

TECHBOND GROUP BERHAD

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



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019 ⁽¹⁾

	Individual quarter		Cumulative quarter	
	Current year quarter 31/12/2019 RM'000	Preceding year quarter 31/12/2018 RM'000	Current year- to-date 31/12/2019 RM'000	Preceding year-to-date 31/12/2018 RM'000
Revenue	20,825	20,879	40,202	44,100
Cost of sales	(14,189)	(15,681)	(28,237)	(32,509)
Gross profit	6,636	5,198	11,965	11,591
Other income	727	357	1,615	1,540
Administration expenses	(2,068)	(4,094)	(4,153)	(5,650)
Distribution expenses	(565)	(498)	(1,048)	(860)
Other expenses	(894)	(251)	(990)	(850)
Profit before tax	3,836	712	7,389	5,771
Tax expense	(817)	(654)	(1,662)	(1,830)
Profit for the period	3,019	58	5,727	3,941
Other comprehensive income, net of tax:-				
Item that may be reclassify subsequently to profit or loss				
Foreign currency translation differences	(767)	(20)	(180)	889
Total comprehensive income for the period	2,252	38	5,547	4,830
Earnings per share				
- Basic (sen)	1.31	0.03	2.49	3.34
- Diluted (sen) ⁽²⁾	1.31	0.03	2.49	3.34

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

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019⁽¹⁾**

	Unaudited As at 31/12/2019 RM'000	Audited As at 30/06/2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	35,149	21,822
Land use rights	6,554	6,667
Other receivables	166	191
Total non-current assets	41,869	28,680
Current assets		
Inventories	19,256	25,363
Trade receivables	15,400	14,204
Other receivables	2,525	4,050
Tax recoverable	416	341
Cash and cash equivalents	59,732	66,135
Total current assets	97,329	110,093
TOTAL ASSETS	139,198	138,773
EQUITY AND LIABILITIES		
EQUITY		
Equity attributable to the owners of the company:-		
Share capital	139,807	139,807
Merger deficits	(78,938)	(78,938)
Exchange translation reserve	5,841	6,021
Retained earnings	64,833	63,706
Total equity	131,543	130,596
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	893	879
Deferred income	8	30
Total non-current liabilities	901	909

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 (continued) ⁽¹⁾**

	Unaudited As at 31/12/2019 RM'000	Audited As at 30/06/2019 RM'000
Current liabilities		
Trade payables	3,766	4,850
Other payables	1,937	1,341
Tax payable	1,006	1,032
Deferred income	45	45
Total current liabilities	<u>6,754</u>	<u>7,268</u>
Total liabilities	<u>7,655</u>	<u>8,177</u>
TOTAL EQUITY AND LIABILITIES	<u>139,198</u>	<u>138,773</u>
Net assets per share (RM) ⁽²⁾	0.57	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 31 December 2019.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 31 DECEMBER 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	-	4,799	57,211	85,009
Profit of the financial period	-	-	-	3,941	3,941
Other comprehensive income, net of tax	-	-	889	-	889
Total comprehensive income	22,999	-	5,688	61,152	89,839
Transactions with owners:-					
Issuance of new ordinary shares	141,606	-	-	-	141,606
Share issuance expenses	(1,713)	-	-	-	(1,713)
Acquisition of subsidiaries	(22,999)	(78,938)	-	-	(101,937)
Total transactions with owners	116,894	(78,938)	-	-	37,956
Balance as at 31 December 2018	139,893	(78,938)	5,688	60,921	127,564

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019 (continued) ⁽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 2019	139,807	(78,938)	6,021	63,706	130,596
Profit of the financial period	-	-	-	5,727	5,727
Other comprehensive income, net of tax	-	-	(180)	-	(180)
Total comprehensive income	-	-	(180)	5,727	5,547
Transactions with owners:-					
Dividends to owners of the company	-	-	-	(4,600)	(4,600)
Total transactions with owners	-	-	-	(4,600)	(4,600)
Balance as at 31 December 2019	139,807	(78,938)	5,841	64,833	131,543

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 SECOND QUARTER ENDED 31 DECEMBER 2019⁽¹⁾

	Current year- to-date 31/12/2019 RM'000	Preceding year-to-date 31/12/2018 RM'000
OPERATING ACTIVITIES		
Profit before taxation	7,389	5,771
Adjustments for:-		
Amortisation of deferred income	(22)	(22)
Amortisation of land use rights	48	48
Depreciation of property, plant and equipment	610	586
Interest income	(980)	(597)
Inventories written off	-	1
Unrealised loss on foreign exchange	538	490
Operating profit before working capital changes	7,583	6,277
Changes in working capital:-		
Inventories	6,122	(2,012)
Receivables	(1,207)	1,715
Payables	478	(1,867)
Cash generated from operations	12,976	4,113
Tax paid	(1,697)	(1,466)
Interest received	980	597
Net cash flows from operating activities	12,259	3,244
INVESTING ACTIVITIES		
Proceeds from issuance of shares	-	37,956
Purchase of property, plant and equipment	(14,084)	(1,311)
Net cash flows (used in)/from investing activities	(14,084)	36,645
FINANCING ACTIVITY		
Dividend paid	(4,600)	-
Net cash flows used in financing activity	(4,600)	-

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019 (continued)⁽¹⁾**

	Current year- to-date 31/12/2019 RM'000	Preceding year-to-date 31/12/2018 RM'000
CASH AND CASH EQUIVALENTS		
Net changes	(6,425)	39,889
Effect of foreign currency translation differences	22	(63)
At beginning of financial period	66,135	27,676
At end of financial period	59,732	67,502
Cash and cash equivalents at the end of the financial period comprises:-		
Cash and bank balances	20,629	15,625
Fixed deposits with licensed banks	9,140	21,877
Short-term demand deposits	29,963	30,000
	59,732	67,502

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. Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group’s financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

MFRS 17	Insurance Contracts
MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 3	Definition of a business
Amendments to MFRS 101 and MFRS 108	Definition of material
Conceptual Framework	Amendments to References to the Conceptual Framework in MFRS Standards

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

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.

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

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.

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

A first single-tier interim dividend of 2 sen per ordinary share amounting to RM4,600,000 in respect of financial year ending 30 June 2020 was paid on 10 October 2019.

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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (cont'd)****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 31/12/2019 RM'000	Preceding year quarter 31/12/2018 RM'000	Current year- to-date 31/12/2019 RM'000	Preceding year- to-date 31/12/2018 RM'000
Revenue				
Adhesives	19,487	19,853	37,535	41,517
Sealants	150	159	262	968
Supporting products and services	1,188	867	2,405	1,615
	20,825	20,879	40,202	44,100
Profit before tax				
Adhesives	3,602	2,894	6,934	7,770
Sealants	20	26	34	105
Supporting products and services	214	95	421	199
Others ⁽¹⁾	-	(2,303)	-	(2,303)
	3,836	712	7,389	5,771

Notes:-

(1) One-off non-recurring listing expenses

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

Saved as disclosed in Note B6 "Status of corporate proposals", 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

On 4 December 2019, the Company incorporated a wholly-owned subsidiary in Malaysia under the name of Techbond GreenTech Sdn Bhd with an initial paid-up share capital of RM100 comprising of 100 ordinary shares.

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 commitments**

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	3,324
- Authorised and contracted for	9,792
Expansion of facilities in Shah Alam factory complex	
- Authorised but not contracted for	139
- Authorised and contracted for	84
	13,339

A15. Significant related party transactions

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

	Current year quarter 31/12/2019 RM'000	Current period- to-date 31/12/2019 RM'000
Rental expenses charged by a company in which the Directors have interests	21	42
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.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS**B1. Review of performance****(a) Comparison with the corresponding quarter in the previous financial year**

The Group's total revenue for the three months period ended 31 December 2019 was RM20.83 million, a slight decrease of RM0.05million or 0.24% from RM20.88 million in the previous corresponding quarter. Profit before tax ("PBT") for the Group was RM3.84 million, an increase of RM3.13 million or 440.85% from RM0.71 million in the previous corresponding quarter due to one off charge of listing expenses amounting to RM2.30 million in previous corresponding quarter.

The Group's revenue mainly driven from manufacture of industrial adhesives. In comparing against the corresponding quarter ended 31 December 2018, it shown a decrease of RM0.36 million or 1.81%. 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 RM19.49 million of the Group's total revenue and RM3.60 million of the Group's PBT for the current quarter as compared to RM19.85 million and RM2.89 million respectively in the previous corresponding quarter.

(b) Comparison with the corresponding financial period-to-date in the previous financial year (6 months)

For the financial period-to-date, the Group recorded revenue of RM40.20 million, a decrease of RM3.9 million or 8.84% from RM44.10 million in the previous financial period-to-date. The Group's revenue was principally derived from overseas market. The decrease was primarily due to softer demand in overseas market.

The Group recorded PBT of RM7.39 million, an increase of RM1.62 million or 28.08% from RM5.77 million in the previous financial period-to-date. The higher PBT achieved was mainly driven by one off charge of listing expenses amounting RM2.30 million in previous financial period-to-date.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)**B2. Comparison with immediate preceding quarter**

	Individual quarter 3 months ended		Changes	
	31/12/2019 RM'000	30/09/2019 RM'000	RM'000	%
Revenue	20,825	19,377	1,448	7.47
Profit before tax	3,836	3,553	283	7.97

The Group's revenue of approximately RM20.83 million for the current quarter was approximately RM1.45 million higher as compared to the revenue reported for the preceding quarter of approximately RM19.38 million. The increase was primarily due to stronger demand from overseas.

The Group's reported profit before tax of approximately RM3.84 million for the current quarter was approximately RM0.29 million higher as compared to the profit before tax reported for the preceding quarter of approximately RM3.55 million. This was mainly due to higher revenue and better gross profit margin for 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 have commenced 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.

The Company takes cognizance that Covid-19 may affect some of the Company's customers which may but not necessary have a corresponding ripple effect on the Company. However, the impact has yet to be felt by the Company.

B4. Profit forecast

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

B5. Tax expense

	Individual quarter		Cumulative quarter	
	Current year quarter 31/12/2019 RM'000	Preceding year quarter 31/12/2018 RM'000	Current year- to-date 31/12/2019 RM'000	Preceding year- to-date 31/12/2018 RM'000
Current tax	797	666	1,647	1,804
Deferred tax	20	(12)	15	26
Total	<u>817</u>	<u>654</u>	<u>1,662</u>	<u>1,830</u>

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

B5. Tax expense (cont'd)

The effective tax rate of the Group for the current period is lower than the Malaysia statutory rate of 24%. This was mainly due to the tax rate difference in foreign jurisdiction. The statutory tax rate in Vietnam was 20%.

B6. Status of corporate proposals

On 10 December 2019, the Company proposed to undertake a bonus issue of 115,000,000 warrants on a basis of one warrant for every two existing Techbond shares held by the shareholders.

On 8 January 2020, the Company announced that Bursa Securities had, vide its letter dated 7 January 2020, resolved to approve the proposed bonus issue of warrants.

On 6 February 2020, the Board had resolved to fix the exercise price for the warrants to be issued pursuant to proposed bonus issue of warrants at RM0.76 per Warrant ("Exercise Price"), representing a discount of approximately 12.9% to 5-day volume weight average market price of Techbond share up to and including 5 February 2020 of approximately RM0.8723 per Techbond Share.

The warrants will be listed on 2 March 2020.

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	7,858	78.58	Within 24 months
(b) Purchase of machineries and equipment for the VSIP2 Factory Complex	12,740	12,740	6,266	49.18	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	4,277	95.04	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	22,801		

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.

B9. Material litigation

Save as disclosed below, our Group is not involved in any material litigation, claim and/or arbitration, either as plaintiff or defendant and our Board is not aware of any proceeding, pending or threatened against our Group, or of any fact which is likely to give rise to a proceeding which might materially affect the business or financial position of our Group:-

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

B9. Material litigation (cont'd)

- (i) Techbond (Vietnam) Co. Ltd (“**Techbond Vietnam**”), a wholly-owned subsidiary of our Company, had on 10 October 2019 filed a lawsuit against Innopack Vietnam Co. Ltd (“**Defendant**”) at the People’s Court of District 7, Ho Chi Minh City (“**Vietnam Court**”), for a sum of VND5,342,920,000 (equivalent to approximately RM945,697*) (“**Amount Owing**”), of which VND5,170,000,000 (equivalent to approximately RM915,090*) (“**Sales Amount**” or “**Principal**”) represents the amount due and owing by the Defendant in relation to the goods sold and delivered by Techbond Vietnam to the Defendant pursuant to the sales contract dated 2 January 2019 entered into between Techbond Vietnam and the Defendant (collectively referred to as the “**Parties**”) while the remaining VND172,920,000 (equivalent to approximately RM30,607*) represents the late interest payment for the Sales Amount accumulated up to September 2019.

Subsequently, on 29 November 2019, the Parties had reached an agreement that the Amount Owing shall be paid by the Defendant in six (6) instalments as follows:-

Instalment	Period	Amount (VND’million)			Total amount equivalent to RM*
		Principal	Interest	Total	
First	20 to 30 December 2019	1,000.00	-	1,000.00	177,000
Second	20 to 29 February 2020	170.00	172.92	342.92	60,697
Third	20 to 30 March 2020	1,000.00	-	1,000.00	177,000
Fourth	20 to 30 April 2020	1,000.00	-	1,000.00	177,000
Fifth	20 to 30 May 2020	1,000.00	-	1,000.00	177,000
Sixth	20 to 30 June 2020	1,000.00	-	1,000.00	177,000
	Total	5,170.00	172.92	5,342.92	945,697

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

The Parties have also agreed that in the event the Defendant fails to pay any of the instalments as set out above, the Defendant shall pay all the outstanding amount in one lump sum payment to Techbond Vietnam. In such event, such outstanding amount will be subject to interest calculated using the rate as prescribed under Clause 2, Article 468 of the 2015 Civil Code of Vietnam from the date when Techbond Vietnam submits the request for judgment enforcement for such default until all such outstanding amount have been fully settled by the Defendant ("**Late Payment Interest**").

In addition, the court fee for this trade dispute case of VND56,671,460 (equivalent to approximately RM10,031*) ("**Court Fee**") paid by Techbond Vietnam, shall be payable by the Defendant.

The Vietnam Court had then on 9 December 2019 issued a decision to recognise the abovementioned agreements between the Parties.

Notwithstanding the above, the Defendant has failed to settle its first instalment payment of VND1,000,000,000 (equivalent to RM177,000*) by 30 December 2019 to Techbond Vietnam. Accordingly, Techbond Vietnam had on even date instructed its lawyers to file a request for judgement enforcement with the Vietnam Court to recover the full Amount Owing from the Defendant. The Vietnam Court had on 6 January 2020 issued a decision allowing the judgment enforcement against the Defendant ("**Decision**"). In the Decision, the Vietnam Court asserted that the Defendant is liable to pay the Amount Owing in one lump sum, the Court Fee and the Late Payment Interest to Techbond Vietnam and these amounts shall be paid by the Defendant within ten (10) days from the date of receipt of the Decision. However, the Defendant has failed to make the said payment within the stipulated timeframe and as such, Techbond Vietnam's solicitors are in the midst of verifying the Defendant's assets and will thereafter proceed for distraint or auction. The potential exposure of Techbond Vietnam is estimated to be the sum of the Amount Owing, Court Fee and the other associated legal fees which is estimated to be approximately VND12,000,000 (equivalent to RM2,124*).

Note:-

* *Translated to RM based on the exchange rate of VND100 : RM0.0177, being the 5:00 p.m. middle rate as set forth in the statistical release of Bank Negara Malaysia as at 31 December 2019.*

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

B10. Dividends

Saved as disclosed in Note A8 "Dividend paid", 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 quarter 31/12/2019	Preceding year quarter 31/12/2018 ⁽¹⁾	Current year- to-date 31/12/2019	Preceding year- to-date 31/12/2018 ⁽¹⁾
Profit after tax attributable to the owners of the Company (RM '000)	3,019	58	5,727	3,941
Weighted average number of ordinary shares in issue ('000)	230,000	187,036	230,000	117,977
Basic EPS (sen) ⁽²⁾	1.31	0.03	2.49	3.34
Diluted EPS (sen) ⁽³⁾	1.31	0.03	2.49	3.34

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 quarter 31/12/2019 RM'000	Preceding year quarter 31/12/2018 ⁽¹⁾ RM'000	Current year- to-date 31/12/2019 RM'000	Preceding year-to-date 31/12/2018 ⁽¹⁾ RM'000
Amortisation of deferred income	(11)	(11)	(22)	(22)
Amortisation of land use rights	24	24	48	48
Depreciation of property, plant and equipment	306	293	610	586
Interest income	(442)	(277)	(980)	(597)
Inventories written off	-	-	-	1
Net realised loss/ (gain) on foreign exchange	56	42	103	(540)
Net unrealised loss on foreign exchange	800	124	538	490
Rental income	(*)	(*)	(*)	(*)
Rental expenses	23	27	44	54

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.