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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

FOUNDPAC GROUP BERHAD

(Incorporated in Malaysia)
Registration No.: 201501040628 (1165946-H)

Condensed Consolidated Statement of Comprehensive Income for the Financial Year Ended 30 June 2021

	Note	Individual Quarter		Cumulative Period	
		Current Quarter Ended 30.6.2021 (Unaudited) RM'000	Corresponding Preceding Quarter Ended 30.6.2020 (Unaudited) RM'000	Current Year-To-Date Ended 30.6.2021 (Audited) RM'000	Corresponding Preceding Year-To-Date Ended 30.6.2020 (Audited) RM'000
Revenue		12,496	12,415	48,990	51,052
Cost of goods sold		(7,078)	(6,015)	(26,810)	(23,692)
Gross profit		5,418	6,400	22,180	27,360
Interest income		216	303	875	1,222
Other income		367	301	430	876
Administrative and general expenses		(1,598)	(1,336)	(6,153)	(5,086)
Selling and distribution expenses		(495)	(709)	(2,614)	(2,863)
Finance costs		-	(4)	(6)	(18)
Impairment losses on financial assets		(278)	(197)	(81)	(197)
Profit before tax	B11	3,630	4,758	14,631	21,294
Tax expense	B5	(274)	(466)	(2,775)	(4,229)
Profit for the financial period/year		3,356	4,292	11,856	17,065
Other comprehensive income for the financial period/year		-	-	-	-
Comprehensive income for the financial period/ year		3,356	4,292	11,856	17,065
Profit for the financial period/year attributable to:-					
- Owners of the Company		3,309	4,215	11,650	16,062
- Non-controlling interests		47	77	206	1,003
		3,356	4,292	11,856	17,065
Comprehensive income for the financial period/ year attributable to:-					
- Owners of the Company		3,309	4,215	11,650	16,062
- Non-controlling interests		47	77	206	1,003
		3,356	4,292	11,856	17,065
Earnings per share:-	B10				
- Basic (sen)		0.61	0.78	2.15	3.01
- Diluted (sen)		0.61	0.78	2.15	2.98

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 2021 and the accompanying explanatory notes attached to this interim financial report.

FOUNDPAC GROUP BERHAD

(Incorporated in Malaysia)
Registration No.: 201501040628 (1165946-H)

Condensed Consolidated Statement of Financial Position as at 30 June 2021

	As at 30.6.2021 (Audited) RM'000	As at 30.6.2020 (Audited) RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	15,317	15,934
Right-of-use assets	9,041	9,533
Intangible assets	78	-
Goodwill	15,001	12,647
Deferred tax assets	340	15
	39,777	38,129
CURRENT ASSETS		
Inventories	4,754	3,902
Receivables	9,486	14,468
Prepayments	151	310
Current tax assets	503	33
Cash and cash equivalents	56,197	51,136
	71,091	69,849
CURRENT LIABILITIES		
Payables	4,840	4,489
Lease liabilities	-	219
Contract liabilities	512	90
Current tax liabilities	17	715
	5,369	5,513
NET CURRENT ASSETS	65,722	64,336
NON-CURRENT LIABILITIES		
Deferred tax liabilities	2,328	2,435
Deferred income on government grants	489	729
	2,817	3,164
NET ASSETS	102,682	99,301
EQUITY		
Share capital	59,996	59,996
Treasury shares	(821)	-
Revaluation surplus	1,852	1,852
Retained profits	37,692	34,166
Equity attributable to owners of the Company	98,719	96,014
Non-controlling interests	3,963	3,287
TOTAL EQUITY	102,682	99,301
Net assets per share attributable to owners of the Company (sen)	18.24	17.70

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 2021 and the accompanying explanatory notes attached to this interim financial report.

FOUNDPAC GROUP BERHAD

(Incorporated in Malaysia)
Registration No.: 201501040628 (1165946-H)

Audited Condensed Consolidated Statement of Changes in Equity for the Financial Year Ended 30 June 2021

	Non-distributable				Distributable			
	Share capital RM'000	Treasury shares RM'000	Share option reserve RM'000	Revaluation surplus RM'000	Retained profits RM'000	Equity attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance as at 1 July 2020	59,996	-	-	1,852	34,166	96,014	3,287	99,301
Acquisition of subsidiaries	-	-	-	-	-	-	490	490
Purchase of own shares	-	(821)	-	-	-	(821)	-	(821)
Redemption of preference shares	-	-	-	-	-	-	(20)	(20)
Dividends to owners of the Company	-	-	-	-	(8,124)	(8,124)	-	(8,124)
Total transactions with owners	-	(821)	-	-	(8,124)	(8,945)	(20)	(8,965)
Profit (representing comprehensive income) for the financial year	-	-	-	-	11,650	11,650	206	11,856
Balance as at 30 June 2021	59,996	(821)	-	1,852	37,692	98,719	3,963	102,682
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	8,036	-	(1,864)	-	-	6,172	-	6,172
Dividend to owners of the Company	-	-	-	-	(6,506)	(6,506)	-	(6,506)
Total transactions with owners	8,036	-	(1,747)	-	(6,509)	(220)	3	(217)
Profit (representing comprehensive income) for the financial year	-	-	-	-	16,062	16,062	1,003	17,065
Balance as at 30 June 2020	59,996	-	-	1,852	34,166	96,014	3,287	99,301

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 2021 and the accompanying explanatory notes attached to this interim financial report.

FOUNDPAC GROUP BERHAD

(Incorporated in Malaysia)
Registration No.: 201501040628 (1165946-H)

Condensed Consolidated Statement of Cash Flows for the Financial Year Ended 30 June 2021

	Current Year-To-Date Ended 30.6.2021 (Audited) RM'000	Corresponding Preceding Year-To-Date Ended 30.6.2020 (Audited) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	14,631	21,294
Adjustments for:-		
Amortisation and depreciation	4,633	4,318
Amortisation of deferred income	(240)	(388)
Gain on disposal of property, plant and equipment	(70)	(126)
Impairment losses on financial assets	81	197
Interest expense for lease liabilities	6	18
Interest income	(875)	(1,222)
Inventories written down	440	85
Reversal of inventories written down	(31)	(64)
Share-based payments	-	117
Unrealised (gain)/loss on foreign exchange	(80)	77
Operating profit before working capital changes	18,495	24,306
Changes in:-		
Inventories	172	(451)
Receivables	5,432	(3,151)
Prepayments	255	5,691
Payables	(1,332)	1,270
Contract liabilities	(355)	78
Cash generated from operations	22,667	27,743
Tax paid	(4,514)	(4,879)
Tax refunded	24	458
Net cash from operating activities	18,177	23,322
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of intangile assets	(31)	-
Acquisition of property, plant and equipment	(3,199)	(6,191)
Acquisition of right-of-use assets	-	(18)
Acquisition of subsidiaries, net of cash acquired	(1,676)	-
Grants received	-	783
Interest received	875	1,222
Proceeds from disposal of property, plant and equipment	72	163
Net cash used in investing activities	(3,959)	(4,041)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(8,124)	(6,506)
Interest paid	(6)	(18)
Issue of shares	-	6,172
Payment of lease liabilities	(219)	(187)
Purchase of own shares	(821)	-
Redemption of preference shares	(20)	-
Net cash used in financing activities	(9,190)	(539)
Effect of exchange rate changes on cash and cash equivalents	33	(34)
Net increase in cash and cash equivalents	5,061	18,708
Cash and cash equivalents brought forward	51,136	32,428
Cash and cash equivalents carried forward	56,197	51,136
Analysis of cash and cash equivalents:-		
- Highly liquid investments	16,340	21,200
- Cash and bank balances	39,857	29,936
	56,197	51,136

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 2021 and the accompanying explanatory notes attached to this interim financial report.

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 2021 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 2021.

A2 Seasonality or Cyclicality 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 quarter under review, 253,900 ordinary shares were repurchased in the open market at an average price of RM0.771 per share and retained as treasury shares of the Company. The repurchased transactions were financed by internally generated funds. As at 30 June 2021, the total number of issued ordinary shares of the Company is 542,322,500 ordinary shares inclusive of 1,053,900 ordinary shares held as treasury shares.

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

A6 Dividends Paid

An interim single tier dividend of RM0.01 per share amounting to RM5,412,686 in respect of the financial year ended 30 June 2021 was paid by the Company on 28 June 2021.

Part A: Explanatory Notes Pursuant to 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
(iii) Automation - Manufacture of industrial equipment and machinery

	Precision engineering RM'000	Laser stencils RM'000	Automation RM'000	Unallocated non-operating segments RM'000	Consolidations adjustments and eliminations RM'000	Total RM'000
Financial year ended 30 June 2021						
STATEMENT OF FINANCIAL POSITION						
Segment assets	70,619	28,494	4,592	7,163	-	110,868
Included in the measure of segment assets are:-						
- Additions to non-current assets	2,942	60	197	31	-	3,230
Segment liabilities	6,633	685	695	173	-	8,186
STATEMENT OF COMPREHENSIVE INCOME						
Segment profit/(loss)	11,135	2,013	(676)	(616)	-	11,856
Included in the measure of segment profit/(loss) are:-						
- External revenue	36,032	9,984	2,970	8	(4)	48,990
- Interest income	538	151	6	180	-	875
- Non-cash income	351	197	-	-	-	548
- Interest expense	-	6	-	-	-	6
- Amortisation and depreciation	3,923	617	79	14	-	4,633
- Other non-cash expenses	314	13	391	-	-	718
- Tax expense/(income)	2,536	694	(455)	-	-	2,775

Part A: Explanatory Notes Pursuant to MFRS 134, *Interim Financial Reporting* (cont'd)

A7 Segmental Information (cont'd)

Operating Segments (cont'd)

	Precision engineering RM'000	Laser stencils RM'000	Unallocated non-operating segments RM'000	Consolidations adjustments and eliminations RM'000	Total RM'000
Financial year ended 30 June 2020					
STATEMENT OF FINANCIAL POSITION					
Segment assets	70,071	26,911	10,996	-	107,978
Included in the measure of segment assets are:-					
- Additions to non-current assets	5,836	779	-	-	6,615
Segment liabilities	7,450	1,116	111	-	8,677
STATEMENT OF COMPREHENSIVE INCOME					
Segment profit	12,933	4,011	121	-	17,065
Included in the measure of segment profit are:-					
- External revenue	38,909	12,146	-	(3)	51,052
- Interest income	556	139	527	-	1,222
- Non-cash income	452	-	-	-	452
- Interest expense	-	18	-	-	18
- Depreciation	3,737	581	-	-	4,318
- Other non-cash expenses	246	206	24	-	476
- Tax expense	2,972	1,257	-	-	4,229

Part A: Explanatory Notes Pursuant to 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 30.6.2021 RM'000	Corresponding Preceding Quarter Ended 30.6.2020 RM'000	Current Year-To-Date Ended 30.6.2021 RM'000	Corresponding Preceding Year-To-Date Ended 30.6.2020 RM'000
Malaysia	2,485	2,175	10,566	8,348
Other Asian countries	1,921	2,482	6,618	14,677
North America	5,639	4,450	18,821	18,575
Europe	2,266	3,291	11,643	9,407
Others	185	17	1,342	45
	12,496	12,415	48,990	51,052

A8 Contractual Commitments

	30.6.2021 RM'000
Purchase of property, plant and equipment	681

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 2020.

A11 Material Events

On 21 July 2021, the Company through its wholly-owned subsidiary, FoundPac Capital Sdn. Bhd. entered into a Share Sale Agreement with Lim Seng Chiew and Lim Seng Choon to acquire 62,500 ordinary shares representing the remaining 25% equity interests in Dynamic Stencil Sdn. Bhd. ("DSSB") for a total cash consideration of RM4,500,000. Consequently, DSSB become an indirect wholly-owned subsidiary of the Company.

Saved as disclosed above, there were no other material events subsequent to 30 June 2021 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.

Part A: Explanatory Notes Pursuant to MFRS 134, *Interim Financial Reporting* (cont'd)

A13 Financial Instruments

Derivatives

There were no outstanding derivatives as at 30 June 2021.

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 use 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 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 and payables which are short-term in nature or repayable on demand are reasonable approximations of fair values.

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

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 Year**

	Individual Quarter				Cumulative Period			
	Current Quarter Ended 30.6.2021 RM'000	Corresponding Preceding Quarter Ended 30.6.2020 RM'000	Variance RM'000	Variance %	Current Year-To-Date Ended 30.6.2021 RM'000	Corresponding Preceding Year-To-Date Ended 30.6.2020 RM'000	Variance RM'000	Variance %
Revenue	12,496	12,415	81	0.65	48,990	51,052	(2,062)	(4.04)
Profit before tax	3,630	4,758	(1,128)	(23.71)	14,631	21,294	(6,663)	(31.29)
Profit for the financial period/year	3,356	4,292	(936)	(21.81)	11,856	17,065	(5,209)	(30.52)
Profit attributable to owners of the Company	3,309	4,215	(906)	(21.49)	11,650	16,062	(4,412)	(27.47)

Current Period vs Corresponding Preceding Period

For the current quarter, the Group recorded revenue of RM12.496 million and profit before tax ("PBT") of RM3.630 million respectively.

Increase in revenue from RM12.415 million recorded in the corresponding preceding quarter ended 30 June 2020 ("Corresponding Preceding Quarter") to RM12.496 million recorded in the current quarter; representing a marginal increase by RM0.081 million or 0.65%.

The export sales remained the main contributor to our Group's total revenue for the current quarter, which accounted for RM10.011 million or 80.11% of our Group's total revenue for the current quarter. Export sales recorded in the current quarter is lower by RM0.229 million or 2.24% as compared to RM10.240 million recorded in the Corresponding Preceding Quarter. This was mainly due to decrease in revenue generated from our customers in Europe by RM1.025 million and other Asian countries by RM0.561 million and partially offset against increase in revenue contributed by our customers in North America by RM1.189 million.

Our Group recorded lower PBT at RM3.630 million for the current quarter, representing a decrease by RM1.128 million or 23.71% as compared to PBT of RM4.758 million recorded in the Corresponding Preceding Quarter. Decrease in PBT despite surge in revenue was mainly due to sales mix impact while fixed costs remained.

Current Cumulative Period vs Corresponding Preceding Cumulative Period

For the current financial period-to-date, the Group recorded total revenue of RM48.990 million and total PBT of RM14.631 million respectively.

The lower revenue for the current financial year-to-date, which representing a decrease of RM2.062 million or 4.04% as compared to revenue of RM51.052 million recorded in the corresponding preceding cumulative year ended 30 June 2020 ("Corresponding Preceding Cumulative Period"), was mainly attributable to the lower revenue contribution from both precision engineering and laser stencils segments.

Our Group recorded PBT of RM14.631 million for the current financial year-to-date, representing a decrease of RM6.663 million or 31.29% as compared to PBT of RM21.294 million recorded in Corresponding Preceding Cumulative Period. The decrease in PBT was mainly due to lower revenue contribution by both segments.

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

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 30.6.2021 RM'000	Immediate Preceding Quarter Ended 31.3.2021 RM'000	Variance RM'000	Variance %
Revenue	12,496	12,428	68	0.55
Profit before tax	3,630	4,060	(430)	(10.59)
Profit for the financial period	3,356	3,190	166	5.20
Profit attributable to owners of the Company	3,309	3,256	53	1.63

The Group recorded revenue of RM12.496 million in the current quarter, which was higher by RM0.068 million or 0.55% than RM12.428 million recorded in the immediate preceding quarter. The Group recorded PBT of RM3.630 million in the current quarter; a decrease by RM0.430 million or 10.59% as compared to RM4.060 million attained in the immediate preceding quarter as a result of sales mix.

B3 Commentary on Prospects

The Group is experiencing momentum of recovering in sales order from North America and Europe since beginning of 2021. Despite challenging results attained in the first half of the financial year, the market outlook in the months to come is expected to recover progressively based on the current macro-economic situation following the roll-out of COVID-19 vaccination. Nevertheless, the Board remains cautiously optimistic on the Group's business prospects in coming year.

B4 Profit Forecast

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

B5 Tax Expense

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30.6.2021 RM'000	Corresponding Preceding Quarter Ended 30.6.2020 RM'000	Current Year-To-Date Ended 30.6.2021 RM'000	Corresponding Preceding Year-To-Date Ended 30.6.2020 RM'000
Current tax	561	363	3,161	4,207
Deferred tax	(287)	103	(386)	22
	274	466	2,775	4,229

The effective tax rate of the Group was lower than statutory corporate tax rate of 24% for the periods under review was mainly due to tax incentive claimed by a subsidiary.

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

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.

B10 Earnings Per Share ("EPS")

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30.6.2021	Corresponding Preceding Quarter Ended 30.6.2020	Current Year-To-Date Ended 30.6.2021	Corresponding Preceding Year-To-Date Ended 30.6.2020
Profit attributable to owners of the Company (RM'000)	3,309	4,215	11,650	16,062
Weighted average number of shares for computing basic EPS ('000)	541,352	542,323	542,013	533,179
Basic EPS (sen)	0.61	0.78	2.15	3.01
Weighted average number of shares for computing diluted EPS ('000)	541,352	542,323	542,013	539,076
Diluted EPS (sen)	0.61	0.78	2.15	2.98

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

B11 Profit Before Tax

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30.6.2021 RM'000	Corresponding Preceding Quarter Ended 30.6.2020 RM'000	Current Year-To-Date Ended 30.6.2021 RM'000	Corresponding Preceding Year-To-Date Ended 30.6.2020 RM'000
Profit before tax is arrived at after charging/(crediting):-				
Amortisation and depreciation	1,097	1,050	4,633	4,318
Amortisation of deferred income	(60)	(59)	(240)	(388)
(Gain)/Loss on foreign exchange:-				
- Realised	(270)	(345)	165	(362)
- Unrealised	122	96	(80)	77
Gain on disposal of property, plant and equipment	-	(64)	(70)	(126)
Impairment losses on financial assets	278	197	81	197
Interest expense for lease liabilities	-	4	6	18
Interest income	(216)	(303)	(875)	(1,222)
Inventories written down	427	8	440	85
Reversal of inventories written down	(5)	(1)	(31)	(64)
Short-term lease liabilities	47	2	180	9

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.