



FOUNDPAC GROUP BERHAD
(Registration No. 201501040628 (1165946-H))
(Incorporated in Malaysia)

**UNAUDITED CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020**

FOUNDPAC GROUP BERHAD

(Incorporated in Malaysia)

Registration No.: 201501040628 (1165946-H)

**Unaudited Condensed Consolidated Statement Of Comprehensive Income
For The Financial Period Ended 31 March 2020**

| | Note | Individual Quarter | | Cumulative Period | |
|---|------|--|---|---|--|
| | | Current Quarter Ended 31.3.2020 RM'000 | Corresponding Preceding Quarter Ended 31.3.2019 RM'000 | Current Period-To-Date Ended 31.3.2020 RM'000 | Corresponding Preceding Period-To-Date Ended 31.3.2019 RM'000 |
| Revenue | | 11,143 | 11,610 | 38,637 | 32,908 |
| Cost of goods sold | | (5,566) | (5,459) | (17,677) | (16,040) |
| Gross profit | | 5,577 | 6,151 | 20,960 | 16,868 |
| Interest income | | 322 | 303 | 919 | 856 |
| Other income | | 112 | 3 | 575 | 87 |
| Administrative and general expenses | | (1,289) | (1,524) | (3,750) | (3,950) |
| Selling and distribution expenses | | (700) | (815) | (2,154) | (2,296) |
| Finance costs | | (4) | - | (14) | - |
| Profit before tax | B11 | 4,018 | 4,118 | 16,536 | 11,565 |
| Tax expense | B5 | (853) | (923) | (3,763) | (2,825) |
| Profit for the financial period | | 3,165 | 3,195 | 12,773 | 8,740 |
| Other comprehensive income for the financial period | | - | - | - | - |
| Comprehensive income for the financial period | | 3,165 | 3,195 | 12,773 | 8,740 |
| Profit for the financial period attributable to:- | | | | | |
| - Owners of the Company | | 3,120 | 3,007 | 11,847 | 8,157 |
| - Non-controlling interests | | 45 | 188 | 926 | 583 |
| | | 3,165 | 3,195 | 12,773 | 8,740 |
| Comprehensive income for the financial period attributable to:- | | | | | |
| - Owners of the Company | | 3,120 | 3,007 | 11,847 | 8,157 |
| - Non-controlling interests | | 45 | 188 | 926 | 583 |
| | | 3,165 | 3,195 | 12,773 | 8,740 |
| Earnings per share:- | B10 | | | | |
| - Basic (sen) | | 0.58 | 0.58 | 2.23 | 1.57 |
| - Diluted (sen) | | 0.58 | 0.58 | 2.21 | 1.57 |

Note:-

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to this interim financial report.

FOUND PAC GROUP BERHAD

(Incorporated in Malaysia)

Registration No.: 201501040628 (1165946-H)

Condensed Consolidated Statement Of Financial Position As At 31 March 2020

| | As at 31.3.2020 (Unaudited) RM'000 | As at 30.6.2019 (Audited) RM'000 |
|--|---|---|
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 26,507 | 23,207 |
| Goodwill | 12,647 | 12,647 |
| | <u>39,154</u> | <u>35,854</u> |
| CURRENT ASSETS | | |
| Inventories | 3,662 | 3,472 |
| Receivables | 15,723 | 11,568 |
| Prepayments | 555 | 6,001 |
| Current tax assets | 33 | 22 |
| Cash and cash equivalents | 43,695 | 32,428 |
| | <u>63,668</u> | <u>53,491</u> |
| CURRENT LIABILITIES | | |
| Payables | 2,987 | 3,242 |
| Lease liabilities | 216 | - |
| Current tax liabilities | 1,489 | 918 |
| | <u>4,692</u> | <u>4,160</u> |
| NET CURRENT ASSETS | 58,976 | 49,331 |
| NON-CURRENT LIABILITIES | | |
| Lease liabilities | 56 | - |
| Deferred tax liabilities | 2,317 | 2,398 |
| Deferred income on government grants | 788 | 334 |
| | <u>3,161</u> | <u>2,732</u> |
| NET ASSETS | <u>94,969</u> | <u>82,453</u> |
| EQUITY | | |
| Share capital | 59,944 | 51,960 |
| Share option reserve | 12 | 1,747 |
| Revaluation surplus | 1,852 | 1,852 |
| Retained profits | 29,951 | 24,613 |
| Equity attributable to owners of the Company | <u>91,759</u> | <u>80,172</u> |
| Non-controlling interests | 3,210 | 2,281 |
| TOTAL EQUITY | <u>94,969</u> | <u>82,453</u> |
| Net assets per share attributable to owners of the Company (sen) | <u>16.92</u> | <u>15.45</u> |

Note:-

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to this interim financial report.

FOUNDPAC GROUP BERHAD

(Incorporated in Malaysia)

Registration No.: 201501040628 (1165946-H)

Unaudited Condensed Consolidated Statement Of Changes In Equity For The Financial Period Ended 31 March 2020

| | Non-distributable | | | Distributable | Equity attributable to owners of the Company RM'000 | Non-controlling interests RM'000 | Total equity RM'000 |
|---|-------------------------|--------------------------------|-------------------------------|----------------------------|--|-------------------------------------|------------------------|
| | Share capital RM'000 | Share option reserve RM'000 | Revaluation surplus RM'000 | Retained profits RM'000 | | | |
| Balance as at 1 July 2019 | 51,960 | 1,747 | 1,852 | 24,613 | 80,172 | 2,281 | 82,453 |
| Share-based payments | - | 117 | - | (3) | 114 | 3 | 117 |
| Issue of shares pursuant to Employees' Share Option Scheme | 7,984 | (1,852) | - | - | 6,132 | - | 6,132 |
| Dividend | - | - | - | (6,506) | (6,506) | - | (6,506) |
| Total transactions with owners | 7,984 | (1,735) | - | (6,509) | (260) | 3 | (257) |
| Profit (representing comprehensive income) for the financial period | - | - | - | 11,847 | 11,847 | 926 | 12,773 |
| Balance as at 31 March 2020 | <u>59,944</u> | <u>12</u> | <u>1,852</u> | <u>29,951</u> | <u>91,759</u> | <u>3,210</u> | <u>94,969</u> |
| Balance as at 1 July 2018 | 51,605 | 1,155 | - | 18,019 | 70,779 | 1,660 | 72,439 |
| Share-based payments | 211 | (49) | - | - | 162 | - | 162 |
| Issue of shares pursuant to Employees' Share Option Scheme | - | 608 | - | (26) | 582 | 26 | 608 |
| Dividend | - | - | - | (5,186) | (5,186) | - | (5,186) |
| Total transactions with owners | 211 | 559 | - | (5,212) | (4,442) | 26 | (4,416) |
| Profit (representing comprehensive income) for the financial period | - | - | - | 8,157 | 8,157 | 583 | 8,740 |
| Balance as at 31 March 2019 | <u>51,816</u> | <u>1,714</u> | <u>-</u> | <u>20,964</u> | <u>74,494</u> | <u>2,269</u> | <u>76,763</u> |

Note:-

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to this interim financial report.

FOUNDPAC GROUP BERHAD

(Incorporated in Malaysia)

Registration No.: 201501040628 (1165946-H)

**Unaudited Condensed Consolidated Statement Of Cash Flows
For The Period Ended 31 March 2020**

| | Current Period-To-Date Ended 31.3.2020 RM'000 | Corresponding Preceding Period-To-Date Ended 31.3.2019 RM'000 |
|--|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | 16,536 | 11,565 |
| Adjustments for:- | | |
| Amortisation of deferred income | (329) | - |
| Depreciation | 3,268 | 2,265 |
| Gain on disposal of property, plant and equipment | (62) | (3) |
| Impairment loss on receivables | - | 100 |
| Interest expense for lease liabilities | 14 | - |
| Interest income | (919) | (856) |
| Inventories written down | 77 | - |
| Reversal of inventories written down | (63) | - |
| Share-based payments | 117 | 608 |
| Unrealised (gain)/loss on foreign exchange | (19) | 29 |
| Operating profit before working capital changes | <u>18,620</u> | <u>13,708</u> |
| Changes in:- | | |
| Inventories | (204) | (1,180) |
| Receivables | (4,155) | (1,473) |
| Prepayments | 5,446 | 1,154 |
| Payables | (255) | 317 |
| Cash generated from operations | <u>19,452</u> | <u>12,526</u> |
| Tax paid | (3,537) | (2,129) |
| Tax refunded | 253 | 2 |
| Net cash from operating activities | <u>16,168</u> | <u>10,399</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of property, plant and equipment | (6,148) | (6,458) |
| Grant received | 783 | - |
| Interest received | 919 | 856 |
| Proceeds from disposal of property, plant and equipment | 67 | 3 |
| Net cash used in investing activities | <u>(4,379)</u> | <u>(5,599)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividend paid to owners of the Company | (6,506) | (5,186) |
| Issue of shares | 6,132 | 162 |
| Payment of lease liabilities | (167) | - |
| Net cash used in financing activities | <u>(541)</u> | <u>(5,024)</u> |
| Effect of exchange rate changes on cash and cash equivalents | 19 | (6) |
| Net increase/(decrease) in cash and cash equivalents | 11,267 | (230) |
| Cash and cash equivalents brought forward | 32,428 | 33,144 |
| Cash and cash equivalents carried forward | <u>43,695</u> | <u>32,914</u> |
| Analysis of cash and cash equivalents:- | | |
| - Short-term highly liquid investments | 41,692 | 28,366 |
| - Cash and bank balances | 2,003 | 4,548 |
| | <u>43,695</u> | <u>32,914</u> |

Notes:

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to this interim financial report.

FOUNDPAC GROUP BERHAD

(Incorporated in Malaysia)

Registration No.: 201501040628 (1165946-H)

Explanatory Notes to Condensed Consolidated Financial Statements - 31 March 2020

Part A: Explanatory Notes Pursuant to Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting

A1 Basis of Preparation

This interim financial report has been prepared in accordance with MFRS 134: *Interim Financial Reporting* and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to this interim financial report.

The significant accounting policies and method of computation adopted in the interim financial report are consistent with those adopted as disclosed in the audited financial statements of the Group for the financial year ended 30 June 2019 except for the adoption of the following MFRS:-

The following MFRSs became effective for the financial period under review:-

| MFRS | Effective for annual periods beginning on or after |
|--|--|
| MFRS 16 <i>Leases</i> | 1 January 2019 |
| IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i> | 1 January 2019 |
| Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i> | 1 January 2019 |
| Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i> | 1 January 2019 |
| Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i> | 1 January 2019 |
| Annual Improvements to MFRS Standards 2015 - 2017 Cycle | 1 January 2019 |

The initial application of the above MFRSs did not have any significant impacts on the interim financial report except as follows:-.

MFRS 16 Leases

MFRS 16, which replaces MFRS 117 Leases and other related interpretations, eliminates the distinction between finance and operating leases for lessees. It introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

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Registration No.: 201501040628 (1165946-H)

Explanatory Notes to Condensed Consolidated Financial Statements - 31 March 2020

Part A: Explanatory Notes Pursuant to Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting (cont’d)

A1 Basis of Preparation (cont’d)

The Group has not applied the following MFRSs which have been issued as at the end of the reporting period but are not yet effective:-

| <u>MFRS (issued as at the end of the reporting period)</u> | <u>Effective for annual periods beginning on or after</u> |
|---|---|
| MFRS 17 <i>Insurance Contracts</i> | 1 January 2021 |
| Amendments to MFRS 3 <i>Definition of a Business</i> | 1 January 2020 |
| Amendments to MFRS 9, MFRS 139, MFRS 7 <i>Interest Rate Benchmark Reform</i> | 1 January 2020 |
| Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | Deferred |
| Amendments to MFRS 101 and MFRS 108 <i>Definition of Material</i> | 1 January 2020 |
| Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i> | 1 January 2020 |
| Amendments to References to the Conceptual Framework in MFRS Standards | 1 January 2020 |

Management foresees that the initial application of the above MFRSs will not have any significant impacts on the interim financial reports.

A2 Seasonality or Cyclicity of Operations

The business operations of the Group were not materially affected by any seasonal or cyclical factor.

A3 Unusual Items Due to Their Nature, Size or Incidence

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

A4 Significant Estimates and Changes in Estimates

There were no changes in estimates of amounts reported in prior interim period of current financial year or change in estimates of amounts reported in prior financial year.

A5 Debt and Equity Securities

During the current quarter, the Company issued 13,879,500 new ordinary shares at exercise price of RM0.265 pursuant to the Employees’ Shares Option Scheme.

Save as disclosed above, there were no other issuances, cancellations, repurchases, resale or repayments of debt and equity securities during the current quarter under review.

A6 Dividends Paid

An interim single tier dividend of RM0.012 per share amounting to RM6,506,070 in respect of the financial year ending 30 June 2020 was paid by the Company on 28 February 2020.

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Explanatory Notes to Condensed Consolidated Financial Statements - 31 March 2020

Part A: Explanatory Notes Pursuant to Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting (cont’d)

A7 Segmental Information

Operating Segments

The Group is organised into business units based on their nature of business and services and has the following reportable operating segments:-

- (i) Precision engineering - Design, development, manufacture, marketing and sale of stiffeners, test sockets, hand lids and related accessories
- (ii) Laser stencils - Manufacture and sale of laser stencils

| | Precision engineering RM'000 | Laser stencils RM'000 | Total RM'000 |
|---|------------------------------------|-----------------------------|-----------------|
| <u>Financial period ended 31.3.2020</u> | | | |
| STATEMENT OF FINANCIAL POSITION | | | |
| Segment assets | 75,946 | 26,876 | 102,822 |
| Included in the measure of segment assets are:- | | | |
| - Additions to non-current assets | 5,825 | 323 | 6,148 |
| Segment liabilities | 6,848 | 1,005 | 7,853 |
| STATEMENT OF COMPREHENSIVE INCOME | | | |
| Segment profit | 9,074 | 3,699 | 12,773 |
| Included in the measure of segment profit are:- | | | |
| - External revenue | 28,796 | 9,841 | 38,637 |
| - Interest income | 807 | 112 | 919 |
| - Interest expense | - | 14 | 14 |
| - Non-cash income | 411 | - | 411 |
| - Depreciation | 2,841 | 427 | 3,268 |
| - Other non-cash expenses | 184 | 10 | 194 |
| - Tax expense | 2,637 | 1,126 | 3,763 |
| <u>Financial period ended 31.3.2019</u> | | | |
| STATEMENT OF FINANCIAL POSITION | | | |
| Segment assets | 59,444 | 22,907 | 82,351 |
| Included in the measure of segment assets are:- | | | |
| - Additions to non-current assets | 6,031 | 427 | 6,458 |
| Segment liabilities | 4,723 | 865 | 5,588 |
| STATEMENT OF COMPREHENSIVE INCOME | | | |
| Segment profit | 6,409 | 2,331 | 8,740 |
| Included in the measure of segment profit are:- | | | |
| - External revenue | 24,814 | 8,094 | 32,908 |
| - Interest income | 747 | 109 | 856 |
| - Interest expense | - | - | - |
| - Non-cash income | - | - | - |
| - Depreciation | 2,033 | 232 | 2,265 |
| - Other non-cash expenses | 633 | 104 | 737 |
| - Tax expense | 1,947 | 878 | 2,825 |

FOUNDPAC GROUP BERHAD

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Explanatory Notes to Condensed Consolidated Financial Statements - 31 March 2020

Part A: Explanatory Notes Pursuant to Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting (cont’d)

A7 Segmental Information (cont’d)

Geographical Information

The Group operates principally in Malaysia and generates revenue from the following geographical locations of customers:-

| | Individual Quarter | | Cumulative Period | |
|-----------------------|--|---|---|--|
| | Current Quarter Ended 31.3.2020 RM'000 | Corresponding Preceding Quarter Ended 31.3.2019 RM'000 | Current Period-To-Date Ended 31.3.2020 RM'000 | Corresponding Preceding Period-To-Date Ended 31.3.2019 RM'000 |
| Malaysia | 1,861 | 2,032 | 6,173 | 7,366 |
| Other Asian countries | 2,647 | 2,622 | 12,195 | 6,681 |
| North America | 4,394 | 2,724 | 14,125 | 9,599 |
| Europe | 2,225 | 4,232 | 6,116 | 9,262 |
| Others | 16 | - | 28 | - |
| | <u>11,143</u> | <u>11,610</u> | <u>38,637</u> | <u>32,908</u> |

A8 Contractual Commitments

| | 31.3.2020 RM'000 |
|---|---------------------|
| Purchase of property, plant and equipment | <u>1,093</u> |

A9 Changes in Composition

There were no significant changes in the composition of the Group during the current quarter under review.

A10 Contingencies

There were no significant changes in contingent assets and contingent liabilities since 30 June 2019.

A11 Material Events

There were no other material events subsequent to 31 March 2020 that have not been reflected in this interim financial report.

A12 Significant Related Party Transactions

There were no significant related party transactions during the current quarter under review.

A13 Financial Instruments

Derivatives

There were no outstanding derivatives as at 31 March 2020.

FOUNDPAC GROUP BERHAD

(Incorporated in Malaysia)

Registration No.: 201501040628 (1165946-H)

Explanatory Notes to Condensed Consolidated Financial Statements - 31 March 2020

Part A: Explanatory Notes Pursuant to Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting (cont’d)

A13 Financial Instruments (cont’d)

Fair Value Changes of Financial Liabilities

The Group does not remeasure its financial liabilities at fair value after the initial recognition.

Fair Value

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The valuation techniques used include the following or a combination thereof:-

- (i) Market approach - which uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities.
- (ii) Cost approach - which reflects the amount that would be required currently to replace the service capacity of an asset.
- (iii) Income approach - which converts future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount.

The inputs to valuation techniques used to measure fair value are categorised into the following levels of fair value hierarchy:-

- (i) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- (ii) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- (iii) Level 3 - unobservable inputs for the asset or liability.

Non-financial Assets

The fair values of land and buildings are measured using the market comparison approach. Under this approach, the fair values are derived from observable market data such as prices per square foot for comparable properties in similar locations (i.e. Level 2).

Financial Assets and Financial Liabilities

The carrying amounts of receivables, cash and cash equivalents, payables and lease liabilities which are short-term in nature or repayable on demand are reasonable approximations of fair values. The fair values of lease liabilities are measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2).

The fair values of unquoted investments that are not making an adequate return on assets or are making only marginal levels of profits are measured using the adjusted net asset method which involves deriving the fair values of the investees’ equity instruments by reference to the fair values of their assets and liabilities (i.e. Level 3).

There were no transfers between levels of fair value hierarchy during the current quarter under review.

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Explanatory Notes to Condensed Consolidated Financial Statements - 31 March 2020

Part B: Explanatory Notes Pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad

B1 Review of Performance

- Comparison with Corresponding Period and Cumulative Period of Preceding Period

| | Individual Quarter Corresponding | | | | Cumulative Period Corresponding | | | |
|--|----------------------------------|-----------|----------|-----------|---------------------------------|----------------|----------|-------|
| | Current | Preceding | | | Current | Preceding | | |
| | Quarter | Quarter | | | Period-To-Date | Period-To-Date | | |
| | Ended | Ended | Variance | | Ended | Ended | Variance | |
| 31.3.2020 | 31.3.2019 | RM'000 | % | 31.3.2020 | 31.3.2019 | RM'000 | % | |
| Revenue | 11,143 | 11,610 | (467) | (4.02) | 38,637 | 32,908 | 5,729 | 17.41 |
| Profit before tax | 4,018 | 4,118 | (100) | (2.43) | 16,536 | 11,565 | 4,971 | 42.98 |
| Profit for the financial period | 3,165 | 3,195 | (30) | (0.94) | 12,773 | 8,740 | 4,033 | 46.14 |
| Profit attributable to owners of the Company | 3,120 | 3,007 | 113 | 3.76 | 11,847 | 8,157 | 3,690 | 45.24 |

Current Period vs Corresponding Preceding Period

For the current quarter, the Group recorded revenue of RM11.143 million and profit before tax ("PBT") of RM4.018 million respectively.

Decrease in revenue for the current quarter, which representing decrease of RM0.467 million or 4.02% as compared to revenue of RM11.610 million recorded in the corresponding preceding quarter ended 31 March 2019 ("Corresponding Preceding Quarter"), was mainly attributable to the lower revenue contribution in export sales from laser stencils segment.

The export sales remained the main contributor to our Group's total revenue for the current quarter, which accounted for RM9.282 million or 83.30% of our Group's total revenue for the current quarter. Export sales recorded in the current quarter is slightly lower by RM0.296 million or 3.09% as compared to RM9.578 million recorded in the Corresponding Preceding Quarter. This was mainly due to decrease in revenue generated from our customers in Europe by RM2.007 million and partially offset against surge in revenue contributed by our customers in North America by RM1.670 million.

Our Group recorded PBT of RM4.018 million for the current quarter, representing decrease of RM0.100 million or 2.43% as compared to PBT of RM4.118 million recorded in the Corresponding Preceding Quarter.

Current Cumulative Period vs Corresponding Preceding Cumulative Period

For the current financial period-to-date, the Group recorded total revenue of RM38.637 million and total PBT of RM16.536 million respectively.

The higher revenue for the current financial period-to-date, which representing an increase of RM5.729 million or 17.41% as compared to revenue of RM32.908 million recorded in the corresponding preceding cumulative period ended 31 March 2019 ("Corresponding Preceding Cumulative Period"), was mainly attributable to the higher revenue contribution from both precision engineering and laser stencils segments.

Our Group recorded PBT of RM16.536 million for the current financial period-to-date, representing an increase of RM4.971 million or 42.98% as compared to PBT of RM11.565 million recorded in Corresponding Preceding Cumulative Period. The increase in PBT was mainly due to higher revenue coupled with cost saving measures taken by the Group.

There was no unusual or material one-off gain/loss affecting the revenue or profit for the current quarter.

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Explanatory Notes to Condensed Consolidated Financial Statements - 31 March 2020

Part B: Explanatory Notes Pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad (cont'd)

B2 Review of Performance

- Comparison between Current Quarter and Immediate Preceding Quarter

| | Current Quarter Ended 31.3.2020 RM'000 | Immediate Preceding Quarter Ended 31.12.2019 RM'000 | Variance | |
|--|--|--|----------|---------|
| | | | RM'000 | % |
| Revenue | 11,143 | 14,532 | (3,389) | (23.32) |
| Profit before tax | 4,018 | 6,619 | (2,601) | (39.30) |
| Profit for the financial period | 3,165 | 5,186 | (2,021) | (38.97) |
| Profit attributable to owners of the Company | 3,120 | 4,646 | (1,526) | (32.85) |

The Group recorded revenue of RM11.143 million in the current quarter, which was RM3.389 million or 23.32% lower than the revenue of RM14.532 million recorded in the immediate preceding quarter. Both segments of the Group; precision engineering and laser stencils segments recorded decrease in revenue by RM1.021 million and RM2.368 million respectively.

The Group recorded PBT of RM4.018 million in the current quarter as compared to RM6.619 million attained in the immediate preceding quarter. Decrease in PBT of RM2.601 million was mainly attributable to decrease in revenue.

B3 Commentary on Prospects

The current Covid-19 pandemic's economic challenges are unprecedented. The Covid-19 pandemic is threatening not only healthcare systems, but also the livelihoods of citizens and the stability of economies. It has caused interruptions to the global supply chain and volatility in the business environment.

At this juncture, there are still many uncertainties looming on the impact of the Covid-19 on the world economies. Taking the current world economies coupled with nationwide Movement Control Order, the Board views that market outlook become more challenging but the Board remained cautiously optimistic about our prospect in the coming year. Our Group will continue to uphold its core and long-term strategy to focus on business expansion and diversification, product development, as well as business process optimisation through lean implementation across all operations in the organisation.

B4 Profit Forecast

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

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Explanatory Notes to Condensed Consolidated Financial Statements - 31 March 2020

Part B: Explanatory Notes Pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad (cont'd)

B5 Tax Expense

| | Individual Quarter | | Cumulative Period | |
|--------------|---|---|--|--|
| | Current Quarter Ended 31.3.2020 RM'000 | Corresponding Preceding Quarter Ended 31.3.2019 RM'000 | Current Period-To-Date Ended 31.3.2020 RM'000 | Corresponding Preceding Period-To-Date Ended 31.3.2019 RM'000 |
| Current tax | 874 | 918 | 3,844 | 2,729 |
| Deferred tax | (21) | 5 | (81) | 96 |
| | <u>853</u> | <u>923</u> | <u>3,763</u> | <u>2,825</u> |

The effective tax rates of the Group for the current quarter, corresponding preceding quarter and current period-to-date were lower than the statutory tax rate of 24%. This was mainly due to tax incentive enjoyed by certain subsidiaries.

The effective tax rate of the Group for the preceding period-to-date was higher than the statutory tax rate of 24%. This was mainly due to non-deductible expenses.

B6 Status of Corporate Proposals

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

B7 Borrowings

There were no borrowings as at the end of the current quarter under review.

B8 Changes in Material Litigation

As at the date of this interim financial report, there is no litigation or arbitration against the Group, which has a material effect on the financial position of the Group, and the Board is not aware of any material proceedings pending or of any fact likely to give rise to any proceedings.

B9 Dividend

The Board does not propose any dividend during the current quarter under review.

FOUNDPAC GROUP BERHAD

(Incorporated in Malaysia)

Registration No.: 201501040628 (1165946-H)

Explanatory Notes to Condensed Consolidated Financial Statements - 31 March 2020

Part B: Explanatory Notes Pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad (cont'd)

B10 Earnings Per Share ("EPS")

| | Individual Quarter | | Cumulative Period | |
|--|---------------------------------|---|--|--|
| | Current Quarter Ended 31.3.2020 | Corresponding Preceding Quarter Ended 31.3.2019 | Current Period-To-Date Ended 31.3.2020 | Corresponding Preceding Period-To-Date Ended 31.3.2019 |
| Profit attributable to owners of the Company (RM'000) | 3,120 | 3,007 | 11,847 | 8,157 |
| Weighted average number of shares for computing basic EPS ('000) | 542,173 | 518,612 | 530,153 | 518,612 |
| Basic EPS (sen) | <u>0.58</u> | <u>0.58</u> | <u>2.23</u> | <u>1.57</u> |
| Weighted average number of shares for computing diluted EPS ('000) | 542,271 | 518,612 | 536,605 | 518,612 |
| Diluted EPS (sen) | <u>0.58</u> | <u>0.58</u> | <u>2.21</u> | <u>1.57</u> |

B11 Profit Before Tax

| | Individual Quarter | | Cumulative Period | |
|--|--|--|---|---|
| | Current Quarter Ended 31.3.2020 RM'000 | Corresponding Preceding Quarter Ended 31.3.2019 RM'000 | Current Period-To-Date Ended 31.3.2020 RM'000 | Corresponding Preceding Period-To-Date Ended 31.3.2019 RM'000 |
| Profit before tax is arrived at after charging/(crediting):- | | | | |
| Amortisation of deferred income | (60) | - | (329) | - |
| Depreciation of property, plant and equipment | 1,058 | 870 | 3,268 | 2,265 |
| Gain on disposal of property, plant and equipment | - | - | (62) | (3) |
| Impairment loss on receivables | - | - | - | 100 |
| Interest expense | 4 | - | 14 | - |
| Interest income | (322) | (303) | (919) | (856) |
| Inventories written down | - | - | 77 | - |
| Loss/(Gain) on foreign exchange:- | | | | |
| - Realised | 66 | 158 | (17) | (84) |
| - Unrealised | (51) | (3) | (19) | 29 |
| Reversal of inventories written down | <u>(55)</u> | <u>-</u> | <u>(63)</u> | <u>-</u> |

Save for the above, the other items as required under Paragraph 16 of Part A of Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.