

TECHBOND GROUP BERHAD

201601019667 (1190604-M)

(Incorporated in Malaysia)


UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 30 JUNE 2024⁽¹⁾

	Individual quarter		Cumulative quarter	
	Current year quarter 30/06/2024 RM'000	Preceding year quarter 30/06/2023 RM'000	Current year- to-date 30/06/2024 RM'000	Preceding year-to-date 30/06/2023 RM'000
Revenue	38,501	34,117	151,098	108,947
Cost of sales	(27,603)	(27,053)	(110,666)	(85,899)
Gross profit	10,898	7,064	40,432	23,048
Other income	881	2,748	919	3,609
Finance income	144	309	1,058	1,071
Gain on bargain purchase ⁽²⁾	-	-	-	1,647
Administration expenses	(3,565)	(2,459)	(14,354)	(11,808)
Distribution expenses	(1,219)	(1,386)	(5,686)	(4,188)
Finance cost	(87)	(278)	(645)	(398)
Other expenses	(1,050)	(212)	(1,357)	(213)
Profit before tax	6,002	5,786	20,367	12,768
Tax expense	(1,079)	(523)	(3,972)	(1,760)
Profit for the period	4,923	5,263	16,395	11,008
Other comprehensive (expense)/income, net of tax:-				
Item that may be reclassify subsequently to profit or loss				
Foreign currency translation differences	(11)	2,189	586	2,187
Total comprehensive income for the period	4,912	7,452	16,981	13,195
Earnings per share (Note B10)				
- Basic (sen)	0.91	0.99	3.06	2.08
- Diluted (sen)	0.84	0.93	2.83	1.96

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 2023 and the accompanying explanatory notes attached to the interim financial report.
- (2) A one-time accounting gain on bargain purchase arise when the Group acquires a business under Malaysian Financial Reporting Standards ("MRFSS") 3.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024⁽¹⁾**

	Unaudited As at 30/06/2024 RM'000	Audited As at 30/06/2023 RM'000
ASSETS		
Non-current assets		
Investment properties	12,297	12,326
Property, plant and equipment	56,721	58,610
Right-of-use assets	45,211	46,385
Other receivables	31	93
Total non-current assets	114,260	117,414
Current assets		
Inventories	42,949	38,191
Trade receivables	28,659	24,547
Other receivables	9,659	7,015
Current tax assets	151	1,118
Cash and cash equivalents	35,783	31,312
Total current assets	117,201	102,183
TOTAL ASSETS	231,461	219,597
EQUITY AND LIABILITIES		
EQUITY		
Equity attributable to the owners of the Company:-		
Share capital	154,535	143,826
Merger deficit	(78,938)	(78,938)
Exchange translation reserve	10,057	9,471
Retained earnings	105,551	95,915
Total equity	191,205	170,274
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	11,069	11,054
Other payables	195	43
Borrowings	5,643	22,811
Total non-current liabilities	16,907	33,908

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024
(cont'd)⁽¹⁾**

	Unaudited As at 30/06/2024 RM'000	Audited As at 30/06/2023 RM'000
Current liabilities		
Trade payables	11,916	9,762
Other payables	8,117	4,163
Current tax liabilities	1,007	5
Borrowings	2,309	1,485
Total current liabilities	<u>23,349</u>	<u>15,415</u>
Total liabilities	<u>40,256</u>	<u>49,323</u>
TOTAL EQUITY AND LIABILITIES	<u>231,461</u>	<u>219,597</u>
Net assets per share (RM) ⁽²⁾	0.36	0.32

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 2023 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 535,167,000 as at 30 June 2024 and 529,397,000 as at 30 June 2023.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 30 JUNE 2024⁽¹⁾

	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 2022	143,826	(78,938)	7,284	87,554	159,726
Profit of the financial period	-	-	-	11,008	11,008
Other comprehensive income , net of tax	-	-	2,187	-	2,187
Total comprehensive income	-	-	2,187	11,008	13,195
Transactions with owners:-					
Dividends to owners of the company	-	-	-	(2,647)	(2,647)
Exercise of warrants conversion	-	-	-	-	-
Total transactions with owners	-	-	-	(2,647)	(2,647)
Balance as at 30 June 2023	143,826	(78,938)	9,471	95,915	170,274

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 30 JUNE 2024 (cont'd)⁽¹⁾

			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 2023	143,826	(78,938)	9,471	95,915	170,274
Profit of the financial period	-	-	-	16,395	16,395
Other comprehensive income, net of tax	-	-	586	-	586
Total comprehensive income	-	-	586	16,395	16,981
Transactions with owners:-					
Dividends to owners of the company	-	-	-	(6,759)	(6,759)
Exercise of warrants conversion	10,709	-	-	-	10,709
Total transactions with owners	10,709	-	-	(6,759)	3,950
Balance as at 30 June 2024	154,535	(78,938)	10,057	105,551	191,205

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 2023 and the accompanying explanatory notes attached to the interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 30 JUNE 2024⁽¹⁾

	Current year- to-date 30/06/2024 RM'000	Preceding year-to-date 30/06/2023 RM'000
OPERATING ACTIVITIES		
Profit before taxation	20,367	12,768
Adjustments for:-		
Amortisation of right-of-use-assets	1,461	624
Depreciation of investment properties	31	31
Depreciation of property, plant and equipment	4,889	3,686
Finance cost	645	-
Net unrealised loss/(gain) on foreign exchange	523	(1,412)
Provision for gratuity	17	43
Fair value gain on short-term demand deposits	(260)	(566)
Gain on bargain purchase	-	(1,647)
Gain on disposal of property, plant and equipment	(13)	(44)
Interest income	(798)	(505)
Net impairment loss on trade receivables	-	89
Inventories written down	28	-
Operating profit before working capital changes	26,890	13,067
Changes in working capital:-		
Inventories	(4,636)	15,068
Receivables	(7,145)	1,634
Payables	6,011	(7,245)
Cash generated from operations	21,120	22,524
Tax paid	(2,007)	(678)
Finance income received	1,058	1,071
Net cash flows from operating activities	20,171	22,917
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	-	128
Acquisition of subsidiaries, net of cash and cash equivalents acquired	-	(51,311)
Purchase of property, plant and equipment	(1,439)	(1,794)
Purchase of investment property	(2)	-
Placement of fixed deposits with licensed banks	(4,823)	(9,879)
Net cash flows used in investing activities	(6,264)	(62,856)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 30 JUNE 2024 (cont'd)⁽¹⁾

	Current year- to-date 30/06/2024 RM'000	Preceding year-to-date 30/06/2023 RM'000
FINANCING ACTIVITIES		
Dividend paid	(6,759)	(2,647)
Drawdown of term loan	-	52,500
Interest paid	(645)	-
Repayment of term loans	(16,344)	(28,204)
Proceeds from conversion of warrants into ordinary shares	10,709	-
Net cash flows (used in)/from financing activities	<u>(13,039)</u>	<u>21,649</u>
CASH AND CASH EQUIVALENTS		
Net changes	868	(18,290)
Effect of foreign currency translation differences	(1,220)	583
At beginning of financial period	<u>21,433</u>	<u>39,140</u>
At end of financial period	<u>21,081</u>	<u>21,433</u>
Cash and cash equivalents at the end of the financial period comprise:-		
Cash and bank balances	17,004	13,267
Fixed deposits with licensed banks	14,702	11,467
Short-term demand deposits	4,077	6,578
	<u>35,783</u>	<u>31,312</u>
Less: Fixed deposits with licensed banks more than 3 months	<u>(14,702)</u>	<u>(9,879)</u>
	<u>21,081</u>	<u>21,433</u>

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 2023 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 2023 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 2024:-

Amendments to MFRS 16	Leases: Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Presentation of Financial Statements: Non-current Liabilities with Covenants
Amendments to MFRS 101	Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
Amendments to MFRS 107*# and MFRS 7*#	Statement of Cash Flows: Supplier Finance Arrangements

Amendments to MFRS effective 1 January 2025:-

Amendments to MFRS 121*	The Effects of Changes in Foreign Rates - Lack of Exchangeability
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Amendments to MFRSs effective 1 January 2026:-

Amendments to MFRS 9 and MFRS 7	Amendments to the Classification and Measurement of Financial Instruments
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MFRSs effective 1 January 2027:-

MFRS 18	Presentation and Disclosure in Financial Statements
MFRS 19*	Subsidiaries without Public Accountability: Disclosures

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 2023.

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.

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 except for the issuance of 26,423,400 and 32,451,400 new ordinary shares respectively pursuant to the exercise of warrants at RM0.33 per warrant. The total cash proceeds arising from the exercise of warrants during the current quarter and financial period under review amounted to RM8,719,722 and RM10,708,962 respectively.

A8. Dividend paid

A final single-tier interim dividend of 0.75 sen per ordinary share amounting to RM4,013,084 in respect of financial year ended 30 June 2023 has been paid on 15 December 2023.

A single-tier interim dividend of 0.50 sen per ordinary share amounting to RM2,746,371 in respect of financial year ended 30 June 2024 has been paid on 3 July 2024.

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 30/06/2024 RM'000	Preceding year quarter 30/06/2023 RM'000	Current year- to-date 30/06/2024 RM'000	Preceding year- to-date 30/06/2023 RM'000
Revenue				
Adhesives and sealants	30,623	26,267	116,598	94,689
Chemicals	5,416	6,699	25,687	9,584
Supporting products and services	2,306	1,151	8,193	4,674
Others*	156	-	620	-
	38,501	34,117	151,098	108,947
Profit before tax				
Adhesives and sealants	4,618	4,173	14,921	10,466
Chemicals	1,160	1,420	4,670	1,807
Supporting products and services	189	193	648	495
Others*	35	-	128	-
	6,002	5,786	20,367	12,768

* Others segments of the Group which are not of sufficient size to be reported separately.

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:-

	RM'000
Authorised and contracted for:-	
Purchase of property, plant and equipment	2,837

A15. Significant related party transactions

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

	Current year quarter 30/06/2024 RM'000	Current period- to-date 30/06/2024 RM'000
Rental expenses charged by a company in which the Directors have interests	35	139
Rental income charged to a company in which the Directors have interests	(*)	(2)

*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 30 June 2024 (“Current Quarter”), the Group’s revenue rose 12.84% year-on-year (“YoY”) to RM38.50 million from RM34.12 million a year ago. The double-digit improvement was chiefly driven by healthy order flow from the markets we serve, continued recovery of key industries served, along with contributions from our subsidiary, Malayan Adhesives And Chemicals Sdn. Bhd. (“MAC”). Industrial adhesives and sealants remained the primary revenue driver, accounting for 79.54% or RM30.62 million to the total revenue for the Current Quarter.

At the profit before tax (“PBT”) level, the Group reported a PBT of RM6.00 million for the Current Quarter, an increase of 3.63% YoY from RM5.79 million in the previous year corresponding quarter. The smaller-than-proportionate increase was largely due to an unrealised foreign exchange gain incurred amounting to RM0.61 million in the Current Quarter versus RM1.24 million in the previous year. These are non-cash items and have no impact on our cash flow. After adjusting for the unrealised foreign exchange, PBT for the Current Quarter would have been RM5.39 million, a jump of 18.46% YoY from RM4.55 million in the prior year.

Profit after tax and non-controlling interest (“PATNCI” or “net profit”) for the current quarter under review came in at RM4.92 million vis-à-vis RM5.26 million last year largely due to the aforementioned unrealised foreign exchange items.

(b) Comparison with the corresponding financial period-to-date in the previous financial year (12 months)

For the current period ended 30 June 2024, the Group’s revenue hit an all-time high of RM151.10 million from RM108.95 million last year. The 38.69% YoY increase was attributed to the abovementioned solid order flow, key industries recovery as well as MAC’s contribution. It is noteworthy to mention that this is the first time the Group’s top-line surpassed the RM150-million mark. Industrial adhesives and sealants continued to be the anchor revenue contributor, accounting for 77.17% or RM116.60 million of total revenue.

Parallel with the top-line performance, the Group’s PBT soared 59.52% YoY to RM20.37 million for the period under review as compared to RM12.77 million a year ago. The growth would have been higher at 83.89% YoY to RM20.89 million for the cumulative financial period-to-date versus RM11.36 million in the prior year after adjusting for the unrealised foreign exchange movement.

The Group delivered its best-ever net profit of RM16.40 million for the period under review, a surge of 48.96% YoY from RM11.01 million posted last year.

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 %
	30/06/2024 RM'000	31/03/2024 RM'000		
Revenue	38,501	36,053	2,448	6.79%
Profit before tax	6,002	4,878	1,124	23.04%
Profit for the period	4,923	4,036	887	21.98%

Sequentially, revenue for the Current Quarter improved 6.79% quarter-on-quarter (“QoQ”) to RM38.50 million from RM36.05 million in the immediate preceding quarter on the back of higher demand. Net profit for the current quarter under review was at RM4.92 million, a rise of 21.98% QoQ from RM4.04 million in the immediate preceding quarter. The larger-than-proportionate increase was primarily attributed to higher operational efficiency attained.

B3. Prospects

Moving forward, the outlook of the Group continues to be exciting. The uptrend in demand from our customers is expected to sustain while the recovery in certain industries continues to gain traction. The Group has successfully penetrated several new markets while expanding our presence in existing markets. At the same time, we continue to be in active negotiations with more potential customers in various countries.

Over in Vietnam, the order recovery from the woodworking industry continues to gain positive momentum, which augurs well for us. Meanwhile, the utilisation of our upstream polymerisation plant remains on an uptrend since we secured an external customer in FY24. Discussions with potential customers to supply polymer remain ongoing.

For MAC, the internal control measures that we implemented are charting good progress with operational efficiency enhancements also going well. With the cost and efficiency optimisation in place, our focus going forward would be scaling the business by harnessing the strong synergies.

Overall, the prospects continue to be bright underpinned by the aforementioned factors. The Group is looking to build on the positive momentum gained in FY24 with our record financial performance and forge towards a more exciting FY25. The Board opines that the financial performance in the upcoming financial year (FY25) will be satisfactory, barring any unforeseen circumstances.

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**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 30/06/2024 RM'000	Preceding year quarter 30/06/2023 RM'000	Current year- to-date 30/06/2024 RM'000	Preceding year- to-date 30/06/2023 RM'000
Current tax	1,111	456	4,162	1,677
Deferred tax	(32)	67	(190)	83
Total	<u>1,079</u>	<u>523</u>	<u>3,972</u>	<u>1,760</u>

The effective tax rate of the Group for the current year quarter and 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

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

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

B7. Borrowings

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

	As at 30 June 2024		
	Long-term RM'000	Short-term RM'000	Total Borrowing RM'000
<u>Secured</u>			
Denominated in RM			
Term loan	5,643	2,309	7,952
	5,643	2,309	7,952
	As at 30 June 2023		
	Long-term RM'000	Short-term RM'000	Total Borrowing RM'000
<u>Secured</u>			
Denominated in RM			
Term loan	22,811	1,485	24,296
	22,811	1,485	24,296

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 30/06/2024	Preceding year quarter 30/06/2023	Current year- to-date 30/06/2024	Preceding year-to-date 30/06/2023
Profit after tax attributable to the owners of the Company (RM'000)	4,923	5,263	16,395	11,008
Weighted average number of ordinary shares in issue ('000)	535,167	529,397	535,167	529,397
Basic EPS (sen) ⁽¹⁾	0.91	0.99	3.06	2.08
Diluted EPS (sen) ⁽²⁾	0.84	0.93	2.83	1.96

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.

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TECHBOND GROUP BERHAD

201601019667 (1190604-M)

(Incorporated in Malaysia)

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)****B11. Profit before tax**

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

	Individual quarter		Cumulative quarter	
	Current year quarter 30/06/2024 RM'000	Preceding year quarter 30/06/2023 RM'000	Current year- to-date 30/06/2024 RM'000	Preceding year-to-date 30/06/2023 RM'000
Amortisation of right-of-use-assets	367	468	1,461	624
Depreciation of investment properties	8	8	31	31
Depreciation of property, plant and equipment	1,241	1,148	4,889	3,686
Fair value gain on short-term demand deposits	(37)	(59)	(260)	(566)
Finance cost	87	278	645	398
Gain on bargain purchase	-	-	-	(1,647)
Gain on disposal of property, plant and equipment	-	-	(13)	(44)
Interest income	(107)	(250)	(798)	(505)
Inventories written down	28	-	28	-
Net impairment loss on trade receivables	-	109	-	89
Net realised loss/(gain) on foreign exchange	1,044	(1,096)	827	(1,197)
Net unrealised (gain)/loss on foreign exchange	(614)	(1,241)	523	(1,412)
Rental of premises - short-term leases	51	51	202	178
Rental income#	(351)	(194)	(1,397)	(724)

Included in Group's revenue and other income

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) gain or loss on disposal of quoted or unquoted investments;
- (ii) gain or loss on derivatives; and
- (iii) impairment of assets.