



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

**UNAUDITED CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021**

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 2021**

| | Note | Individual Quarter | | Cumulative Period | |
|---|------|--|---|---|--|
| | | Current Quarter Ended 31.3.2021 RM'000 | Corresponding Preceding Quarter Ended 31.3.2020 RM'000 | Current Period-To-Date Ended 31.3.2021 RM'000 | Corresponding Preceding Period-To-Date Ended 31.3.2020 RM'000 |
| Revenue | | 12,428 | 11,143 | 36,494 | 38,637 |
| Cost of goods sold | | (6,411) | (5,566) | (19,732) | (17,677) |
| Gross profit | | 6,017 | 5,577 | 16,762 | 20,960 |
| Impairment gains on financial assets | | - | - | 197 | - |
| Interest income | | 203 | 322 | 659 | 919 |
| Other income | | 406 | 112 | 596 | 575 |
| Administrative and general expenses | | (1,890) | (1,289) | (5,088) | (3,750) |
| Selling and distribution expenses | | (675) | (700) | (2,119) | (2,154) |
| Finance costs | | (1) | (4) | (6) | (14) |
| Profit before tax | B11 | 4,060 | 4,018 | 11,001 | 16,536 |
| Tax expense | B5 | (870) | (853) | (2,501) | (3,763) |
| Profit for the financial period | | 3,190 | 3,165 | 8,500 | 12,773 |
| Other comprehensive income for the financial period | | - | - | - | - |
| Comprehensive income for the financial period | | 3,190 | 3,165 | 8,500 | 12,773 |
| Profit/(Loss) for the financial period attributable to:- | | | | | |
| - Owners of the Company | | 3,256 | 3,120 | 8,341 | 11,847 |
| - Non-controlling interests | | (66) | 45 | 159 | 926 |
| | | 3,190 | 3,165 | 8,500 | 12,773 |
| Comprehensive income for the financial period attributable to:- | | | | | |
| - Owners of the Company | | 3,256 | 3,120 | 8,341 | 11,847 |
| - Non-controlling interests | | (66) | 45 | 159 | 926 |
| | | 3,190 | 3,165 | 8,500 | 12,773 |
| Earnings per share:- | B10 | | | | |
| - Basic (sen) | | 0.60 | 0.58 | 1.54 | 2.23 |
| - Diluted (sen) | | 0.60 | 0.58 | 1.54 | 2.21 |

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 2020 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 2021

| | As at 31.3.2021 (Unaudited) RM'000 | As at 30.6.2020 (Audited) RM'000 |
|---|---|---|
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 16,262 | 15,934 |
| Right-of-use assets | 9,164 | 9,533 |
| Intangible assets | 15,069 | 12,647 |
| Deferred tax assets | 61 | 15 |
| | 40,556 | 38,129 |
| CURRENT ASSETS | | |
| Inventories | 4,574 | 3,902 |
| Receivables | 8,214 | 14,468 |
| Prepayments | 244 | 310 |
| Current tax assets | 280 | 33 |
| Cash and cash equivalents | 60,171 | 51,136 |
| | 73,483 | 69,849 |
| CURRENT LIABILITIES | | |
| Payables | 5,586 | 4,489 |
| Lease liabilities | 56 | 219 |
| Contract liabilities | 465 | 90 |
| Current tax liabilities | 113 | 715 |
| | 6,220 | 5,513 |
| NET CURRENT ASSETS | 67,263 | 64,336 |
| NON-CURRENT LIABILITIES | | |
| Deferred tax liabilities | 2,336 | 2,435 |
| Deferred income on government grants | 549 | 729 |
| | 2,885 | 3,164 |
| NET ASSETS | 104,934 | 99,301 |
| EQUITY | | |
| Share capital | 59,996 | 59,996 |
| Treasury shares | (625) | - |
| Revaluation surplus | 1,852 | 1,852 |
| Retained profits | 39,795 | 34,166 |
| Equity attributable to owners of the Company | 101,018 | 96,014 |
| Non-controlling interests | 3,916 | 3,287 |
| TOTAL EQUITY | 104,934 | 99,301 |
| Net assets per share attributable to owners of the Company (sen) | 18.65 | 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 2020 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 2021

| | | | 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 | Treasury shares RM'000 | Share option reserve RM'000 | Revaluation surplus RM'000 | Retained profits RM'000 | | | |
| Balance as at 1 July 2020 | 59,996 | - | - | 1,852 | 34,166 | 96,014 | 3,287 | 99,301 |
| Acquisition of subsidiaries | - | - | - | - | - | - | 470 | 470 |
| Purchase of own shares | - | (625) | - | - | - | (625) | - | (625) |
| Dividend | - | - | - | - | (2,712) | (2,712) | - | (2,712) |
| Total transactions with owners | - | (625) | - | - | (2,712) | (3,337) | - | (3,337) |
| Profit (representing comprehensive income) for the financial period | - | - | - | - | 8,341 | 8,341 | 159 | 8,500 |
| Balance as at 31 March 2021 | <u>59,996</u> | <u>(625)</u> | <u>-</u> | <u>1,852</u> | <u>39,795</u> | <u>101,018</u> | <u>3,916</u> | <u>104,934</u> |
| 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>-</u> | <u>12</u> | <u>1,852</u> | <u>29,951</u> | <u>91,759</u> | <u>3,210</u> | <u>94,969</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 2020 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 2021**

| | Current Period-To-Date Ended 31.3.2021 RM'000 | Corresponding Preceding Period-To-Date Ended 31.3.2020 RM'000 |
|--|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | 11,001 | 16,536 |
| Adjustments for:- | | |
| Amortisation of deferred income | (180) | (329) |
| Depreciation | 3,536 | 3,268 |
| Gain on disposal of property, plant and equipment | (70) | (62) |
| Impairment gains on financial assets | (197) | - |
| Interest expense | 6 | 14 |
| Interest income | (659) | (919) |
| Inventories written down | 13 | 77 |
| Reversal of inventories written down | (26) | (63) |
| Share-based payments | - | 117 |
| Unrealised gain on foreign exchange | (202) | (19) |
| Operating profit before working capital changes | <u>13,222</u> | <u>18,620</u> |
| Changes in:- | | |
| Inventories | 774 | (204) |
| Receivables | 6,927 | (4,155) |
| Prepayments | 162 | 5,446 |
| Payables | (578) | (248) |
| Contract liabilities | (402) | (7) |
| Cash generated from operations | <u>20,105</u> | <u>19,452</u> |
| Tax paid | (3,634) | (3,537) |
| Tax refunded | 24 | 253 |
| Net cash from operating activities | <u>16,495</u> | <u>16,168</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of intangible assets | (31) | - |
| Acquisition of property, plant and equipment | (3,160) | (6,148) |
| Acquisition of right-of-use assets | - | (18) |
| Acquisition of subsidiaries, net of cash acquired | (1,676) | - |
| Grants received | - | 783 |
| Interest received | 659 | 919 |
| Proceeds from disposal of property, plant and equipment | 72 | 67 |
| Net cash used in investing activities | <u>(4,136)</u> | <u>(4,397)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividend paid to owners of the Company | (2,712) | (6,506) |
| Interest paid | (6) | (14) |
| Issue of shares | - | 6,132 |
| Payment of lease liabilities | (163) | (135) |
| Purchase of own shares | (625) | - |
| Redemption of preference shares | (20) | - |
| Net cash used in financing activities | <u>(3,526)</u> | <u>(523)</u> |
| Effect of exchange rate changes on cash and cash equivalents | 202 | 19 |
| Net increase in cash and cash equivalents | 9,035 | 11,267 |
| Cash and cash equivalents brought forward | 51,136 | 32,428 |
| Cash and cash equivalents carried forward | <u>60,171</u> | <u>43,695</u> |
| Analysis of cash and cash equivalents:- | | |
| - Highly liquid investments | 47,585 | 41,692 |
| - Cash and bank balances | 12,586 | 2,003 |
| | <u>60,171</u> | <u>43,695</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 2020 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 2021

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 2020 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 2020 except for the adoption of the following MFRSs which became effective for the financial period under review:-

| MFRS | Effective for annual periods beginning on or after |
|--|--|
| 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 101 and MFRS 108 <i>Definition of Material</i> | 1 January 2020 |
| Amendments to References to the Conceptual Framework in MFRS Standards | 1 January 2020 |

The Group and the Company have also early applied the Amendment to MFRS 16 Covid-19-Related Rent Concessions which is effective for annual periods beginning on or after 1 June 2020.

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:-

| MFRS (issued as at the end of the reporting period) | Effective for annual periods beginning on or after |
|---|--|
| MFRS 17 <i>Insurance Contracts</i> | 1 January 2023 |
| Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i> | 1 January 2022 |
| Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 <i>Interest Rate Benchmark Reform - Phase 2</i> | 1 January 2021 |
| 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 17 <i>Insurance Contracts</i> | 1 January 2023 |
| Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i> | 1 January 2023 |
| Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i> | 1 January 2023 |
| Amendments to MFRS 108 <i>Definition of Accounting Estimates</i> | 1 January 2023 |
| Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i> | 1 January 2022 |
| Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i> | 1 January 2022 |
| Annual Improvements to MFRS Standards 2018 - 2020 | 1 January 2022 |

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

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Explanatory Notes to Condensed Consolidated Financial Statements - 31 March 2021

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

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 quarter under review, 800,000 ordinary shares were repurchased in the open market at an average price of RM0.781 per share and retained as treasury shares of the Company. The repurchased transactions were financed by internally generated funds.

As at 31 March 2021, the total number of issued ordinary shares of the Company is 542,322,500 ordinary shares inclusive of 800,000 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

No dividend was paid during the current quarter under review.

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 |

Except as indicated above, no operating segments have been aggregated to form the above reportable segments.

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Explanatory Notes to Condensed Consolidated Financial Statements - 31 March 2021**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 | Automation RM'000 | Unallocated non-operating segments RM'000 | Consolidations adjustments and eliminations RM'000 | Total RM'000 |
|--|------------------------------------|-----------------------------|----------------------|--|---|-----------------|
| <u>Financial period ended 31 March 2021</u> | | | | | | |
| STATEMENT OF FINANCIAL POSITION | | | | | | |
| Segment assets | 70,386 | 28,060 | 4,529 | 65,492 | (54,428) | 114,039 |
| Included in the measure of segment assets are:- | | | | | | |
| - Additions to non-current assets | 2,918 | 45 | 197 | 31 | - | 3,191 |
| Segment liabilities | 6,248 | 786 | 1,916 | 155 | - | 9,105 |
| STATEMENT OF COMPREHENSIVE INCOME | | | | | | |
| Segment profit/(loss) | 7,968 | 1,479 | (442) | 5,945 | (6,450) | 8,500 |
| Included in the measure of segment profit/(loss) are:- | | | | | | |
| - External revenue | 26,441 | 7,446 | 2,605 | 6,456 | (6,454) | 36,494 |
| - Interest income | 416 | 107 | 2 | 134 | - | 659 |
| - Non-cash income | 408 | 197 | - | - | - | 605 |
| - Interest expense | - | 6 | - | - | - | 6 |
| - Depreciation | 2,998 | 461 | 53 | 24 | - | 3,536 |
| - Other non-cash expenses | - | 13 | - | - | - | 13 |
| - Tax expense | 2,027 | 474 | - | - | - | 2,501 |

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Explanatory Notes to Condensed Consolidated Financial Statements - 31 March 2021**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 |
|---|------------------------------------|-----------------------------|--|---|-----------------|
| <u>Financial period ended 31 March 2020</u> | | | | | |
| STATEMENT OF FINANCIAL POSITION | | | | | |
| Segment assets | 48,845 | 26,485 | 78,708 | (51,216) | 102,822 |
| Included in the measure of segment assets are:- | | | | | |
| - Additions to non-current assets | 5,825 | 323 | - | - | 6,148 |
| Segment liabilities | 6,731 | 997 | 125 | - | 7,853 |
| STATEMENT OF COMPREHENSIVE INCOME | | | | | |
| Segment profit | 8,926 | 3,703 | 7,669 | (7,525) | 12,773 |
| Included in the measure of segment profit are:- | | | | | |
| - External revenue | 28,798 | 9,841 | 7,525 | (7,527) | 38,637 |
| - Interest income | 357 | 104 | 458 | - | 919 |
| - Non-cash income | 411 | - | - | - | 411 |
| - Interest expense | - | 14 | - | - | 14 |
| - Depreciation | 2,841 | 427 | - | - | 3,268 |
| - Other non-cash expenses | 160 | 10 | 24 | - | 194 |
| - Tax expense | 2,637 | 1,126 | - | - | 3,763 |

FOUNDPAC GROUP BERHAD

(Incorporated in Malaysia)

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Explanatory Notes to Condensed Consolidated Financial Statements - 31 March 2021

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 31.3.2021 RM'000 | Corresponding Preceding Quarter Ended 31.3.2020 RM'000 | Current Period-To-Date Ended 31.3.2021 RM'000 | Corresponding Preceding Period-To-Date Ended 31.3.2020 RM'000 |
| Malaysia | 2,392 | 1,861 | 8,081 | 6,173 |
| Other Asian countries | 1,747 | 2,647 | 4,697 | 12,195 |
| North America | 4,430 | 4,394 | 13,182 | 14,125 |
| Europe | 3,769 | 2,225 | 9,377 | 6,116 |
| Africa | 67 | - | 1,134 | - |
| Others | 23 | 16 | 23 | 28 |
| | <u>12,428</u> | <u>11,143</u> | <u>36,494</u> | <u>38,637</u> |

A8 Contractual Commitments

| | 31.3.2021 RM'000 |
|---|---------------------|
| Purchase of property, plant and equipment | <u>589</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 2020.

A11 Material Events

There were no material events subsequent to 31 March 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.

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Explanatory Notes to Condensed Consolidated Financial Statements - 31 March 2021

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

A13 Financial Instruments

Derivatives

There were no outstanding derivatives as at 31 March 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 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 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.

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Explanatory Notes to Condensed Consolidated Financial Statements - 31 March 2021

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 | Corresponding Preceding Quarter | Variance | | Current Period-To-Date | Corresponding Preceding Period-To-Date | Variance | |
| | Ended 31.3.2021 | Ended 31.3.2020 | RM'000 | % | Ended 31.3.2021 | Ended 31.3.2020 | RM'000 | % |
| Revenue | 12,428 | 11,143 | 1,285 | 11.53 | 36,494 | 38,637 | (2,143) | (5.55) |
| Profit before tax | 4,060 | 4,018 | 42 | 1.05 | 11,001 | 16,536 | (5,535) | (33.47) |
| Profit for the financial period | 3,190 | 3,165 | 25 | 0.79 | 8,500 | 12,773 | (4,273) | (33.45) |
| Profit attributable to owners of the Company | 3,256 | 3,120 | 136 | 4.36 | 8,341 | 11,847 | (3,506) | (29.59) |

Current Period vs Corresponding Preceding Period

For the current quarter, the Group recorded revenue of RM12.428 million and profit before tax ("PBT") of RM4.060 million respectively.

Increase in revenue from RM11.143 million recorded in the corresponding preceding quarter ended 31 March 2020 ("Corresponding Preceding Quarter") to RM12.428 million recorded in the current quarter; representing an increase by RM1.285 million or 11.53%, was mainly attributable to the increase in revenue contributed by both precision engineering and laser stencil segments.

The export sales remained the main contributor to our Group's total revenue for the current quarter, which accounted for RM10.036 million or 80.75% of our Group's total revenue for the current quarter. Export sales recorded in the current quarter is higher by RM0.754 million or 8.12% as compared to RM9.282 million recorded in the Corresponding Preceding Quarter. This was mainly due to increase in revenue generated from our customers in Europe by RM1.544 million.

Our Group recorded marginally higher PBT at RM4.060 million for the current quarter, representing an increase by RM0.042 million or 1.05% as compared to PBT of RM4.018 million recorded in the Corresponding Preceding Quarter. A marginal increase in PBT despite surge in revenue of RM1.285 million was mainly due to sales mix impact.

Current Cumulative Period vs Corresponding Preceding Cumulative Period

For the current financial period-to-date, the Group recorded total revenue of RM36.494 million and total PBT of RM11.001 million respectively.

The lower revenue for the current financial period-to-date, which representing a decrease of RM2.143 million or 5.55% as compared to revenue of RM38.637 million recorded in the corresponding preceding cumulative period ended 31 March 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 RM11.001 million for the current financial period-to-date, representing an decrease of RM5.535 million or 33.47% as compared to PBT of RM16.536 million recorded in Corresponding Preceding Cumulative Period. The decrease in PBT was mainly due to lower revenue contribution by both segments while fixed cost elements remained.

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 2021

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 31.3.2021 RM'000 | Immediate Preceding Quarter Ended 31.12.2020 RM'000 | Variance | |
|--|--|--|----------|-------|
| | | | RM'000 | % |
| Revenue | 12,428 | 11,626 | 802 | 6.90 |
| Profit before tax | 4,060 | 2,802 | 1,258 | 44.90 |
| Profit for the financial period | 3,190 | 2,107 | 1,083 | 51.40 |
| Profit attributable to owners of the Company | 3,256 | 2,011 | 1,245 | 61.91 |

The Group recorded revenue of RM12.428 million in the current quarter, which was higher by RM0.802 million or 6.90% than RM11.626 million recorded in the immediate preceding quarter.

The Group recorded PBT of RM4.060 million in the current quarter as compared to RM2.802 million attained in the immediate preceding quarter. Increase in PBT by RM1.258 million or 44.90% was in line with increase in revenue.

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 and confident that the Group will sail the storm backed by our strong foundation built over the 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.

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 31.3.2021 RM'000 | Corresponding Preceding Quarter Ended 31.3.2020 RM'000 | Current Period-To-Date Ended 31.3.2021 RM'000 | Corresponding Preceding Period-To-Date Ended 31.3.2020 RM'000 |
| Current tax | 903 | 874 | 2,600 | 3,844 |
| Deferred tax | (33) | (21) | (99) | (81) |
| | <u>870</u> | <u>853</u> | <u>2,501</u> | <u>3,763</u> |

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.

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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

The Group's loans and borrowings as at end of the reporting period were as follows:-

| | Short-term RM'000 | Long-term RM'000 | Total RM'000 |
|---------------------|----------------------|---------------------|-----------------|
| Secured:- | | | |
| - Lease liabilities | 56 | - | 56 |

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

A single tier interim dividend of 1.0 sen per share in respect of the financial year ending 30 June 2021 has been declared on 11 May 2021 and is to be paid on 28 June 2021 to depositors registered in the records of Depositors at the close of business on 8 June 2021. This interim report does not reflect this dividend. Such dividend will be accounted for in equity as appropriation of retained profits in the quarter ending 30 June 2021.

B10 Earnings Per Share ("EPS")

| | Individual Quarter | | Cumulative Period | |
|--|--|---|---|--|
| | Current Quarter Ended 31.3.2021 | Corresponding Preceding Quarter Ended 31.3.2020 | Current Period-To-Date Ended 31.3.2021 | Corresponding Preceding Period-To-Date Ended 31.3.2020 |
| Profit attributable to owners of the Company (RM'000) | 3,256 | 3,120 | 8,341 | 11,847 |
| Weighted average number of shares for computing basic EPS ('000) | 542,047 | 542,173 | 542,232 | 530,153 |
| Basic EPS (sen) | 0.60 | 0.58 | 1.54 | 2.23 |
| Weighted average number of shares for computing diluted EPS ('000) | 542,047 | 542,271 | 542,232 | 536,605 |
| Diluted EPS (sen) | 0.60 | 0.58 | 1.54 | 2.21 |

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B11 Profit Before Tax

| | Individual Quarter | | Cumulative Period | |
|--|---|---|--|--|
| | Current Quarter Ended 31.3.2021 RM'000 | Corresponding Preceding Quarter Ended 31.3.2020 RM'000 | Current Period-To-Date Ended 31.3.2021 RM'000 | Corresponding Period-To-Date Ended 31.3.2020 RM'000 |
| Profit before tax is arrived at after charging/(crediting):- | | | | |
| Amortisation of deferred income | (60) | (60) | (180) | (329) |
| Depreciation | 1,157 | 1,058 | 3,536 | 3,268 |
| Gain on disposal of property, plant and equipment | - | - | (70) | (62) |
| Impairment gains on financial assets | - | - | 197 | - |
| Interest expense for lease liabilities | 1 | 4 | 6 | 14 |
| Interest income | (203) | (322) | (659) | (919) |
| Inventories written down | - | - | 13 | 77 |
| Loss/(Gain) on foreign exchange:- | | | | |
| - Realised | 27 | 66 | 435 | (17) |
| - Unrealised | (337) | (51) | (202) | (19) |
| Reversal of inventories written down | - | (55) | (26) | (63) |
| Short-term lease liabilities | 53 | 2 | 133 | 7 |

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.