.

For the financial year under review, the effective tax rate of the Group of 30.37% 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	Original Utilisation Proceeds	Revised Utilisation Proceeds	Actual utilisation	Percentage utilised	Estimated utilisation timeframe upon Listing
	RM'000	RM'000	RM'000	%	
<u>Expansion of Vietnam operations</u>					
(a) Construction of the VSIP2 Factory Complex	10,000	10,000	1,259	12.59	Within 24 months
(b) Purchase of machineries and equipment for the VSIP2 Factory Complex	12,740	12,740	2,573	20.20	Within 24 months
(c) Working capital	6,036	6,036	-	0.00	Within 24 months
<u>Expansion of Malaysia operations</u>					
(d) Purchase of machineries and equipment for the Shah Alam Factory Complex	4,500	4,500	3,242	72.04	Within 24 months
(e) Working capital	1,393	1,993	-	0.00	Within 24 months
(f) Estimated listing expenses	5,000	4,400	4,400	100.00	Within 3 months
Total	39,669	39,669	11,474		

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 13 November 2018 and the announcement made on 15 May 2019 on reallocation of the utilisation of IPO Proceeds.

As stated in the Prospectus, Techbond has estimated RM5.0 million of the total IPO Proceeds will be utilised for the listing expenses. However, the actual listing expenses incurred was RM4.40 million and the balance of RM0.60 million will be utilised for the working capital of the expansion of Malaysia operations.

B8. Borrowings

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

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

B9. Material Litigation

As at date of this report, there is no material litigation, which has a material effect on the financial position of the Group.

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.

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 30/06/2019	Preceding year quarter 30/06/2018 ⁽¹⁾	Current year- to-date 30/06/2019	Preceding year-to-date 30/06/2018 ⁽¹⁾
Profit after tax attributable to the owners of the Company (RM '000)	2,093	N/A	7,073	N/A
Weighted average number of ordinary shares in issue ('000)	230,000	N/A	173,680	N/A
Basic EPS (sen) ⁽²⁾	0.91	N/A	4.07	N/A
Diluted EPS (sen) ⁽³⁾	0.91	N/A	4.07	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.

TECHBOND GROUP BERHAD

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

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)****B12. Profit Before Tax**

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

	Individual quarter		Cumulative quarter	
	Current year quarter 30/06/2019 RM'000	Preceding year quarter 30/06/2018 ⁽¹⁾ RM'000	Current year- to-date 30/06/2019 RM'000	Preceding year-to-date 30/06/2018 ⁽¹⁾ RM'000
Amortisation of deferred income	(12)	N/A	(45)	N/A
Amortisation of land use rights	24	N/A	96	N/A
Depreciation of property, plant and equipment	358	N/A	1,298	N/A
Interest income	(689)	N/A	(1,679)	N/A
Inventories written off	-	N/A	1	N/A
Net realised loss on foreign exchange	616	N/A	160	N/A
Net unrealised gain on foreign exchange	(593)	N/A	(2)	N/A
Rental income	(*)	N/A	(2)	N/A
Rental expenses	21	N/A	84	N/A
Written off of trade receivables	70	N/A	70	N/A
Impairment loss on trade receivables	206	N/A	513	N/A

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.