



FOUNDPAC GROUP BERHAD

(Company No. 1165946-H)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018**

FOUNDPAC GROUP BERHAD

(Incorporated in Malaysia)

Company No: 1165946-H

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2018

		Individual Quarter		Cumulative Period	
		Current	Corresponding	Current	Corresponding
		Quarter	Preceding	Period-To-Date	Period-To-Date
		Ended	Quarter	Ended	Ended
	Note	31.03.2018	31.03.2017	31.03.2018	31.03.2017
		RM'000	RM'000	RM'000	RM'000
Revenue		9,193	9,371	26,337	25,499
Cost of goods sold		(4,425)	(5,016)	(13,604)	(14,507)
Gross profit		<u>4,768</u>	<u>4,355</u>	<u>12,733</u>	<u>10,992</u>
Other income		306	869	1,061	1,800
Administrative and general expenses		(1,721)	(1,048)	(4,062)	(2,365)
Selling and distribution expenses		(679)	(378)	(1,565)	(966)
Finance costs		-	-	(1)	-
Profit before tax	B12	<u>2,674</u>	<u>3,798</u>	<u>8,166</u>	<u>9,461</u>
Tax expense	B5	<u>(655)</u>	<u>(839)</u>	<u>(1,986)</u>	<u>(2,049)</u>
Profit for the financial period		2,019	2,959	6,180	7,412
Other comprehensive income for the financial period		-	-	-	-
Total comprehensive income for the financial period		2,019	2,959	6,180	7,412
Profit/ Total comprehensive income for the financial period attributable to:					
Owners of the Company		1,818	2,959	5,870	7,412
Non-controlling interests		<u>201</u>	<u>-</u>	<u>310</u>	<u>-</u>
		2,019	2,959	6,180	7,412
Earnings per share:	B11				
Basic (sen)		0.35	0.62	1.13	1.56
Diluted (sen)		<u>0.33</u>	<u>0.62</u>	<u>1.08</u>	<u>1.56</u>

Note:

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017 and the accompanying explanatory notes attached to this interim financial report.

FOUNDPAC GROUP BERHAD

(Incorporated in Malaysia)
Company No: 1165946-H

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	(Unaudited) As at 31.03.2018 RM'000	(Audited) As at 30.06.2017 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	15,295	14,438
Goodwill	12,647	-
Deferred tax assets	54	-
	<u>27,996</u>	<u>14,438</u>
CURRENT ASSETS		
Inventories	3,583	2,776
Trade and other receivables	8,479	8,098
Prepayments	2,457	194
Current tax assets	689	-
Cash and cash equivalents	37,468	46,386
	<u>52,676</u>	<u>57,454</u>
CURRENT LIABILITIES		
Trade and other payables	3,074	2,373
Current tax liabilities	589	56
	<u>3,663</u>	<u>2,429</u>
NET CURRENT ASSETS	49,013	55,025
NON-CURRENT LIABILITIES		
Deferred tax liabilities	1,805	1,944
NET ASSETS	<u>75,204</u>	<u>67,519</u>
EQUITY		
Share capital	51,800	51,710
Share option reserve	415	-
Retained profits	21,394	15,809
Equity attributable to owners of the Company	<u>73,609</u>	<u>67,519</u>
Non-controlling interests	1,595	-
TOTAL EQUITY	<u>75,204</u>	<u>67,519</u>
Net assets per share attributable to owners of the Company (sen)	<u>14.21</u>	<u>13.03</u> *

Notes:

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017 and the accompanying explanatory notes attached to this interim financial report.

* For comparison purpose, net assets per share is calculated based on the number of ordinary shares in issue which has been adjusted for bonus issue retrospectively.

FOUNDPAC GROUP BERHAD

(Incorporated in Malaysia)

Company No: 1165946-H

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2018

	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 premium RM'000	Share option reserve RM'000	Retained profits RM'000			
Balance as at 1 July 2017	51,710	-	-	15,809	67,519	-	67,519
Bonus issue	90	-	-	(90)	-	-	-
Share issue transaction costs	-	-	-	(195)	(195)	-	(195)
Share-based payments	-	-	415	-	415	-	415
Total transactions with owners	90	-	415	(285)	220	-	220
Acquisition of subsidiary	-	-	-	-	-	1,285	1,285
Profit (representing total comprehensive income) for the financial period	-	-	-	5,870	5,870	310	6,180
Balance as at 31 March 2018	<u>51,800</u>	<u>-</u>	<u>415</u>	<u>21,394</u>	<u>73,609</u>	<u>1,595</u>	<u>75,204</u>
Balance as at 1 July 2016	33,000	-	-	9,289	42,289	-	42,289
Issue of shares	4,000	17,600	-	-	21,600	-	21,600
Share issue transaction costs	-	(2,890)	-	-	(2,890)	-	(2,890)
Total transactions with owners	4,000	14,710	-	-	18,710	-	18,710
Transfer of share premium upon abolition of par value #	14,710	(14,710)	-	-	-	-	-
Profit (representing total comprehensive income) for the financial period	-	-	-	7,412	7,412	-	7,412
Balance as at 31 March 2017	<u>51,710</u>	<u>-</u>	<u>-</u>	<u>16,701</u>	<u>68,411</u>	<u>-</u>	<u>68,411</u>

Notes:-

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017 and the accompanying explanatory notes attached to this interim financial report.

The new Companies Act 2016 ("New Act"), which come into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618 (2) of the New Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

FOUND PAC GROUP BERHAD

(Incorporated in Malaysia)

Company No: 1165946-H

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2018

	Current Period-To-Date Ended 31.03.2018 RM'000	Corresponding Preceding Period-To-Date Ended 31.03.2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	8,166	9,461
Adjustments for:-		
Depreciation of property, plant and equipment	1,126	1,075
Gain on disposal of property, plant and equipment	(46)	-
Gain on disposal of unquoted investment	-	(420)
Interest expense	1	-
Interest income	(1,015)	(726)
Share-based payment	415	-
Unrealised loss/(gain) on foreign exchange	143	(237)
Operating profit before working capital changes	<u>8,790</u>	<u>9,153</u>
Changes in:-		
Inventories	(657)	(537)
Receivables and prepayments	(450)	(1,229)
Payables	(714)	116
Cash generated from operations	<u>6,969</u>	<u>7,503</u>
Tax paid	(4,476)	(1,493)
Tax refunded	130	-
Net cash from operating activities	<u>2,623</u>	<u>6,010</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiary, net of cash acquired	(11,298)	-
Interest received	1,015	726
Proceeds from disposal of property, plant and equipment	60	-
Proceeds from disposal of unquoted investment	-	2,420
Purchase of property, plant and equipment	(1,032)	(30)
Purchase of unquoted investment	-	(2,000)
Net cash (used in)/ from investing activities	<u>(11,255)</u>	<u>1,116</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(1)	-
Issue of shares	-	21,600
Repayment of hire purchase obligations	(40)	-
Share issue transaction costs paid	(195)	(2,890)
Net cash (used in)/ from investing activities	<u>(236)</u>	<u>18,710</u>
Effect of exchange rate changes on cash and cash equivalents	(50)	179
Net (decrease)/ increase in cash and cash equivalents	(8,918)	26,015
Cash and cash equivalents brought forward	<u>46,386</u>	<u>20,181</u>
Cash and cash equivalents carried forward	<u>37,468</u>	<u>46,196</u>
Analysis of cash and cash equivalents		
Short-term highly liquid investments	33,249	40,297
Cash and bank balances	4,219	5,899
	<u>37,468</u>	<u>46,196</u>

Note:-

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017 and the accompanying explanatory notes attached to this interim financial report.

FOUNDPAC GROUP BERHAD

(Incorporated in Malaysia)
Company No: 1165946-H

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2018

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 2017 and the accompanying explanatory notes attached to this interim financial report.

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

<u>MFRS</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to MFRS 107 <i>Disclosure Initiative</i>	1 January 2017
Amendments to MFRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to MFRS 12 <i>Disclosure of Interests in Other Entities</i>	1 January 2017

The adoption of the above MFRSs did not result in any significant changes in the accounting policies of the Group.

Accordingly 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 2017 except as follows:-

Basis of Consolidation

A subsidiary is an entity that is controlled by another entity. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to the end of the reporting period using the following methods:-

<u>Subsidiary</u>	<u>Method</u>
FoundPac Technologies Sdn. Bhd.	Merger
FoundPac Sdn. Bhd.	Merger
FoundPac Capital Sdn. Bhd.	Acquisition
Dynamic Stencil Sdn. Bhd.	Acquisition

FOUNDPAC GROUP BERHAD

(Incorporated in Malaysia)
Company No: 1165946-H

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2018

PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134, INTERIM FINANCIAL REPORTING (cont’d)

A1 Basis of Preparation (cont’d)

Merger Method

The merger method is used for business combination involving entities under common control which is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. In applying merger accounting:-

- (i) the financial statement items of the combining entities or businesses for the reporting period in which the combination occurs, and for any comparative periods disclosed, are included in the consolidated financial statements as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling parties;
- (ii) the assets and liabilities of the combining entities or businesses are consolidated using the existing book values from the controlling parties’ perspective;
- (iii) no amount is recognised as consideration for goodwill or bargain purchase gain at the time of combination, to the extent of the continuation of the controlling parties’ interests; and
- (iv) the effects of all transactions between the combining entities or businesses, whether occurring before or after the combination, are eliminated in preparing the consolidated financial statements.

Acquisition Method

Under the acquisition method, the consideration transferred, the identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair values. The components of non-controlling interests that are present ownership interests are measured at the present ownership instruments’ proportionate share in the recognised amounts of the identifiable net assets acquired. All other components of non-controlling interests are measured at their acquisition-date fair values. In a business combination achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss. All acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss as incurred.

Goodwill at the acquisition date is measured as the excess of (a) over (b) below:-

- (a) the aggregate of:-
 - (i) the acquisition-date fair value of the consideration transferred;
 - (ii) the amount of any non-controlling interests; and
 - (iii) in a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree.
- (b) the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed.

Goodwill is recognised as an asset at the aforementioned amount less accumulated impairment losses, if any. When the above (b) exceeds (a), the excess represents a bargain purchase gain and, after reassessment, is recognised in profit or loss.

FOUNDPAC GROUP BERHAD

(Incorporated in Malaysia)
Company No: 1165946-H

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2018

PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134, INTERIM FINANCIAL REPORTING (cont’d)

A1 Basis of Preparation (cont’d)

A subsidiary is consolidated from the acquisition date, being the date on which control is obtained, and continues to be consolidated until the date when control is lost. Intragroup balances, transactions, income and expenses are eliminated in full on consolidation. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All changes in the parent’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Upon loss of control of a subsidiary, the assets (including any goodwill) and liabilities of, and any non-controlling interests in the subsidiary are derecognised. All amounts recognised in other comprehensive income in relation to the subsidiary are accounted for on the same basis as would be required if the related assets or liabilities had been directly disposed of. Any consideration received and any investment retained in the former subsidiary are recognised at their fair values. The resulting difference is then recognised as a gain or loss in profit or loss.

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

There were no other issuances, cancellations, repurchases, resale or repayments of debt and equity securities during the current quarter under review.

A6 Dividends Paid

No dividend was paid during the current quarter under review.

FOUNDPAC GROUP BERHAD

(Incorporated in Malaysia)
Company No: 1165946-H

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2018

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

A7 Segmental Information

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

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 31.03.2018 RM'000	Corresponding Preceding Quarter Ended 31.03.2017 RM'000	Current Period-To-Date Ended 31.03.2018 RM'000	Corresponding Preceding Period-To-Date Ended 31.03.2017 RM'000
Malaysia	2,805	505	7,428	1,418
Other Asian countries	1,557	756	3,989	2,264
United States ("US")	2,394	6,140	8,722	15,765
Europe	2,322	1,970	6,042	6,052
Others	115	-	156	-
	<u>9,193</u>	<u>9,371</u>	<u>26,337</u>	<u>25,499</u>

A8 Contractual Commitments for Purchase of Property, Plant and Equipment

	31.03.2018 RM'000
Contracted but not provided for	<u>3,896</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 2017.

A11 Material Events

There were no other material events subsequent to 31 March 2018 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.

FOUNDPAC GROUP BERHAD

(Incorporated in Malaysia)
Company No: 1165946-H

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2018

PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134, INTERIM FINANCIAL REPORTING (cont’d)

A13 Financial Instruments

Derivatives

There were no outstanding derivatives as at 31 March 2018.

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 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.

As at end of the current quarter under review, 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.

FOUND PAC GROUP BERHAD

(Incorporated in Malaysia)
Company No: 1165946-H

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2018

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 Corresponding				Cumulative Period Corresponding			
	Current Quarter Ended 31.03.2018 RM'000	Preceding Quarter Ended 31.03.2017 RM'000	Variance RM'000	%	Current Period-To-Date Ended 31.03.2018 RM'000	Preceding Period-To-Date Ended 31.03.2017 RM'000	Variance RM'000	%
Revenue	9,193	9,371	(178)	(1.90)	26,337	25,499	838	3.29
Profit before tax	2,674	3,798	(1,124)	(29.59)	8,166	9,461	(1,295)	(13.69)
Profit for the financial period	2,019	2,959	(940)	(31.77)	6,180	7,412	(1,232)	(16.62)
Profit attributable to owners of the Company	1,818	2,959	(1,141)	(38.56)	5,870	7,412	(1,542)	(20.80)

Current Period vs Corresponding Preceding Period

For the current quarter, the Group recorded revenue of RM9.193 million and profit before tax ("PBT") of RM2.674 million respectively.

The marginal decrease in revenue for the current quarter, which representing a decrease of RM0.178 million or 1.90% as compared to revenue of RM9.371 million recorded in the corresponding preceding quarter ended 31 March 2017 ("Corresponding Preceding Quarter"), was mainly attributable to the decrease in export sales of RM2.478 million, offset by the increase in local sales of RM2.300 million.

The export sales remained the main contributor to our Group's total revenue for the current quarter, which accounted for RM6.388 million or 69.49% of our Group's total revenue for the current quarter. The decrease in export sales by RM2.478 million or 27.95% as compared to the Corresponding Preceding Quarter's export sales of RM8.866 million was mainly due to lower revenue generated from our customers in US.

Our Group recorded PBT of RM2.674 million for the current quarter, representing a decrease of RM1.124 million or 29.59% as compared to PBT of RM3.798 million recorded in the Corresponding Preceding Quarter. The decrease in PBT was mainly due to the lower other income, higher staff related expenses as a result of share option granted under Employee Share Option Scheme ("ESOS") of RM0.415 million and higher foreign exchange loss of RM0.307 million in the current quarter compared to foreign exchange loss of RM0.093 million in the Corresponding Preceding Quarter as a result of strengthening of RM against USD.

Current Cumulative Period vs Corresponding Preceding Cumulative Period

For the current financial period-to-date, the Group recorded total revenue of RM26.337 million and total PBT of RM8.166 million respectively.

The higher revenue for the current financial period-to-date, which representing an increase of RM0.838 million or 3.29% as compared to revenue of RM25.499 million recorded in the corresponding preceding cumulative period ended 31 March 2017 ("Corresponding Preceding Cumulative Period"), was mainly attributable to the higher revenue recorded in the first quarter of the current financial year due to the increase in sales at Asia Region.

FOUND PAC GROUP BERHAD

(Incorporated in Malaysia)
Company No: 1165946-H

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2018

PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (cont'd)

B1 Review of Performance

- Comparison with Corresponding Period and Cumulative Period of Preceding Year (cont'd)

Current Cumulative Period vs Corresponding Preceding Cumulative Period (cont'd)

Our Group recorded PBT of RM8.166 million for the current financial period-to-date, representing a decrease of RM1.295 million or 13.69% as compared to PBT of RM9.461 million recorded in the Corresponding Preceding Cumulative Period. The decrease in PBT was mainly due to the lower other income and higher administrative and general expenses for the current financial period-to-date, which was mainly attributed to foreign exchange loss of RM0.627 million in the current financial period-to-date compared to foreign exchange gain of RM0.654 million in the Corresponding Preceding Cumulative Quarter as a result of strengthening of RM against USD.

Except for the gain on disposal of property, plant and equipment, there was no other unusual or material one-off gain/loss affecting the revenue or profit for the current quarter and the current financial period-to-date.

B2 Review of Performance

- Comparison between Current Quarter and Immediate Preceding Quarter

	Current Quarter Ended 31.03.2018 RM'000	Immediate Preceding Quarter Ended 31.12.2017 RM'000	Variance RM'000	%
Revenue	9,193	7,749	1,444	18.63
Profit before tax	2,674	2,466	208	8.43
Profit for the financial period	2,019	1,831	188	10.27
Profit attributable to owners of the Company	1,818	1,722	96	5.57

The Group's revenue of RM9.193 million in the current quarter was RM1.444 million or 18.63% higher than the revenue of RM7.749 million recorded in the immediate preceding quarter. The increase in revenue was mainly attributed to the increase in local sales.

Our Group current quarter's PBT of RM2.674 million was RM0.208 million or 8.43% higher as compared to the immediate preceding quarter's PBT of RM2.466 million. It was mainly attributed to the increase in revenue, offset by lower other income, higher staff related expenses as a result of share option granted under ESOS of RM0.415 million in the current quarter and higher foreign exchange loss of RM0.307 million in the current quarter compared to foreign exchange loss of RM0.244 million in the immediate preceding quarter as a result of strengthening of RM against USD.

FOUNDPAC GROUP BERHAD

(Incorporated in Malaysia)
Company No: 1165946-H

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2018

PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (cont'd)

B3 Commentary on Prospects

As disclosed in the Prospectus of the Company dated 13 December 2016, our Group's future plans and strategies will focus on the expansion of its manufacturing activities, market presence and product range through the following areas:

- (a) Production capacity expansion
Our Group intends to expand its production capacity through the acquisition of new machineries and equipment.
- (b) Diversify customer base
Our Group is planning to diversify its customer base to include end-user industries.
- (c) Setting up a design and development ("D&D") team
Our Group is planning to set up a dedicated D&D team to focus on product development.
- (d) Overseas expansion
Our Group intends to establish sales offices in Europe and the United States to continue expanding our presence in these major markets.

Semiconductor and electronics industries are projected to continue growing in the coming years. 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.

Based on the uptrend market outlook of the semiconductor industry and electronics industry, coupled with our Group competitive strengths, as well as our commitment towards the future plans and strategies of our Group, the Board and the management is positive about our prospects for the financial year ended 30 June 2018.

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 Period	
	Current	Corresponding	Current	Corresponding
	Quarter	Preceding	Period-To-Date	Period-To-Date
	Ended	Quarter	Ended	Ended
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
	RM'000	RM'000	RM'000	RM'000
Current tax	752	918	2,125	2,020
Deferred tax	(97)	(79)	(139)	29
	<u>655</u>	<u>839</u>	<u>1,986</u>	<u>2,049</u>

The effective tax rate of the Group for the corresponding preceding period-to-date is lower than the statutory tax rate of 24%. This was mainly due to tax incentive enjoyed by one of its subsidiaries, FoundPac Technologies Sdn. Bhd., which had expired on 31 August 2016.

FOUND PAC GROUP BERHAD

(Incorporated in Malaysia)
Company No: 1165946-H

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2018

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 Utilisation of Proceeds from Public Issue

Subsequent to the Company's listing on the Main Market of Bursa Securities on 29 December 2016, the status of utilisation of the proceeds raised from the Public Issue amounting to RM21.60 million up to 31 March 2018 is as follows:-

Purpose	Proposed	Actual	Balance	Deviation		Estimated timeframe for utilisation from date of listing
	utilisation	utilisation		RM'000	RM'000	
	RM'000	RM'000	RM'000	RM'000	%	
Purchase of property, plant and equipment	8,000	(2,451)	5,549	-	-	Within 24 months
Overseas expansion	4,000	-	4,000	-	-	Within 24 months
Working capital	3,710 [^]	(3,710)	-	-	-	Within 24 months
D&D expenditure	3,000	(110)	2,890	-	-	Within 24 months
Listing expenses	2,890	(2,890)	-	-	-	Immediate
Total	21,600	(9,161)	12,439	-	-	

Note:-

[^] Include the excess funds allocated for the listing expenses of RM0.11 million which will be utilised for general working capital purposes.

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 13 December 2016.

B8 Borrowings

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

B9 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.

B10 Dividend

The Board has on 21 May 2018 declared an interim dividend of RM0.01 per share for the financial year ending 30 June 2018 as follows:

<u>Interim single tier dividend</u>	
For the financial year	30 June 2018
Approved and declared on	21 May 2018
Dividend per share	RM0.01
Entitlement to dividend based on Record of Depositors as at	8 June 2018
Payable on	28 June 2018

FOUND PAC GROUP BERHAD

(Incorporated in Malaysia)
Company No: 1165946-H

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2018

PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (cont'd)

B11 Earnings Per Share ("EPS")

	Individual Quarter		Cumulative Period	
	Current Quarter	Corresponding Preceding Quarter	Current Period-To-Date	Corresponding Preceding Period-To-Date
	Ended	Ended	Ended	Ended
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Profit attributable to owners of the Company (RM'000)	1,818	2,959	5,870	7,412
Weighted average number of ordinary shares in issue for computing basis EPS ('000)	518,000	476,268	518,000	476,268
Basic EPS (sen)	<u>0.35</u>	<u>0.62 *</u>	<u>1.13</u>	<u>1.56 *</u>
Weighted average number of ordinary shares in issue for computing diluted EPS ('000)	543,483	476,268	543,483	476,268
Diluted EPS (sen) ⁽¹⁾	<u>0.33</u>	<u>0.62 *</u>	<u>1.08</u>	<u>1.56 *</u>

Notes:-

(1) Diluted EPS is calculated by dividing profit attributable to owners of the Company by the adjusted weighted average number of ordinary shares in issue to reflect the dilutive effects of the potential ordinary shares i.e. share option granted under ESOS during the financial period.

* For comparison purpose, basic EPS and diluted EPS are calculated based on the weighted average number of ordinary shares in issue which has been adjusted for bonus issue retrospectively.

B12 Profit Before Tax

	Individual Quarter		Cumulative Period	
	Current Quarter	Corresponding Preceding Quarter	Current Period-To-Date	Corresponding Preceding Period-To-Date
	Ended	Ended	Ended	Ended
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting):-				
Depreciation of property, plant and equipment	408	340	1,126	1,075
Gain on disposal of property, plant and equipment	-	-	(46)	-
Gain on disposal of unquoted investment	-	(420)	-	(420)
Loss/ (Gain) on foreign exchange:-				
- Realised	269	(117)	484	(417)
- Unrealised	38	210	143	(237)
Interest expense	-	-	1	-
Interest income	<u>(306)</u>	<u>(332)</u>	<u>(1,015)</u>	<u>(726)</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.

By Order of the Board
21 May 2018