

**TECHBOND GROUP BERHAD**

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



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019 <sup>(1)</sup>**

|   | Individual quarter                              |   | Cumulative quarter                               |   |
|---|---|---|--|---|
|   | Current year<br>quarter<br>30/09/2019<br>RM'000 | Preceding<br>year quarter<br>30/09/2018<br>RM'000 | Current year-<br>to-date<br>30/09/2019<br>RM'000 | Preceding<br>year-to-date<br>30/09/2018<br>RM'000 |
| <b>Revenue</b>  | 19,377  | 23,221  | 19,377   | 23,221  |
| Cost of sales   | (14,048)  | (16,828)  | (14,048)   | (16,828)  |
| <b>Gross profit</b>   | 5,329   | 6,393   | 5,329  | 6,393   |
| Other income  | 888   | 1,183   | 888  | 1,183   |
| Administration expenses   | (2,085)   | (1,556)   | (2,085)  | (1,556)   |
| Distribution expenses   | (483)   | (362)   | (483)  | (362)   |
| Other expenses  | (96)  | (599)   | (96)   | (599)   |
| <b>Profit before tax</b>  | 3,553   | 5,059   | 3,553  | 5,059   |
| Tax expense   | (845)   | (1,176)   | (845)  | (1,176)   |
| <b>Profit for the period</b>                                      | 2,708   | 3,883   | 2,708  | 3,883   |
| <b>Other comprehensive income, net of tax:-</b>                   |   |   |  |   |
| <b>Item that may be reclassify subsequently to profit or loss</b> |   |   |  |   |
| Foreign currency translation differences                          | 587   | 909   | 587  | 909   |
| <b>Total comprehensive income for the period</b>                  | 3,295   | 4,792   | 3,295  | 4,792   |
| Earnings per share  |   |   |  |   |
| - Basic (sen)   | 1.18  | 2.29  | 1.18   | 2.29  |
| - Diluted (sen) <sup>(2)</sup>                                    | 1.18  | 2.29  | 1.18   | 2.29  |

## Notes:-

- (1) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Group's audited financial statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial report.
- (2) 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.

**TECHBOND GROUP BERHAD**

(Company No. 1190604-M)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019<sup>(1)</sup>**

|  | Unaudited<br>As at<br>30/09/2019<br>RM'000 | Audited<br>As at<br>30/06/2019<br>RM'000 |
|--|--|--|
| <b>ASSETS</b>                                      |  |  |
| <b>Non-current assets</b>                          |  |  |
| Property, plant and equipment                      | 28,344                                     | 21,822                                   |
| Land use rights                                    | 6,734                                      | 6,667                                    |
| Other receivables                                  | 182  | 191                                      |
| <b>Total non-current assets</b>                    | <b>35,260</b>                              | <b>28,680</b>                            |
| <b>Current assets</b>                              |  |  |
| Inventories  | 21,539                                     | 25,363                                   |
| Trade receivables                                  | 14,741                                     | 14,204                                   |
| Other receivables                                  | 2,328                                      | 4,050                                    |
| Tax recoverable                                    | 285  | 341                                      |
| Cash and cash equivalents                          | 66,899                                     | 66,135                                   |
| <b>Total current assets</b>                        | <b>105,792</b>                             | <b>110,093</b>                           |
| <b>TOTAL ASSETS</b>                                | <b>141,052</b>                             | <b>138,773</b>                           |
| <b>EQUITY AND LIABILITIES</b>                      |  |  |
| <b>EQUITY</b>                                      |  |  |
| Equity attributable to the owners of the company:- |  |  |
| Share capital                                      | 139,807                                    | 139,807                                  |
| Merger deficits                                    | (78,938)                                   | (78,938)                                 |
| Exchange translation reserve                       | 6,608                                      | 6,021                                    |
| Retained earnings                                  | 61,814                                     | 63,706                                   |
| <b>Total equity</b>                                | <b>129,291</b>                             | <b>130,596</b>                           |
| <b>LIABILITIES</b>                                 |  |  |
| <b>Non-current liabilities</b>                     |  |  |
| Deferred tax liabilities                           | 874  | 879                                      |
| Deferred income                                    | 19   | 30                                       |
| <b>Total non-current liabilities</b>               | <b>893</b>                                 | <b>909</b>                               |

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019 (continued) <sup>(1)</sup>**

|  | Unaudited<br>As at<br>30/09/2019<br>RM'000 | Audited<br>As at<br>30/06/2019<br>RM'000 |
|--|--|--|
| <b>Current liabilities</b>               |  |  |
| Trade payables                           | 3,486                                      | 4,850                                    |
| Other payables                           | 1,946                                      | 1,341                                    |
| Tax payable                              | 791  | 1,032                                    |
| Dividend payable                         | 4,600                                      | -  |
| Deferred income                          | 45   | 45                                       |
| <b>Total current liabilities</b>         | <b>10,868</b>                              | <b>7,268</b>                             |
| <b>Total liabilities</b>                 | <b>11,761</b>                              | <b>8,177</b>                             |
| <b>TOTAL EQUITY AND LIABILITIES</b>      | <b>141,052</b>                             | <b>138,773</b>                           |
| Net assets per share (RM) <sup>(2)</sup> | 0.56                                       | 0.57                                     |

Notes:-

- (1) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Group's audited financial statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial report.
- (2) Based on the issued and paid up share capital of 230,000,000 ordinary shares as at 30 September 2019.

## TECHBOND GROUP BERHAD

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### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019<sup>(1)</sup>

|  | ← Non-distributable →      |                              |  | Distributable                  |                           |
|--|----------------------------|------------------------------|--|--------------------------------|---------------------------|
|  | Share<br>capital<br>RM'000 | Merger<br>deficits<br>RM'000 | Exchange<br>translation<br>reserve<br>RM'000 | Retained<br>earnings<br>RM'000 | Total<br>equity<br>RM'000 |
| Balance as at 1 July 2018              | _(2)                       | -                            | -  | (231)                          | (231)                     |
| Profit of the financial period         | -                          | -                            | -  | 3,883                          | 3,883                     |
| Other comprehensive income, net of tax | -                          | -                            | 909  | -                              | 909                       |
| Total comprehensive income             | -                          | -                            | 909  | 3,883                          | 4,792                     |
| Transactions with owners:-             |                            |                              |  |                                |                           |
| Issuance of new ordinary shares        | 101,937                    | -                            | -  | -                              | 101,937                   |
| Acquisition of subsidiaries            | -                          | (78,938)                     | 4,799  | 57,211                         | (16,928)                  |
| Total transactions with owners         | 101,937                    | (78,938)                     | 4,799  | 57,211                         | 85,009                    |
| Balance as at 30 September 2018        | 101,937                    | (78,938)                     | 5,708  | 60,863                         | 89,570                    |

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### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019 (continued) <sup>(1)</sup>

|  | ← Non-distributable →      |                              |  | Distributable                  |                           |
|--|----------------------------|------------------------------|--|--------------------------------|---------------------------|
|  | Share<br>capital<br>RM'000 | Merger<br>deficits<br>RM'000 | Exchange<br>translation<br>reserve<br>RM'000 | Retained<br>earnings<br>RM'000 | Total<br>equity<br>RM'000 |
| Balance as at 1 July 2019              | 139,807                    | (78,938)                     | 6,021  | 63,706                         | 130,596                   |
| Profit of the financial period         | -                          | -                            | -  | 2,708                          | 2,708                     |
| Other comprehensive income, net of tax | -                          | -                            | 587  | -                              | 587                       |
| Total comprehensive income             | -                          | -                            | 587  | 2,708                          | 3,295                     |
| Transactions with owners:-             |                            |                              |  |                                |                           |
| Dividends to owners of the company     | -                          | -                            | -  | (4,600)                        | (4,600)                   |
| Total transactions with owners         | -                          | -                            | -  | (4,600)                        | (4,600)                   |
| Balance as at 30 September 2019        | 139,807                    | (78,938)                     | 6,608  | 61,814                         | 129,291                   |

Notes:-

- (1) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Group's audited financial statements for the financial year ended 30 June 2019 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 FIRST QUARTER ENDED 30 SEPTEMBER 2019<sup>(1)</sup>**

|  | Current year-<br>to-date<br>30/09/2019<br>RM'000 | Preceding<br>year-to-date<br>30/09/2018<br>RM'000 |
|--|--|---|
| <b>OPERATING ACTIVITIES</b>                        |  |   |
| Profit before taxation                             | 3,553  | 5,059   |
| <b>Adjustments for:-</b>                           |  |   |
| Amortisation of deferred income                    | (11)   | (11)  |
| Amortisation of land use rights                    | 24   | 24  |
| Depreciation of property, plant and equipment      | 304  | 293   |
| Interest income                                    | (538)  | (320)   |
| Inventories written off                            | -  | 1   |
| Unrealised (gain)/ loss on foreign exchange        | (262)  | 366   |
| Operating profit before working capital changes    | 3,070  | 5,412   |
| Changes in working capital:-                       |  |   |
| Inventories  | 3,819  | 779   |
| Receivables  | (508)  | (1,019)   |
| Payables   | 1,073  | (5,010)   |
| Cash generated from operations                     | 7,454  | 162   |
| Tax paid   | (962)  | (791)   |
| Interest received                                  | 538  | 320   |
| Net cash flows from/(used in) operating activities | 7,030  | (309)   |
| <b>INVESTING ACTIVITY</b>                          |  |   |
| Purchase of property, plant and equipment          | (6,748)  | (662)   |
| Net cash flows used in investing activity          | (6,748)  | (662)   |

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019 (continued)<sup>(1)</sup>**

|   | <b>Current year-<br/>to-date<br/>30/09/2019<br/>RM'000</b> | <b>Preceding<br/>year-to-date<br/>30/09/2018<br/>RM'000</b> |
|---|--|---|
| <b>CASH AND CASH EQUIVALENTS</b>  |  |   |
| Net changes   | 282  | (971)   |
| Effect of foreign currency translation differences                              | 482  | 56  |
| At beginning of financial period  | 66,135   | 27,676  |
| At end of financial period  | 66,899   | 26,761  |
| <b>Cash and cash equivalents at the end of the financial period comprises:-</b> |  |   |
| Cash and bank balances  | 21,742   | 13,357  |
| Fixed deposits with licensed banks  | 14,307   | 13,404  |
| Short-term demand deposits  | 30,850   | -   |
|   | 66,899   | 26,761  |

## Notes:-

- (1) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Group's audited financial statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial report.

**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 interim financial report should be read in conjunction with the Group audited financial statements for the financial year ended 30 June 2019 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 2019, 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**

There was no qualification on the audited financial statements of the Group for the financial year ended 30 June 2019.

**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 period-to-date under review.

**A5. Material Unusual Items**

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the current quarter under review.

**A6. Material Changes in Estimates**

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

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### 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 period-to-date under review.

#### A8. Dividend Paid

No dividend was paid during the current quarter and financial period-to-date 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<br>quarter<br>30/09/2019<br>RM'000 | Preceding year<br>quarter<br>30/09/2018<br>RM'000 | Current year-<br>to-date<br>30/09/2019<br>RM'000 | Preceding year-<br>to-date<br>30/09/2018<br>RM'000 |
| <b>Revenue</b>                      |   |   |  |  |
| Adhesives                           | 18,048  | 21,664  | 18,048   | 21,664   |
| Sealants                            | 112   | 809   | 112  | 809  |
| Supporting products and<br>services | 1,217   | 748   | 1,217  | 748  |
|                                     | <b>19,377</b>                                   | <b>23,221</b>                                     | <b>19,377</b>                                    | <b>23,221</b>                                      |
| <b>Profit before tax</b>            |   |   |  |  |
| Adhesives                           | 3,332   | 4,876   | 3,332  | 4,876  |
| Sealants                            | 14  | 79  | 14   | 79   |
| Supporting products and<br>services | 207   | 104   | 207  | 104  |
|                                     | <b>3,553</b>                                    | <b>5,059</b>                                      | <b>3,553</b>                                     | <b>5,059</b>                                       |

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

**A10. Property, plant and equipment**

(i) Acquisitions and disposals

There were additions of property, plant and equipment during the current quarter and financial period-to-date under review.

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

(ii) Impairment losses

There were no impairment losses during the current quarter and financial period-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 period-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 period-to-date 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                  | 1,109  |
| - Authorised and contracted for                      | 15,402 |
| Expansion of facilities in Shah Alam factory complex |        |
| - Authorised but not contracted for                  | 490    |
| - Authorised and contracted for                      | 157    |
|  | 17,158 |

#### A15. Significant related party transactions

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

|  | Current year<br>quarter<br>30/09/2019<br>RM'000 | Current period-<br>to-date<br>30/09/2019<br>RM'000 |
|--|---|--|
| Rental expenses charged by a company in which the Directors have interests | 21  | 21   |
| Rental income charged to a company in which the Directors have interests   | (*)   | (*)  |
|  | (*)   | (*)  |

\*Amount below RM1,000

#### 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-to-date under review.

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### PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS

#### B1. Review of Performance

##### Comparison with the corresponding quarter in the previous financial year

The Group's total revenue for the three months period ended 30 September 2019 was RM19.38 million, a decrease of RM3.84 million or 16.54% from RM23.22 million in the previous corresponding quarter. Profit before tax ("PBT") for the Group was RM3.55 million, a decrease of RM1.51 million or 29.84% from RM5.06 million in the previous corresponding quarter.

The Group's revenue mainly driven from manufacture of industrial adhesives comprising water-based adhesives and hot melt adhesives, which accounted for RM13.25 million and RM4.80 million of the total revenue for current quarter. In comparing against the corresponding quarter ended 30 September 2018, it shown a decrease of RM3.61 million or 16.67%. The main contributor of water-based adhesives was woodworking application whereas the main driver for hot melt adhesives was paper and packaging application. The overall decrease of industrial adhesives were primarily due to the slow-down of industry activities and aggressive competition in overseas market. The total industrial adhesives contributed RM18.05 million of the Group's total revenue and RM3.33 million of the Group's PBT for the current quarter as compared to RM21.66 million and RM4.88 million respectively in the previous corresponding quarter.

#### B2. Comparison with Immediate Preceding Quarter

|                   | Individual quarter<br>3 months ended |                      | Changes |        |
|-------------------|--------------------------------------|----------------------|---------|--------|
|                   | 30/09/2019<br>RM'000                 | 30/06/2019<br>RM'000 | RM'000  | %      |
| Revenue           | 19,377                               | 20,162               | (785)   | (3.89) |
| Profit before tax | 3,553                                | 2,993                | 560     | 18.71  |

**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 RM19.38 million for the current quarter was approximately RM0.78 million lower as compared to the revenue reported for the preceding quarter of approximately RM20.16 million. The decrease was primarily due to softer demand from overseas market.

The Group's reported profit before tax of approximately RM3.55 million for the current quarter was approximately RM0.56 million higher as compared to the profit before tax reported for the preceding quarter of approximately RM2.99 million. This was mainly due to favorable foreign exchange and higher products margin recorded in 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.

**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 2 Expansion commenced installation in March 2019. We expect to commence production trial run in December 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 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<br>quarter<br>30/09/2019<br>RM'000 | Preceding year<br>quarter<br>30/09/2018<br>RM'000 | Current year-<br>to-date<br>30/09/2019<br>RM'000 | Preceding year-<br>to-date<br>30/09/2018<br>RM'000 |
| Current tax  | 850   | 1,138   | 850  | 1,138  |
| Deferred tax | (5)   | 38  | (5)  | 38   |
| Total        | 845   | 1,176   | 845  | 1,176  |

**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             | %                   |  |
| <b><u>Expansion of Vietnam operations</u></b>                               |                               |                              |                    |                     |  |
| (a) Construction of the VSIP2 Factory Complex                               | 10,000                        | 10,000                       | 4,094              | 40.94               | Within 24 months                             |
| (b) Purchase of machineries and equipment for the VSIP2 Factory Complex     | 12,740                        | 12,740                       | 3,785              | 29.71               | Within 24 months                             |
| (c) Working capital   | 6,036                         | 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                         | 4,500                        | 3,853              | 85.62               | 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                              |
| <b>Total</b>  | <b>39,669</b>                 | <b>39,669</b>                | <b>16,132</b>      |                     |  |

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.

**B8. Borrowings**

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

**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**

On 3 September 2019, the Directors declared a first single-tier interim dividend of 2 sen per ordinary share, totaling RM4,600,000 in respect of financial year ending 30 June 2020. The dividend was paid on 10 October 2019 subsequent to current quarter ended.

There were no other dividends proposed, declared or paid by the company since the end of the previous financial year.

**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<br>quarter<br>30/09/2019 | Preceding<br>year quarter<br>30/09/2018 <sup>(1)</sup> | Current year-<br>to-date<br>30/09/2019 | Preceding<br>year-to-date<br>30/09/2018 <sup>(1)</sup> |
| Profit after tax attributable to the owners of the Company (RM '000) | 2,708                                 | 3,883  | 2,708                                  | 3,883  |
| Weighted average number of ordinary shares in issue ('000)           | 230,000                               | 169,895  | 230,000                                | 169,895  |
| Basic EPS (sen) <sup>(2)</sup>                                       | 1.18                                  | 2.29   | 1.18                                   | 2.29   |
| Diluted EPS (sen) <sup>(3)</sup>                                     | 1.18                                  | 2.29   | 1.18                                   | 2.29   |

Notes:-

- (1) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Group audited Financial Statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial report.
- (2) Basic EPS is calculated by dividing the profit attributable to owners of the company 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.

**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<br>quarter<br>30/09/2019<br>RM'000 | Preceding<br>year quarter<br>30/09/2018 <sup>(1)</sup><br>RM'000 | Current year-<br>to-date<br>30/09/2019<br>RM'000 | Preceding<br>year-to-date<br>30/09/2018 <sup>(1)</sup><br>RM'000 |
| Amortisation of deferred income                 | (11)  | (11)   | (11)   | (11)   |
| Amortisation of land use rights                 | 24  | 24   | 24   | 24   |
| Depreciation of property, plant and equipment   | 304   | 293  | 304  | 293  |
| Interest income                                 | (538)   | (320)  | (538)  | (320)  |
| Inventories written off                         | -   | 1  | -  | 1  |
| Net realised loss/ (gain) on foreign exchange   | 47  | (582)  | 47   | (582)  |
| Net unrealised (gain)/ loss on foreign exchange | (262)   | 366  | (262)  | 366  |
| Rental income                                   | (*)   | (*)  | (*)  | (*)  |
| Rental expenses                                 | 21  | 27   | 21   | 27   |

Notes:-

(1) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Group's audited financial statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial report.

\* Amount below RM1,000

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) provision for and write off of receivables;
- (iii) gain or loss on disposal of quoted or unquoted investments or properties;
- (iv) impairment of assets; and
- (v) gain or loss on derivatives.