

**TECHBOND GROUP BERHAD**

201601019667 (1190604-M)

(Incorporated in Malaysia)


**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022<sup>(1)</sup>**

	Individual quarter		Cumulative quarter	
	Current year quarter 31/12/2022 RM'000	Preceding year quarter 31/12/2021 RM'000	Current year- to-date 31/12/2022 RM'000	Preceding year-to-date 31/12/2021 RM'000
<b>Revenue</b>	24,855	22,591	48,248	37,868
Cost of sales	(19,740)	(16,877)	(38,335)	(28,391)
<b>Gross profit</b>	5,115	5,714	9,913	9,477
Other income	185	310	385	720
Finance income	260	136	434	284
Administration expenses	(2,861)	(1,916)	(5,139)	(4,434)
Distribution expenses	(895)	(602)	(1,802)	(1,166)
Other expenses	(3,062)	(538)	(130)	(9)
<b>(Loss)/Profit before tax</b>	(1,258)	3,104	3,661	4,872
Tax expense	(425)	(518)	(843)	(939)
<b>(Loss)/Profit for the period</b>	(1,683)	2,586	2,818	3,933
<b>Other comprehensive (expense)/income, net of tax:-</b>				
<b>Item that may be reclassify subsequently to profit or loss</b>				
Foreign currency translation differences	(590)	(147)	(66)	49
<b>Total comprehensive (expense)/income for the period</b>	(2,273)	2,439	2,752	3,982
Earnings per share (Note B10)				
- Basic (sen)	(0.32)	0.49	0.53	0.74
- Diluted (sen)	(0.32)	0.44	0.51	0.66

Note:-

- (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 2022 and the accompanying explanatory notes attached to the interim financial report.

**TECHBOND GROUP BERHAD**

201601019667 (1190604-M)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022<sup>(1)</sup>**

	Unaudited As at 31/12/2022 RM'000	Audited As at 30/06/2022 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment property	12,341	12,357
Property, plant and equipment	48,866	49,765
Land use rights	6,502	6,630
Other receivables	29	29
<b>Total non-current assets</b>	<b>67,738</b>	<b>68,781</b>
<b>Current assets</b>		
Inventories	34,323	44,027
Trade receivables	18,370	18,243
Other receivables	11,675	6,408
Current tax assets	501	1,246
Cash and cash equivalents	43,232	39,140
<b>Total current assets</b>	<b>108,101</b>	<b>109,064</b>
<b>TOTAL ASSETS</b>	<b>175,839</b>	<b>177,845</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Equity attributable to the owners of the Company:-		
Share capital	143,826	143,826
Merger deficit	(78,938)	(78,938)
Exchange translation reserve	7,218	7,284
Retained earnings	90,372	87,554
<b>Total equity</b>	<b>162,478</b>	<b>159,726</b>
<b>LIABILITIES</b>		
<b>Non-current liability</b>		
Deferred tax liabilities	1,557	1,534
<b>Total non-current liability</b>	<b>1,557</b>	<b>1,534</b>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (cont'd)<sup>(1)</sup>**

	Unaudited As at 31/12/2022 RM'000	Audited As at 30/06/2022 RM'000
<b>Current liabilities</b>		
Trade payables	8,730	14,596
Other payables	2,574	1,849
Current tax liabilities	-	140
Term loan	500	-
<b>Total current liabilities</b>	<b>11,804</b>	<b>16,585</b>
<b>Total liabilities</b>	<b>13,361</b>	<b>18,119</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>175,839</b>	<b>177,845</b>
Net assets per share (RM) <sup>(2)</sup>	0.31	0.30

## Notes:-

- (1) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited financial statements for the financial year ended 30 June 2022 and the accompanying explanatory notes attached to the interim financial report.
- (2) The net assets per share is calculated based on the weighted average number of shares in issue of 529,397,000 as at 31 December 2022 and 529,395,000 as at 30 June 2022.

## TECHBOND GROUP BERHAD

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### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022<sup>(1)</sup>

	← Non-distributable →			Distributable	
	Share capital RM'000	Merger deficit RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 July 2021	143,821	(78,938)	6,578	79,003	150,464
Profit of the financial period	-	-	-	11,198	11,198
Other comprehensive income, net of tax	-	-	706	-	706
Total comprehensive income	-	-	706	11,198	11,904
Transactions with owners:-					
Dividends to owners of the company	-	-	-	(2,647)	(2,647)
Exercise of warrants conversion	5	-	-	-	5
Total transactions with owners	5	-	-	(2,647)	(2,642)
Balance as at 30 June 2022	143,826	(78,938)	7,284	87,554	159,726

## TECHBOND GROUP BERHAD

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### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022 (cont'd)<sup>(1)</sup>

	← Non-Distributable →			Distributable	
	Share capital RM'000	Merger deficits RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 July 2022	143,826	(78,938)	7,284	87,554	159,726
Profit of the financial period	-	-	-	2,818	2,818
Other comprehensive expense, net of tax	-	-	(66)	-	(66)
Total comprehensive income	-	-	(66)	2,818	2,752
Transactions with owners:-					
Dividends to owners of the company	-	-	-	-	-
Exercise of warrants conversion	-	-	-	-	-
Total transactions with owners	-	-	-	-	-
Balance as at 31 December 2022	143,826	(78,938)	7,218	90,372	162,478

Note:-

- (1) The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited financial statements for the financial year ended 30 June 2022 and the accompanying explanatory notes attached to the interim financial report.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022<sup>(1)</sup>**

	Current year- to-date 31/12/2022 RM'000	Preceding year-to-date 31/12/2021 RM'000
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	3,661	4,872
<b>Adjustments for:-</b>		
Amortisation of land use rights	103	96
Depreciation of investment property	15	16
Depreciation of property, plant and equipment	1,584	1,457
Fair value gain on short-term demand deposits	(359)	(2)
Interest income	(75)	(282)
Net impairment losses on trade receivables	(17)	(12)
Net unrealised loss/(gain) on foreign exchange	35	(165)
Operating profit before working capital changes	4,947	5,980
Changes in working capital:-		
Inventories	9,868	(705)
Receivables	(5,322)	4,019
Payables	(5,262)	(3,637)
Cash generated from operations	4,231	5,657
Tax paid	(179)	(849)
Finance income received	434	284
Net cash flows from operating activities	4,486	5,092
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(769)	(572)
Net cash flows used in investing activities	(769)	(572)
<b>FINANCING ACTIVITIES</b>		
Proceeds from conversion of warrants into ordinary shares	-	5
Dividend paid	-	(2,647)
Drawdown of term loan	500	-
Net cash flows from/(used in) financing activities	500	(2,642)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022 (cont'd)<sup>(1)</sup>**

	<b>Current year- to-date 31/12/2022 RM'000</b>	<b>Preceding year-to-date 31/12/2021 RM'000</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Net changes	4,217	1,878
Effect of foreign currency translation differences	(125)	5
At beginning of financial period	39,140	38,022
At end of financial period	43,232	39,905
<b>Cash and cash equivalents at the end of the financial period comprises:-</b>		
Cash and bank balances	8,464	23,750
Fixed deposits with licensed banks	5,202	-
Short-term demand deposits	29,566	16,155
	43,232	39,905

Note:-

- (1) The Unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Group's audited financial statements for the financial year ended 30 June 2022 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 2022 and the accompanying explanatory notes attached to this interim financial report.

**A2. Standards issued but not yet effective**

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

*Amendments to MFRSs effective 1 January 2022:*

Amendments to MFRS 3	References to the Conceptual Framework
Amendments to MFRS 116*	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Provision, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvement to MFRS Standards 2018 – 2020	

*MFRSs and Amendments to MFRSs effective 1 January 2023:*

Amendments to MFRS 4*#	Insurance Contracts - Extension of the Temporary Exemption from Applying MFRS 9
MFRS 17*# and Amendments to MFRS 17*#	Insurance Contracts and amendment to MFRS 17 Insurance Contracts
Amendments to MFRS 17*	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101	Presentation of Financial Statements - Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Presentation of Financial Statements - Disclosure of Accounting Policies
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
Amendments to MFRS 112*#	Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction



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

**A2. Standards issued but not yet effective (cont'd)**

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
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\* Not applicable to the Company's operation

# Not applicable to the Group's operation

The initial application of the above applicable standards and amendments are not expected to have any significant impacts to the financial statements.

**A3. Auditors' report**

There was no qualification on the audited financial statements of the Group for the financial year ended 30 June 2022.

**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.

**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.

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

**A8. Dividend paid**

On 28 October 2022, the Directors declared a final single-tier interim dividend of 0.5 sen per ordinary share amounting to RM2,646,986 in respect of financial year ended 30 June 2022. The dividend was paid on 17 January 2023.

**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 31/12/2022 RM'000	Preceding year quarter 31/12/2021 RM'000	Current year- to-date 31/12/2022 RM'000	Preceding year- to-date 31/12/2021 RM'000
<b>Revenue</b>				
Adhesives and sealants	23,256	21,204	46,013	35,850
Supporting products and services	1,599	1,387	2,235	2,018
	<u>24,855</u>	<u>22,591</u>	<u>48,248</u>	<u>37,868</u>
<b>(Loss)/Profit before tax</b>				
Adhesives and sealants	(1,227)	2,920	3,500	4,611
Supporting products and services	(31)	184	161	261
	<u>(1,258)</u>	<u>3,104</u>	<u>3,661</u>	<u>4,872</u>

**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 commitments**

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

	<b>RM'000</b>
<b>Authorised and contracted for:-</b>	
Shah Alam Factory complex	121

**A15. Significant related party transactions**

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

	<b>Current year quarter 31/12/2022 RM'000</b>	<b>Current period- to-date 31/12/2022 RM'000</b>
Rental expenses charged by a company in which the Directors have interests	23	45
Rental income charged to a company in which the Directors have interests	(*)	1

\*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**

For the three-month period ended 31 December 2022 (“Current Quarter”), the Group posted a revenue of RM24.86 million, an increase of 10.05% year-on-year (“YoY”) from RM22.59 million achieved in the previous year corresponding quarter. This was mainly driven by healthy orders across the markets that we serve. For the Current Quarter, industrial adhesives and sealants continued to be the Group anchor revenue contributor, accounting for 93.56% or RM23.26 million of the total revenue.

The Group recorded a loss before tax (“LBT”) of RM1.26 million for the current quarter under review. The loss was predominantly due to an unrealised foreign exchange loss incurred amounting to RM2.86 million, which is a non-cash item and has no impact on our cash flow. For illustration purposes, in the absence of the non-cash item, the Group would have posted a profit before tax (“PBT”) of RM1.60 million. In addition, other contributing factors were higher input, mainly stemming from fluctuations in raw material prices along with administrative costs, which included expenses associated with the Proposed Acquisition.

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

Cumulatively, the Group’s revenue for the period under review was 27.41% YoY higher at RM48.25 million vis-à-vis RM37.87 million a year ago, supported by the abovementioned factor. Industrial adhesives and sealants remained the chief contributor, accounting for 95.36% or RM46.01 million to total revenue.

Meanwhile, the Group’s PBT stood at RM3.66 million for the cumulative financial period-to-date versus RM4.87 million in the previous year. The softer YoY performance was largely attributed to higher input cost and administrative expenses relating to increase in headcount as we grow the business and expenses associated with the Proposed Acquisition.

**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		RM'000	Changes %
	31/12/2022 RM'000	30/09/2022 RM'000		
Revenue	24,855	23,393	1,462	6.25%
(Loss)/Profit before tax	(1,258)	4,919	(6,177)	(125.57%)
(Loss)/Profit for the period	(1,683)	4,501	(6,184)	(137.39%)

Sequentially, the Group's turnover rose 6.25% quarter-on-quarter ("QoQ") to RM24.86 million from RM23.39 million in the immediate preceding quarter, stemming from sustained demand from our customers. Meanwhile, the top-line improvement was not reflected on the bottom-line primarily due to the unrealized foreign exchange loss and expenses mentioned earlier.

**B3. Prospects**

Looking ahead, uncertainties are expected to remain elevated arising from ongoing macroeconomics issues. Nevertheless, the Group continues to focus on the execution of our growth plans. The demand outlook from our customers appears to be sustaining healthily with some segments picking up good traction. At the same time, we have gathered further momentum on our efforts to secure new customers from different segments and expand into several new countries.

Utilization for our game-changing upstream polymerization plant in Vietnam has been increasing. The polymer produced are currently being used in-house by our plant to manufacture industrial adhesives. At the same time, we remain in active discussion with potential customers on the supply of polymer.

On the corporate front, we are excited by the Proposed Acquisition of Malayan Adhesives and Chemicals Sdn. Bhd. ("MAC"), an adhesives and chemicals specialist. There are strong synergies where we can broaden our product range and leverage on MAC's distribution network to cross sell our existing products. Also, with this horizontal integration, the Group is also able to offer our existing customers and distributors a wider range of products.

All in all, the long-term prospects of the Group remain intact premised upon our growth plans and backed by our robust balance sheet. The Board opines that the financial performance in the remaining quarters of the financial year to be satisfactory, barring any unforeseen circumstances.

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)****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 31/12/2022 RM'000	Preceding year quarter 31/12/2021 RM'000	Current year- to-date 31/12/2022 RM'000	Preceding year- to-date 31/12/2021 RM'000
Current tax	344	402	819	840
Deferred tax	81	116	24	99
Total	425	518	843	939

The effective tax rate of the Group for the current year quarter was higher than Malaysia statutory rate of 24% due to non-taxable unrealised loss on foreign exchange being disallowed for taxation purposes. However, the effective tax rate of the Group for current year-to-date was lower than the Malaysia statutory rate of 24% due to tax exemption granted for subsidiary in Vietnam.

**B6. Status of corporate proposals**

On 27 December 2022, the Company entered into a conditional Share Sale Agreement (“SSA”) with Chemquest Sdn Bhd for the proposed acquisition of 13,939,334 ordinary shares in Malayan Adhesives And Chemicals Sdn Bhd (“MAC”) (“MAC Shares”), representing approximately 99.57% equity interest in MAC for a cash consideration of RM57.00 million (approximately RM4.089 per MAC Share).

On 7 February 2023, the Company issued a Circular to Shareholders in relation to the proposed acquisition by the Company of up to 100% equity interest in MAC for a total cash consideration of up to approximately RM57.25 million (“Proposed Acquisition”) and circulate the same to the shareholders.

On 15 February 2023, Kenanga Investment Bank Berhad (“Kenanga IB”) announced that the Company had received the acceptances from both Melina Binti Mahmood and Datuk Musa @ Ayob Bin Saad in relation to the Proposed Acquisition.

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

**B6. Status of corporate proposals (cont'd)**

On 22 February 2023, the Extraordinary General Meeting of the Company was held and the ordinary resolution for the approval of the aforesaid Proposed Acquisition was duly approved by the shareholders and in relation thereto Kenanga IB announced that all the conditions precedent of the SSA have been fulfilled and accordingly, the SSA has become unconditional on the said date.

**B7. Borrowings**

All the Group's borrowings are short-term and long term in nature, secured and denominated in Ringgit Malaysia.

	<b>As at 31 December 2022</b>		
	<b>Long-term RM'000</b>	<b>Short-term RM'000</b>	<b>Total Borrowing RM'000</b>
<b>Secured</b>			
Denominated in RM			
Term loan	-	500	500

**B8. 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:-

- (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 Owning**"), 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.



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

**B8. Material litigation (cont'd)**

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

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.

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)****B8. Material litigation (cont'd)**

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.

As at 5 June 2020, Techbond Vietnam has received a total of VND 1,408,000,000 (approximately equivalent to RM 253,440) outstanding amount from the Defendant. In view that the Defendant had made several payments, the Board has decided to temporarily suspend the Decision on Judgement Enforcement dated 6 January 2020 until the outstanding amount is fully settled. The Board reserved the right to withdraw the suspension and serve the Enforcement on the Defendant in the event the Defendant default in the balance of the outstanding amount.

The Defendant had subsequently defaulted in paying the balance outstanding amount owed to Techbond Vietnam of which Techbond Vietnam had received a total of VND2,660,000,000 (approximately equivalent to RM470,820\*) from the Defendant out of the total outstanding amount of VND5,170,000,000 (approximately equivalent to RM915,090\*).

In view of the above, the Board had decided to waive the suspension and decided to enforce the Enforcement on the Defendant. Bankruptcy action has been commenced unto the Defendant following the Court session held on November 25, 2021 in Vietnam which was not attended by the representative of the Defendant.

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.*

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

Save as disclosed in Note A8, there were no other dividends proposed, declared or paid by the Company for current financial quarter and financial year-to-date.

**B10. 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 31/12/2022	Preceding year quarter 31/12/2021	Current year- to-date 31/12/2022	Preceding year-to-date 31/12/2021
(Loss)/Profit after tax attributable to the owners of the Company (RM '000)	(1,683)	2,586	2,818	3,933
Weighted average number of ordinary shares in issue ('000)	529,397	529,395	529,397	529,395
Basic EPS (sen) <sup>(1)</sup>	(0.32)	0.49	0.53	0.74
Diluted EPS (sen) <sup>(2)</sup>	(0.32)	0.44	0.51	0.66

Notes:-

- (1) 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.
- (2) Diluted EPS is calculated by dividing the profit attributable to owners of the company by the weighted average diluted number of ordinary shares outstanding during the period and after accounting for the effect of all dilutive potential ordinary shares arising from the exercising of outstanding warrants.

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

**B11. (Loss)/Profit before tax**

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

	Individual quarter		Cumulative quarter	
	Current year quarter 31/12/2022 RM'000	Preceding year quarter 31/12/2021 RM'000	Current year- to-date 31/12/2022 RM'000	Preceding year-to-date 31/12/2021 RM'000
Amortisation of land use rights	52	48	103	96
Depreciation of investment property	7	8	15	16
Depreciation of property, plant and equipment	791	738	1,584	1,457
Fair value gain on short-term demand deposits	(196)	(2)	(359)	(2)
Interest income	(64)	(134)	(75)	(282)
Net realised loss/(gain) on foreign exchange	199	(53)	95	(118)
Net unrealised loss/(gain) on foreign exchange	2,863	530	35	(165)
Rental income	(176)	(176)	(353)	(353)
Rental expenses	39	35	77	70
Net impairment loss on trade receivables	(1)	(12)	(17)	(12)

\* 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) gain or loss on disposal of quoted or unquoted investments;
- (iii) gain or loss on derivatives; and
- (iv) impairment of assets