



FOUNDPAC GROUP BERHAD

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

**UNAUDITED CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

FOUNDPAC GROUP BERHAD

(Incorporated in Malaysia)

Company No: 1165946-H

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2018

		Individual Quarter		Cumulative Period	
		Current	Corresponding	Current	Corresponding
		Quarter	Preceding	Period-To-Date	Period-To-Date
		Ended	Quarter	Ended	Ended
	Note	30.09.2018	30.09.2017	30.09.2018	30.09.2017
		RM'000	RM'000	RM'000	RM'000
Revenue		10,252	9,395	10,252	9,395
Cost of goods sold		(5,224)	(5,416)	(5,224)	(5,416)
Gross profit		5,028	3,979	5,028	3,979
Other income		509	370	509	370
Administrative and general expenses		(1,267)	(920)	(1,267)	(920)
Selling and distribution expenses		(740)	(403)	(740)	(403)
Profit before tax	B12	3,530	3,026	3,530	3,026
Tax expense	B5	(925)	(696)	(925)	(696)
Profit for the financial period		2,605	2,330	2,605	2,330
Other comprehensive income for the financial period		-	-	-	-
Total comprehensive income for the financial period		2,605	2,330	2,605	2,330
Profit/ Total comprehensive income for the financial period attributable to:					
Owners of the Company		2,418	2,330	2,418	2,330
Non-controlling interests		187	-	187	-
		2,605	2,330	2,605	2,330
Earnings per share:	B11				
Basic (sen)		0.47	0.46	0.47	0.46
Diluted (sen)		0.47	0.46	0.47	0.46

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 2018 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 30 SEPTEMBER 2018

	As at 30.09.2018 (Unaudited) RM'000	As at 30.06.2018 (Audited) RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	21,368	17,005
Goodwill	12,647	12,647
Deferred tax assets	24	24
	34,039	29,676
CURRENT ASSETS		
Inventories	3,319	2,949
Trade and other receivables	10,129	9,449
Prepayments	337	1,803
Current tax assets	123	289
Cash and cash equivalents	32,930	33,144
	46,838	47,634
CURRENT LIABILITIES		
Trade and other payables	3,136	2,657
Current tax liabilities	263	242
	3,399	2,899
NET CURRENT ASSETS	43,439	44,735
NON-CURRENT LIABILITIES		
Deferred tax liabilities	2,130	1,972
NET ASSETS	75,348	72,439
EQUITY		
Share capital	51,725	51,605
Share option reserve	1,339	1,155
Retained profits	20,429	18,019
Equity attributable to owners of the Company	73,493	70,779
Non-controlling interests	1,855	1,660
TOTAL EQUITY	75,348	72,439
Net assets per share attributable to owners of the Company (sen)	14.18	13.66

Note:-

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2018 and the accompanying explanatory notes attached to this interim financial report.

FOUNDPAC GROUP BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2018

		Non- distributable	Distributable			
	Share capital RM'000	Share option reserve RM'000	Retained profits RM'000	Equity attributable to owners of the Company RM'000	Non- controlling interests RM'000	Total equity RM'000
Balance as at 1 July 2018	51,605	1,155	18,019	70,779	1,660	72,439
Issue of shares pursuant to ESOS	120	(28)	-	92	-	92
Share-based payments	-	212	(8)	204	8	212
Total transactions with owners	120	184	(8)	296	8	304
Profit (representing total comprehensive income) for the financial period	-	-	2,418	2,418	187	2,605
Balance as at 30 September 2018	<u>51,725</u>	<u>1,339</u>	<u>20,429</u>	<u>73,493</u>	<u>1,855</u>	<u>75,348</u>
Balance as at 1 July 2017	51,710	-	15,809	67,519	-	67,519
Profit (representing total comprehensive income) for the financial period	-	-	2,330	2,330	-	2,330
Balance as at 30 September 2017	<u>51,710</u>	<u>-</u>	<u>18,139</u>	<u>69,849</u>	<u>-</u>	<u>69,849</u>

Note:-

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 2018 and the accompanying explanatory notes attached to this interim financial report.

FOUNDPAC GROUP BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2018

	Current Period-To-Date Ended 30.09.2018 RM'000	Corresponding Preceding Period-To-Date Ended 30.09.2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	3,530	3,026
Adjustments for:-		
Depreciation of property, plant and equipment	653	346
Gain on disposal of property, plant and equipment	(3)	-
Impairment loss on receivables	100	-
Interest income	(269)	(360)
Share-based payments	212	-
Unrealised (gain)/loss on foreign exchange	(125)	86
Operating profit before working capital changes	4,098	3,098
Changes in:-		
Inventories	(370)	(547)
Receivables and prepayments	794	(647)
Payables	479	651
Cash generated from operations	5,001	2,555
Tax paid	(580)	(981)
Tax refunded	-	130
Net cash from operating activities	4,421	1,704
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	269	360
Proceeds from disposal of property, plant and equipment	3	-
Purchase of property, plant and equipment	(5,016)	(684)
Net cash used in investing activities	(4,744)	(324)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issuance of shares pursuant to ESOS	92	-
Net cash from financing activities	92	-
Effect of exchange rate changes on cash and cash equivalents	17	(85)
Net (decrease)/ increase in cash and cash equivalents	(214)	1,295
Cash and cash equivalents brought forward	33,144	46,386
Cash and cash equivalents carried forward	32,930	47,681
Analysis of cash and cash equivalents		
Short-term highly liquid investments	28,555	39,288
Cash and bank balances	4,375	8,393
	32,930	47,681

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 2018 and the accompanying explanatory notes attached to this interim financial report.

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EXPLANATORY NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 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 2018 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 2018, except for new adoption of new MFRSs which are effective for financial period beginning on or after 1 January 2018. The adoption of new MFRSs did not result in any significant changes in the accounting policies of the Group.

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 347,000 new ordinary shares at exercise price of RM0.265 pursuant to the Employees’ Shares Option Scheme (“ESOS”).

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

A6 Dividends Paid

No dividend was paid during the current quarter under review.

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

A7 Segmental Information

Operating Segments

For management purposes, 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, manufacturing, marketing and sale of precision engineering parts namely stiffeners, test sockets, hand lids and related accessories
- (ii) Laser stencils - Manufacture and sale of laser stencils

	Precision engineering RM'000	Laser stencils RM'000	Total RM'000
Financial Period Ended 30.9.2018			
STATEMENT OF FINANCIAL POSITION			
Segment assets	59,695	21,182	80,877
Included in the measure of segment assets are:-			
- Additions to non-current assets	4,675	341	5,016
Segment liabilities	4,735	794	5,529
STATEMENT OF COMPREHENSIVE INCOME			
Segment profit	1,860	745	2,605
Included in the measure of segment profit are:-			
- External revenue	7,746	2,506	10,252
- Interest income	239	30	269
- Non-cash income	125	-	125
- Depreciation	592	61	653
- Other non-cash expenses	100	-	100
- Tax expense	650	275	925

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

A7 Segmental Information (cont'd)

Geographical Information

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

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30.09.2018 RM'000	Corresponding Preceding Quarter Ended 30.09.2017 RM'000	Current Period-To-Date Ended 30.09.2018 RM'000	Corresponding Preceding Period-To-Date Ended 30.09.2017 RM'000
Malaysia	2,483	2,980	2,483	2,980
Other Asian countries	2,098	1,156	2,098	1,156
North America	3,524	3,622	3,524	3,622
Europe	2,147	1,637	2,147	1,637
	<u>10,252</u>	<u>9,395</u>	<u>10,252</u>	<u>9,395</u>

Major Customer

The Group did not have any major customer that contributed 10% or more of its total revenue for the current quarter under review.

A8 Contractual Commitments for Purchase of Property, Plant and Equipment

	30.09.2018 RM'000
Contracted but not provided for	<u>804</u>

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

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 2018.

A11 Material Events

There were no other material events subsequent to 30 September 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.

A13 Financial Instruments

Derivatives

There were no outstanding derivatives as at 30 September 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.

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EXPLANATORY NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 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 30.09.2018 RM'000	Preceding Quarter Ended 30.09.2017 RM'000	Variance RM'000	%	Current Period-To-Date Ended 30.09.2018 RM'000	Preceding Period-To-Date Ended 30.09.2017 RM'000	Variance RM'000	%
Revenue	10,252	9,395	857	9.12	10,252	9,395	857	9.12
Profit before tax	3,530	3,026	504	16.66	3,530	3,026	504	16.66
Profit for the financial period	2,605	2,330	275	11.80	2,605	2,330	275	11.80
Profit attributable to owners of the Company	2,418	2,330	88	3.78	2,418	2,330	88	3.78

Current Period vs Corresponding Preceding Period

For the current quarter, the Group recorded revenue of RM10.252 million and profit before tax ("PBT") of RM3.530 million respectively.

The increase in revenue for the current quarter, which representing an increase of RM0.857 million or 9.12% as compared to revenue of RM9.395 million recorded in the corresponding preceding quarter ended 30 September 2017 ("Corresponding Preceding Quarter"), was mainly attributable to the revenue contribution from laser stencils segment of RM2.506 million, offset by the decrease in revenue in precision engineering segment of RM1.649 million.

The export sales remained the main contributor to our Group's total revenue for the current quarter, which accounted for RM7.769 million or 75.78% of our Group's total revenue for the current quarter. The increase in export sales by RM1.354 million or 21.11% as compared to the Corresponding Preceding Quarter's export sales of RM6.415 million was mainly due to higher revenue generated from our customers in other Asian countries and Europe.

Our Group recorded PBT of RM3.530 million for the current quarter, representing an increase of RM0.504 million or 16.66% as compared to PBT of RM3.026 million recorded in the Corresponding Preceding Quarter. The increase in PBT was mainly due to higher revenue and the gain on foreign exchange of RM0.237 million for the current quarter as compared to loss on foreign exchange of RM0.076 million in the Corresponding Preceding Quarter.

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

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

B2 Review of Performance

- Comparison between Current Quarter and Immediate Preceding Quarter

	Current Quarter Ended 30.09.2018 RM'000	Immediate Preceding Quarter Ended 30.06.2018 RM'000	Variance RM'000	%
Revenue	10,252	9,197	1,055	11.47
Profit before tax	3,530	2,528	1,002	39.64
Profit for the financial period	2,605	1,831	774	42.27
Profit attributable to owners of the Company	2,418	1,657	761	45.93

The Group's revenue of RM10.252 million in the current quarter was RM1.055 million or 11.47% higher than the revenue of RM9.197 million recorded in the immediate preceding quarter. This was mainly due to higher revenue contribution from both precision engineering segment and laser stencils segment.

Our Group current quarter's PBT of RM3.530 million was RM1.002 million or 39.64% higher as compared to the immediate preceding quarter's PBT of RM2.528 million. It was mainly due to higher revenue for the current quarter and lower staff related expenses as a result of share option granted under ESOS of RM0.212 million in the current quarter compared to RM0.740 million in the immediate preceding quarter.

B3 Commentary on Prospects

Semiconductor and electronics industries are projected to continue growing in the coming years. Demand for our precision engineering products such as stiffeners and accessories for stiffeners are expected to remain steady. For medium to long term, we will put more effort and concentrate on the products of test sockets, hand lids, and accessories for test sockets to gain more market segment.

The laser stencils business is expected to grow and the management is optimistic in achieving better financial performance in this financial year.

Our Group will continue to uphold its core and long-term strategy to focus on business expansion and diversification, product development, as well as business process optimisation through lean implementation across all operations in the organisation.

Based on the uptrend market outlook of the semiconductor industry and electronics industry, coupled with our Group competitive strengths and strategies, the Board and the management are positive about our prospects for the financial year ending 30 June 2019.

B4 Profit Forecast

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

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EXPLANATORY NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2018

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

B5 Tax Expense

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30.09.2018 RM'000	Corresponding Preceding Quarter Ended 30.09.2017 RM'000	Current Period-To-Date Ended 30.09.2018 RM'000	Corresponding Preceding Period-To-Date Ended 30.09.2017 RM'000
Current tax	767	717	767	717
Deferred tax	158	(21)	158	(21)
	<u>925</u>	<u>696</u>	<u>925</u>	<u>696</u>

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

The effective tax rate of the Group for the corresponding preceding quarter and preceding period-to-date were close to the statutory tax rate of 24%.

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 30 September 2018 is as follows:-

Purpose	Approved utilisation RM'000	Actual utilisation RM'000	Balance RM'000	Estimated timeframe for utilisation from date of listing
Purchase of property, plant and equipment	8,000	(6,002)	1,998	Within 24 months
Working capital	7,710 [^] *	(5,310)	2,400	Within 24 months
Design and development expenditure	3,000	(337)	2,663	Within 24 months
Listing expenses	2,890	(2,890)	-	Immediate
Total	<u>21,600</u>	<u>(14,539)</u>	<u>7,061</u>	

Notes:-

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

* Include the re-allocation of RM4.00 million from the overseas expansion which will be utilised for working capital requirements. The details of the variation to the utilisation of proceeds from the Public Issue has been announced to Bursa Securities on 27 August 2018.

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

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

B11 Earnings Per Share ("EPS")

	Current Quarter Ended 30.09.2018	Corresponding Preceding Quarter Ended 30.09.2017	Current Period-To-Date Ended 30.09.2018	Corresponding Preceding Period-To-Date Ended 30.09.2017
Profit attributable to owners of the Company (RM'000)	2,418	2,330	2,418	2,330
Weighted average number of ordinary shares in issue ('000)	518,347	504,345	518,347	504,345
Basic EPS (sen)	<u>0.47</u>	<u>0.46</u> *	<u>0.47</u>	<u>0.46</u> *
Diluted EPS (sen) ⁽¹⁾	<u>0.47</u>	<u>0.46</u> *	<u>0.47</u>	<u>0.46</u> *

Notes:-

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

* The calculation of basic EPS and diluted EPS has been adjusted retrospectively to reflect the changes in the number of shares as a result of the bonus issue.

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

B12 Profit Before Tax

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30.09.2018 RM'000	Corresponding Preceding Quarter Ended 30.09.2017 RM'000	Current Period-To-Date Ended 30.09.2018 RM'000	Corresponding Period-To-Date Ended 30.09.2017 RM'000
Profit before tax is arrived at after charging/(crediting):-				
Depreciation of property, plant and equipment	653	346	653	346
Gain on disposal of property, plant and equipment	(3)	-	(3)	-
(Gain)/Loss on foreign exchange:-				
- Realised	(112)	(10)	(112)	(10)
- Unrealised	(125)	86	(125)	86
Impairment loss on receivables	100	-	100	-
Interest income	(269)	(360)	(269)	(360)

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 November 2018