



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

**CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

FOUNDPAC GROUP BERHAD

(Incorporated in Malaysia)

Registration No.: 201501040628 (1165946-H)

Unaudited Condensed Consolidated Statement of Comprehensive Income for the Financial Period Ended 30 September 2023

| | Note | Individual Quarter | | Cumulative Period | |
|--|------|--|--|---|---|
| | | Current Quarter Ended 30/09/2023 RM'000 | Corresponding Preceding Quarter Ended 30/09/2022 RM'000 | Current Period-To-Date Ended 30/09/2023 RM'000 | Corresponding Preceding Period-To-Date Ended 30/09/2022 RM'000 |
| Revenue | | 17,587 | 20,794 | 17,587 | 20,794 |
| Cost of goods sold | | (12,831) | (13,204) | (12,831) | (13,204) |
| Gross profit | | 4,756 | 7,590 | 4,756 | 7,590 |
| Interest income | | 87 | 12 | 87 | 12 |
| Other income | | 655 | 837 | 655 | 837 |
| Administrative and general expenses | | (2,909) | (3,045) | (2,909) | (3,045) |
| Selling and distribution expenses | | (503) | (530) | (503) | (530) |
| Finance costs | | (19) | (13) | (19) | (13) |
| Profit before tax | B11 | 2,067 | 4,851 | 2,067 | 4,851 |
| Tax expense | B5 | (917) | (1,427) | (917) | (1,427) |
| Profit for the financial period | | 1,150 | 3,424 | 1,150 | 3,424 |
| Other comprehensive income for the financial period | | - | - | - | - |
| Total comprehensive income for the financial period | | 1,150 | 3,424 | 1,150 | 3,424 |
| Profit for the financial period attributable to:- | | | | | |
| - Owners of the Company | | 1,595 | 3,670 | 1,595 | 3,670 |
| - Non-controlling interests | | (445) | (246) | (445) | (246) |
| | | 1,150 | 3,424 | 1,150 | 3,424 |
| Total comprehensive income for the financial period attributable to:- | | | | | |
| - Owners of the Company | | 1,595 | 3,670 | 1,595 | 3,670 |
| - Non-controlling interests | | (445) | (246) | (445) | (246) |
| | | 1,150 | 3,424 | 1,150 | 3,424 |
| Earnings per share:- | B10 | | | | |
| - Basic (sen) | | 0.29 | 0.68 | 0.29 | 0.68 |
| - Diluted (sen) | | 0.29 | 0.68 | 0.29 | 0.68 |

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 2023 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 Financial Position as at 30 September 2023

| | As at 30/09/2023 (Unaudited) RM'000 | As at 30/06/2023 (Audited) RM'000 |
|--|--|--|
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 11,691 | 12,419 |
| Right-of-use assets | 9,875 | 10,173 |
| Goodwill | 16,229 | 16,229 |
| Deferred tax assets | 310 | 310 |
| | 38,105 | 39,131 |
| CURRENT ASSETS | | |
| Inventories | 8,845 | 9,870 |
| Receivables | 15,018 | 15,359 |
| Prepayments | 18,476 | 3,818 |
| Current tax assets | 166 | 131 |
| Short term investment | 1,988 | 2,035 |
| Cash and cash equivalents | 41,951 | 52,182 |
| | 86,444 | 83,395 |
| CURRENT LIABILITIES | | |
| Payables | 7,206 | 7,711 |
| Lease liabilities | 555 | 734 |
| Contract liabilities | 2,373 | 1,398 |
| Current tax liabilities | 1,647 | 1,553 |
| | 11,781 | 11,396 |
| NET CURRENT ASSETS | 74,663 | 71,999 |
| NON-CURRENT LIABILITIES | | |
| Lease liabilities | 821 | 873 |
| Deferred tax liabilities | 2,023 | 2,044 |
| Deferred income on government grants | - | 11 |
| | 2,844 | 2,928 |
| NET ASSETS | 109,924 | 108,202 |
| EQUITY | | |
| Share capital | 62,336 | 61,792 |
| Share option reserve | 2,131 | 2,103 |
| Treasury shares | (1,341) | (1,341) |
| Revaluation surplus | 1,852 | 1,852 |
| Retained profits | 43,538 | 41,957 |
| Equity attributable to owners of the Company | 108,516 | 106,363 |
| Non-controlling interests | 1,408 | 1,839 |
| TOTAL EQUITY | 109,924 | 108,202 |
| Net assets per share attributable to owners of the Company (sen) | 19.92 | 19.56 |

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 2023 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 30 September 2023

| | Share capital | Treasury shares | Non-distributable | | Distributable | Equity attributable to owners of the Company | Non-controlling interests | Total equity |
|---|---------------|-----------------|----------------------|---------------------|------------------|--|---------------------------|----------------|
| | | | Share option reserve | Revaluation surplus | Retained profits | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Balance as at 01 July 2023 | 61,792 | (1,341) | 2,103 | 1,852 | 41,957 | 106,363 | 1,839 | 108,202 |
| Issuance of shares pursuant to ESOS | 544 | - | (144) | - | - | 400 | - | 400 |
| Share-based payments | - | - | 172 | - | (14) | 158 | 14 | 172 |
| | 544 | - | 28 | - | (14) | 558 | 14 | 572 |
| Profit (representing comprehensive income) for the financial period | - | - | - | - | 1,595 | 1,595 | (445) | 1,150 |
| Balance as at 30 September 2023 | 62,336 | (1,341) | 2,131 | 1,852 | 43,538 | 108,516 | 1,408 | 109,924 |
| Balance as at 01 July 2022 | 59,996 | (1,341) | 1,283 | 1,852 | 41,136 | 102,926 | 3,722 | 106,648 |
| Issuance of shares pursuant to ESOS | 713 | - | (188) | - | - | 525 | - | 525 |
| Share-based payments | - | - | 368 | - | (31) | 337 | 31 | 368 |
| | 713 | - | 180 | - | (31) | 862 | 31 | 893 |
| Profit (representing comprehensive income) for the financial period | - | - | - | - | 3,670 | 3,670 | (246) | 3,424 |
| Balance as at 30 September 2022 | 60,709 | (1,341) | 1,463 | 1,852 | 44,775 | 107,458 | 3,507 | 110,965 |

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 2023 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 30 September 2023

| | Current Period-To-Date Ended 30/09/2023 RM'000 | Corresponding Preceding Period-To-Date Ended 30/09/2022 RM'000 |
|---|---|--|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before tax | 2,067 | 4,851 |
| Adjustments for:- | | |
| Amortisation of deferred income | (11) | (59) |
| Depreciation of property, plant and equipment | 950 | 1,178 |
| Depreciation of right-of-use assets | 298 | 285 |
| Fair value gain on financial instruments | (360) | (220) |
| Gain on disposal of property, plant and equipment | - | (1) |
| Interest expense | 19 | 13 |
| Interest income | (87) | (12) |
| Property, plant and equipment written off | 1 | - |
| Share-based payments | 172 | 368 |
| Unrealised gain on foreign exchange | (388) | (192) |
| Variable lease payments | - | (5) |
| Operating profit before working capital changes | <u>2,661</u> | <u>6,206</u> |
| Changes in:- | | |
| Inventories | 1,025 | (555) |
| Receivables | 763 | 168 |
| Prepayments | 2,552 | 991 |
| Payables | (521) | (3,139) |
| Contract Liabilities | 975 | (239) |
| Cash generated from operations | <u>7,455</u> | <u>3,432</u> |
| Tax paid | <u>(879)</u> | <u>(825)</u> |
| Net cash from operating activities | 6,576 | 2,607 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Acquisition of property, plant and equipment | (17,433) | (1,243) |
| Interest and fund distributions received | 447 | 232 |
| Proceeds from disposal of property, plant and equipment | - | 1 |
| Acquisition of short-term investment | 25 | - |
| Net cash used in investing activities | <u>(16,961)</u> | <u>(1,010)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Interest paid | (19) | (13) |
| Issuance of shares pursuant to Employees' Share Option Scheme | 400 | 525 |
| Payment of lease liabilities | (231) | (216) |
| Net cash from financing activities | <u>150</u> | <u>296</u> |
| Effect of exchange rate changes on cash and cash equivalents | 4 | 192 |
| Net (decrease) / increase in cash and cash equivalents | (10,231) | 2,085 |
| Cash and cash equivalents brought forward | 52,182 | 50,385 |
| Cash and cash equivalents carried forward | <u>41,951</u> | <u>52,470</u> |
| Analysis of cash and cash equivalents:- | | |
| - Cash and bank balances | 28,927 | 11,164 |
| - Term deposits | 48 | - |
| - Short term funds at fair value | 12,976 | 41,306 |
| | <u>41,951</u> | <u>52,470</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 2023 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 – 30 September 2023

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

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

| MFRS | Effective for annual periods beginning on or after |
|--|--|
| Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i> | 1 January 2022 |
| 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 |

The initial application of the above MFRSs did not any significant impact on the financial statements.

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 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | Deferred |
| Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i> | 1 January 2024 |
| Amendments to MFRS 17 <i>Insurance Contracts</i> | 1 January 2023 |
| Amendment to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</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 101 <i>Non-current Liabilities with Covenants</i> | 1 January 2024 |
| Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i> | 1 January 2024 |
| Amendments to MFRS 108 <i>Definition of Accounting Estimates</i> | 1 January 2023 |
| Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> | 1 January 2023 |
| Amendments to MFRS 112 <i>International Tax Reform - Pillar Two Model Rules</i> | 1 January 2023 |
| Amendments to MFRS 121 <i>Lack of Exchangeability</i> | 1 January 2025 |

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

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Explanatory Notes to Condensed Consolidated Financial Statements – 30 September 2023

Part A: Explanatory Notes Pursuant to Malaysian Financial Reporting Standard (“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 current quarter, the Company issued 1,025,000 new ordinary shares at exercise price of RM0.39 pursuant to the Employees’ Shares Option Scheme (“ESOS”).

Save as disclosed above, there were no 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.

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
- (iv) Cables and connectors - Manufacture and sale of accessory cables and connectors

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Explanatory Notes to Condensed Consolidated Financial Statements – 30 September 2023

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 | Cables and connectors RM'000 | Unallocated non-reportable segments RM'000 | Total RM'000 |
|--|------------------------------------|-----------------------------|----------------------|------------------------------------|---|-----------------|
| Financial Period Ended 30 September 2023 | | | | | | |
| Statement of Financial Position | | | | | | |
| Segment assets | 76,450 | 24,693 | 7,692 | 14,654 | 1,060 | 124,549 |
| Included in the measure of segment assets are:- | | | | | | |
| - Additions to non-current assets | 16 | 148 | 5 | 54 | - | 223 |
| Segment liabilities | 6,903 | 1,026 | 2,487 | 4,063 | 146 | 14,625 |
| Statement of Comprehensive Income | | | | | | |
| Segment profit / (loss) | 2,837 | (98) | (100) | (1,350) | (139) | 1,150 |
| Included in the measure of segment profit/(loss) are:- | | | | | | |
| - External revenue | 9,954 | 1,209 | 998 | 5,424 | 2 | 17,587 |
| - Interest and fund distributions income | 342 | 74 | 25 | - | 6 | 447 |
| - Non-cash income | 71 | 29 | 57 | 242 | - | 399 |
| - Interest expense | - | 9 | - | 10 | - | 19 |
| - Amortisation and depreciation | 777 | 134 | 12 | 325 | - | 1,248 |
| - Other non-cash expenses | 94 | 14 | 16 | 31 | 17 | 172 |
| - Tax expense | 917 | - | - | - | - | 917 |

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Explanatory Notes to Condensed Consolidated Financial Statements – 30 September 2023**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 | Cables and connectors RM'000 | Unallocated non-reportable segments RM'000 | Total RM'000 |
|--|------------------------------------|-----------------------------|----------------------|------------------------------------|---|-----------------|
| Financial Period Ended 30 September 2022 | | | | | | |
| Statement of Financial Position | | | | | | |
| Segment assets | 74,159 | 26,774 | 6,719 | 17,729 | 924 | 126,305 |
| Included in the measure of segment assets are:- | | | | | | |
| - Additions to non-current assets | 1,137 | 5 | 32 | 69 | - | 1,243 |
| Segment liabilities | 8,109 | 712 | 1,938 | 4,418 | 163 | 15,340 |
| Statement of Comprehensive Income | | | | | | |
| Segment profit / (loss) | 4,254 | 151 | (153) | (659) | (169) | 3,424 |
| Included in the measure of segment profit/(loss) are:- | | | | | | |
| - External revenue | 13,770 | 1,690 | 1,532 | 3,800 | 2 | 20,794 |
| - Interest and fund distributions income | 171 | 55 | 2 | - | 4 | 232 |
| - Non-cash income | 235 | - | 13 | 8 | - | 256 |
| - Interest expense | - | 2 | - | 11 | - | 13 |
| - Amortisation and depreciation | 940 | 171 | 26 | 326 | - | 1,463 |
| - Other non-cash expenses | 203 | 31 | 31 | 67 | 36 | 368 |
| - Tax expense | 1,376 | 51 | - | - | - | 1,427 |

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Explanatory Notes to Condensed Consolidated Financial Statements – 30 September 2023

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 | |
|-----------------------|--------------------|---------------|------------------------|---------------|
| | 3 Months Ended | | Financial Period Ended | |
| | 30/09/2023 | 30/09/2022 | 30/09/2023 | 30/09/2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysia | 7,356 | 6,425 | 7,356 | 6,425 |
| America | 3,694 | 5,929 | 3,694 | 5,929 |
| Europe | 2,763 | 4,488 | 2,763 | 4,488 |
| Other Asian countries | 3,772 | 3,940 | 3,772 | 3,940 |
| Others | 2 | 12 | 2 | 12 |
| | <u>17,587</u> | <u>20,794</u> | <u>17,587</u> | <u>20,794</u> |

A8 Contractual Commitments

| | 30/09/2023 RM'000 |
|---|----------------------|
| Purchase of property, plant and equipment | <u>10,606</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 2023.

A11 Material events subsequent to the end of the quarter

There were no material events subsequent to 30 September 2023 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 – 30 September 2023

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 September 2023.

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.

Any transfers between the levels of fair value hierarchy are deemed to have occurred at the end of the reporting period.

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

The fair values of short-term funds are directly measured using their unadjusted market values quoted by financial institutions (i.e. Level 1).

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Explanatory Notes to Condensed Consolidated Financial Statements – 30 September 2023

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 3 Months Ended | | | | Cumulative Financial Period Ended | | | |
|---|--------------------------------------|------------|----------|---------|--------------------------------------|------------|----------|---------|
| | 30/09/2023 | 30/09/2022 | Variance | | 30/09/2023 | 30/09/2022 | Variance | |
| | RM'000 | RM'000 | RM'000 | % | RM'000 | RM'000 | RM'000 | % |
| Revenue | 17,587 | 20,794 | (3,207) | (15.42) | 17,587 | 20,794 | (3,207) | (15.42) |
| Profit before tax | 2,067 | 4,851 | (2,784) | (57.39) | 2,067 | 4,851 | (2,784) | (57.39) |
| Profit for the financial period | 1,150 | 3,424 | (2,274) | (66.41) | 1,150 | 3,424 | (2,274) | (66.41) |
| Profit attributable to owners of the Company | 1,595 | 3,670 | (2,075) | (56.53) | 1,595 | 3,670 | (2,075) | (56.53) |

For the current quarter, the Group recorded a revenue of RM17.587 million and profit before tax (“PBT”) of RM2.067 million.

The decrease in revenue for the current quarter by RM3.207 million or 15.42% as compared to RM20.794 million in the corresponding preceding quarter ended 30 September 2022 (“Corresponding Preceding Quarter”) is mainly due to the reduction in sales from the precision engineering segment as a result of the slower-than-expected demand recovery in the semiconductor market.

Export sales remained as the primary contributor to the Group’s total revenue, which accounted for RM10.231 million or 58.17% of the Group’s total revenue for the current quarter against RM14.369 million or 69.10% for the Corresponding Preceding Quarter. The decrease in export sales percentage was attributed to the lower revenue from the precision engineering segment particularly from America and Europe, and higher sales from the cables segment which was largely local.

The Group recorded a PBT of RM2.067 million for the current quarter, representing a decrease of RM2.784 million or 57.39% as compared to PBT of RM4.851 million recorded in the Corresponding Preceding Quarter. The decrease in PBT was mainly due to the reduction in revenue from the precision engineering segment.

B2 Review of Performance

- Comparison between Current Quarter and Immediate Preceding Quarter

| | Individual Quarter 3 Months Ended | | | |
|--|--------------------------------------|------------|----------|---------|
| | 30/09/2023 | 30/06/2023 | Variance | |
| | RM'000 | RM'000 | RM'000 | % |
| Revenue | 17,587 | 19,895 | (2,308) | (11.60) |
| Profit before tax | 2,067 | 3,701 | (1,634) | (44.15) |
| Profit for the financial period | 1,150 | 796 | 354 | 44.48 |
| Profit attributable to owners of the Company | 1,595 | 1,832 | (237) | (12.92) |

The Group recorded a revenue of RM17.587 million in the current quarter, which was lower by RM2.308 million or 11.60% than RM19.895 million recorded in the immediate preceding quarter mainly due to lower revenue from the automation segment. PBT for the current quarter was RM2.067 million, decreased by RM1.634 million or 44.15% as compared to RM3.701 million in the immediate preceding quarter. This was mainly due to lower revenue recorded from the automation segment as well as the reduction in gain on foreign exchange from the precision engineering segment in the current quarter.

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Explanatory Notes to Condensed Consolidated Financial Statements – 30 September 2023

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

B3 Commentary on Prospects

The outlook of the industry remains subdued in light of the prolonged global macroeconomic headwinds and on-going geopolitical tensions that hamper global trade. Therefore, the Group maintains a cautious outlook and will remain vigilant amidst the challenging business environment including managing costs prudently. In spite of the challenges, the Group remains optimistic that the operating and financial performance on the longer term are expected to be satisfactory.

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 | |
|--------------|--------------------|--------------|------------------------|--------------|
| | 3 Months Ended | | Financial Period Ended | |
| | 30/09/2023 | 30/09/2022 | 30/09/2023 | 30/09/2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current tax | 938 | 1,448 | 938 | 1,448 |
| Deferred tax | (21) | (21) | (21) | (21) |
| | <u>917</u> | <u>1,427</u> | <u>917</u> | <u>1,427</u> |

The effective tax rate of the Group for the current quarter, Corresponding Preceding Quarter, Cumulative Period to-date and Corresponding Preceding Cumulative Period were higher than the statutory tax rate of 24%. These were mainly due to losses in certain subsidiaries which were not available for set off against taxable profit in other subsidiaries within the Group.

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

A single tier interim dividend of 0.5 sen per share in respect of the financial year ending 30 June 2024 has been declared on 22 November 2023 and is to be paid on 28 December 2023 to depositors registered in the records of Depositors at the close of business on 14 December 2023. The interim report does not reflect this dividend. Such dividend will be accounted for in equity as appropriation of retained profits in the quarter ending 31 December 2023.

FOUNDPAC GROUP BERHAD

(Incorporated in Malaysia)

Registration No.: 201501040628 (1165946-H)

Explanatory Notes to Condensed Consolidated Financial Statements – 30 September 2023

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

B10 Earnings Per Share (“EPS”)

| | Individual Quarter | | Cumulative | |
|--|---------------------------|----------------|---------------------------|------------------------|
| | 3 Months Ended | 3 Months Ended | Financial Period Ended | Financial Period Ended |
| | 30/09/2023 | 30/09/2022 | 30/09/2023 | 30/09/2022 |
| Profit attributable to owners of the Company (RM'000) | 1,595 | 3,670 | 1,595 | 3,670 |
| Weighted average number of ordinary shares in issue for computing basic EPS ('000) | 544,737 | 541,668 | 544,737 | 541,668 |
| Basic EPS (sen) | <u>0.29</u> | <u>0.68</u> | <u>0.29</u> | <u>0.68</u> |
| Weighted average number of ordinary shares in issue for computing diluted EPS ('000) | 544,737 | 541,980 | 544,737 | 541,980 |
| Diluted EPS (sen) | <u>0.29⁽¹⁾</u> | <u>0.68</u> | <u>0.29⁽¹⁾</u> | <u>0.68</u> |

Notes:-

(1) The diluted EPS equals the basic EPS due to the anti-dilutive effect of the share options which has been ignore in calculating the diluted EPS.

B11 Profit Before Tax

| | Individual Quarter | | Cumulative | |
|--|--------------------|----------------|------------------------|------------------------|
| | 3 Months Ended | 3 Months Ended | Financial Period Ended | Financial Period Ended |
| | 30/09/2023 | 30/09/2022 | 30/09/2023 | 30/09/2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit before tax is arrived at after charging/(crediting):- | | | | |
| Amortisation and depreciation | 1,248 | 1,463 | 1,248 | 1,463 |
| Amortisation of deferred income | (11) | (59) | (11) | (59) |
| Fair value gain on financial instruments | (360) | (220) | (360) | (220) |
| Realised loss / (gain) on foreign exchange | 211 | (16) | 211 | (16) |
| Unrealised gain on foreign exchange | (388) | (192) | (388) | (192) |
| Gain on disposal of property, plant and equipment | - | (1) | - | (1) |
| Interest expense for lease liabilities | 19 | 13 | 19 | 13 |
| Interest income | (87) | (12) | (87) | (12) |
| Property, plant and equipment written off | 1 | - | 1 | - |
| Share-based payments | 172 | 368 | 172 | 368 |
| Variable lease payment | <u>-</u> | <u>(5)</u> | <u>-</u> | <u>(5)</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.