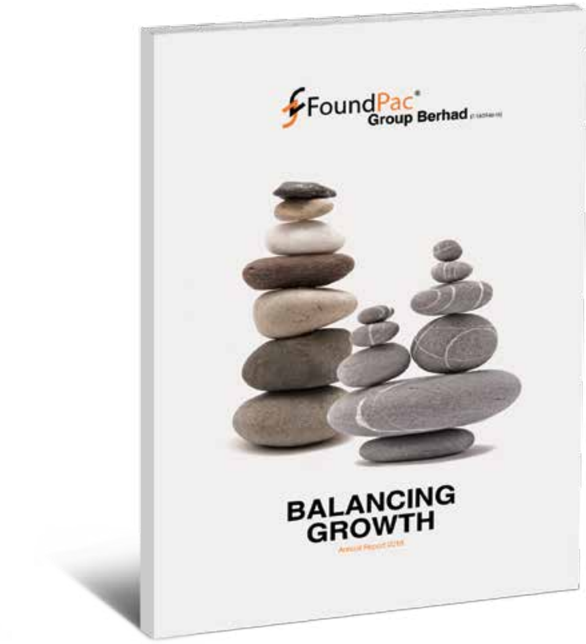
FoundPac®
Group Berhad (1165946-H)

BALANCING GROWTH

Annual Report 2018



BALANCING GROWTH

Balance, a notion that has long been pursued by FoundPac Group Berhad since its foundation. Between working and personal life, the Company encourages all personnel to find the perfect ratio for each and everyone of them. In the aspects of business, FoundPac Group Berhad ceaselessly improves its products with better creating breakthroughs and competitive pricing to match with the product innovations. Determined to satisfy the global market, the Company is endeavoured to strengthen its stability and strives towards excellence.

Contents

Corporate Structure

FoundPac Group Berhad ("FoundPac") was incorporated in Malaysia under the Companies Act 2016 on 16 November 2015 as a private limited company under the name of FoundPac Group Sdn. Bhd. Subsequently, it was converted into a public limited company and assumed its present name on 11 March 2016.

The details of FoundPac and its subsidiaries ("FoundPac Group" or "Group") are as follows:

Corporation	Date/ Country of Incorporation	Effective Ownership Interest %	Principal Activity
FoundPac Group Berhad (1165946-H) ("FoundPac")	16-11-2015/ Malaysia	-	Investment holding
Subsidiaries of FoundPac			
FoundPac Sdn. Bhd. (675052-D) ("FPSB")	13-12-2004/ Malaysia	100	Investment holding
FoundPac Technologies Sdn. Bhd. (939942-M) ("FoundPac Tech")	11-04-2011/ Malaysia	100	Design, development, manufacture, marketing and sale of stiffeners and accessories for stiffeners, test sockets, hand lids and accessories for test sockets
FoundPac Capital Sdn. Bhd. (1256951-U) ("FPC")	22-11-2017/ Malaysia	100	Investment holding
Subsidiary of FPC			
Dynamic Stencil Sdn. Bhd. (1078667-U) ("DSSB")	23-1-2014/ Malaysia	75	Manufacture and sale of laser stencils

The structure of the Group is as follows:

Group Profile

Our Key Milestones

- **December 2004** – Incorporation of FPSB
- **May 2005** – FPSB commenced trading business
- **February 2006** – FPSB expanded business to manufacturing and moved operations to Lengkok Kampung Jawa 2, Penang
- **August 2007** – FPSB was awarded the ISO 9001:2000 certifications from SGS United Kingdom Ltd and SGS (Malaysia) Sdn. Bhd. for the “Design and Fabrication of Precision Engineering Manufacturing”
- **March 2010** – FPSB moved operations to own factory at Bayan Lepas Industrial Estate
- **August 2010** – FPSB was awarded the ISO 9001:2008 certifications from SGS United Kingdom Ltd and SGS (Malaysia) Sdn. Bhd. for the “Design and Fabrication of Precision Engineering Manufacturing” and the “Provision of Dimensional Measurement Service”
- **April 2011** – Incorporation of FoundPac Tech
- **September 2011** – FoundPac Tech commenced business to undertake the design, development, manufacture, marketing and sale of precision engineering parts
- **November 2011** – FoundPac Tech was awarded the ISO 9001:2008 certifications from SGS United Kingdom Ltd and SGS (Malaysia) Sdn. Bhd. for the “Design and Fabrication of Precision Engineering Manufacturing” and “Provision of Dimensional Measurement Service”
- **August 2013** – FoundPac Tech renewed the ISO 9001:2008 certification from SGS United Kingdom Ltd and SGS (Malaysia) Sdn. Bhd.
- **November 2015** – Incorporation of FoundPac
- **October 2016** – FoundPac Tech was awarded the ISO 9001:2015 certifications from SGS United Kingdom Ltd and SGS (Malaysia) Sdn. Bhd. for the “Design and Fabrication of Precision Engineering Manufacturing” and “Provision of Dimensional Measurement Service”
- **December 2016** – Listing of FoundPac on the Main Market of Bursa Malaysia Securities Berhad
- **November 2017** – Incorporation of FPC and acquisition of 75% equity interest in DSSB by FPC

Company Profile

Our Company was incorporated in Malaysia under the Company Act 2016 on 16 November 2015 as a private limited company under the name of FoundPac Group Sdn. Bhd. as a listing vehicle to undertake the listing of our Company on the Main Market of Bursa Malaysia Securities Berhad (“Listing”). Our Company was subsequently converted into public limited company and assumed its present name on 11 March 2016.

FoundPac Group is principally involved in the design, development, manufacture, marketing and sale of precision engineering parts namely stiffeners, test sockets, hand lids and related accessories, as well as the manufacture and sale of laser stencils.

In FoundPac Group, we strongly believe that our competitive strengths are important in sustaining our business as well as providing us with future business growth. On account of the fact that our customers are primarily large multinational semiconductor manufacturers, outsourced semiconductor assembly and test companies (“OSATs”) and printed circuit board (“PCB”) design houses, our Company’s experienced management team with strong technical expertise is able to provide quality focus that can meet the international standards.

FoundPac Group continues to expand its business through diversifying its customer base to include other end-user industries. In essence, our Company is endeavoured to provide added-value products and services to our customers in order to achieve profitability and sustainability to our shareholders and business partners.

Corporate Information

BOARD OF DIRECTORS

Tan Cheik Eaik
Independent
Non-Executive Chairman

Lee Chun Wah
Executive Director / CEO

Ong Choon Heng
Executive Director / CFO

Tan Sin Khoon
Non-Independent
Non-Executive Director

Chan Bee Cheng
Independent
Non-Executive Director

Teoh Lay Fung
Independent
Non-Executive Director

AUDIT COMMITTEE

Chan Bee Cheng
Chairman

Tan Cheik Eaik
Member

Teoh Lay Fung
Member

REMUNERATION COMMITTEE

Teoh Lay Fung
Chairman

Chan Bee Cheng
Member

Ong Choon Heng
Member

NOMINATING COMMITTEE

Tan Cheik Eaik
Chairman

Chan Bee Cheng
Member

Teoh Lay Fung
Member

RISK MANAGEMENT COMMITTEE

Tan Sin Khoon
Chairman

Chan Bee Cheng
Member

Teoh Lay Fung
Member

ESOS COMMITTEE

Teoh Lay Fung
Chairman

Lee Chun Wah
Member

Ong Choon Heng
Member

Tan Sin Khoon
Member

Chan Bee Cheng
Member

Tan Yong Yong
Member

COMPANY SECRETARIES

How Wee Ling (MAICSA 7033850)
Ooi Ean Hoon (MAICSA 7057078)

REGISTERED OFFICE

57-G Persiaran Bayan Indah
Bayan Bay
Sungai Nibong
11900 Penang
Tel No. : (04) 640 8932/8933
Fax No. : (04) 643 8911

HEAD OFFICE

Plot 35, Hilir Sungai Keluang 2
Bayan Lepas Industrial Estate
Non-Free Industrial Zone Phase IV
11900 Bayan Lepas
Penang
Tel No. : (04) 630 9336
Fax No. : (04) 630 9333
E-mail : corporate@foundpac.com
Website : www.foundpac.com

SHARE REGISTRAR

Securities Services (Holdings)
Sdn. Bhd. (36869-T)
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel No. : (03) 2084 9000
Fax No. : (03) 2094 9940/2095 0292

INDEPENDENT AUDITORS

Crowe Malaysia (AF: 1018)
Chartered Accountants
Level 6, Wisma Penang Garden
42, Jalan Sultan Ahmad Shah
10050 Penang
Tel No. : (04) 227 7061
Fax No. : (04) 227 8011

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad
CIMB Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Name : FPGROUP
Stock Code : 5277

Board of Directors

In the Picture (from left to right):

Teoh Lay Fung
Independent Non-Executive Director

Chan Bee Cheng
Independent Non-Executive Director

Ong Choon Heng
Executive Director / CFO

Lee Chun Wah
Executive Director / CEO

Tan Cheik Eaik
Independent Non-Executive Chairman

Tan Sin Khoon
Non-Independent Non-Executive Director

Profile of Directors

TAN CHEIK EAIK
Independent
Non-Executive Chairman

Tan Cheik Eaik aged 53, male, Malaysian, is the Independent Non-Executive Chairman of FoundPac. He was appointed to the Board on 22 November 2016. He is the Chairman of Nominating Committee, and also a member of Audit Committee of FoundPac.

He graduated with a Bachelor (Hons) of Electrical Engineering from the University of Malaya in 1990. Upon graduation, he joined Hewlett Packard (M) Sdn. Bhd. as a Design Engineer and was soon promoted to Senior Design Engineer.

In 1992, he left Hewlett Packard (M) Sdn. Bhd. to begin his entrepreneurial career, succeeding his late brother-in-law's electrical wiring business, Siang Electronics Technology, a partnership company. Subsequently, Siang Electronics Technology was converted to Siangtronics Technology Sdn. Bhd. ("STSB") of which he became the Managing Director. In 2003, pursuant to a restructuring exercise, STSB transferred its operations to Elsoft Research Berhad ("Elsoft"), a public listed company on Main Market of Bursa Securities and subsequently, he assumed the role of Executive Director and Chief Executive Officer in Elsoft until to date.

As an engineer, he specialises in the areas of test metrology and embedded application system design that contribute to the fundamentals of Elsoft's success. Over the years, under his leadership and business entrepreneurship, an in-house research and development team is built to support the development of a series of customised automated test equipment system for the semiconductor and optoelectronic industries.

He attended all five (5) Board of Directors meetings held in the financial year 2018. He does not have any family relationship with any director and/or major shareholders of the Company and has no conflict of interest with the Company. He has not been convicted of any offences, other than traffic offences (if applicable) within the past five (5) years and no public sanction or penalty imposed by the relevant regulatory bodies to him during the financial year.

LEE CHUN WAH
Executive Director/
CEO

Lee Chun Wah aged 48, male, Malaysian, is the Executive Director and Chief Executive Officer of FoundPac. He was appointed to the Board of FoundPac on 16 February 2016. He is a member of ESOS Committee of FoundPac. He is responsible for overseeing the strategic business planning, development and operations of our Group.

He graduated from Tunku Abdul Rahman College with a Diploma in Technology (Electronic Engineering) in 1994. Thereafter, he obtained a Master of Science in Mechatronics from De Montfort University (UK) in 1995.

He began his career as a Service Engineer with Ever Technologies Sdn. Bhd. (currently known as AEM Microtronics (M) Sdn. Bhd.) in 1995, and in 1997, he was promoted to Sales Engineer. Later, in 2000, he was promoted to Business Manager, where he was responsible for the profitability of the local office in Penang, as well as the procurement, inventory and logistics of the Singapore office. He left Ever Technologies Sdn. Bhd. in November 2005.

In January 2006, he joined our Group as a General Manager, overseeing the trading of precision engineered parts such as stiffeners, test sockets and hand lids and conversion kits. In April of the same year, he assumed his present position as CEO of our Group. With over twenty-two (22) years of experience and twelve (12) years with our Group, he brings with him extensive experience in the precision engineering industry.

He attended all five (5) Board of Directors meetings held in the financial year 2018. He does not have any family relationship with any director and/or major shareholders of the Company and has no conflict of interest with the Company. He has not been convicted of any offences, other than traffic offences (if applicable) within the past five (5) years and no public sanction or penalty imposed by the relevant regulatory bodies to him during the financial year.

TAN SIN KHOON
Non-Independent
Non-Executive Director

ONG CHOON HENG
Executive Director/
CFO

Tan Sin Khoon aged 51, male, Malaysian, is the Non-Independent Non-Executive Director of FoundPac. He was appointed to the Board on 16 February 2016. He is the Chairman of the Risk Management Committee and a member of the ESOS Committee of FoundPac.

He graduated from The University of Southwestern Louisiana (currently known as University of Louisiana at Lafayette) in the US with a Bachelor of Science in Electrical Engineering in 1992. Upon graduation, he started his career with Hitachi Semiconductor (M) Sdn. Bhd. as a Production Engineer. In 1994, he joined Intel Technology Sdn. Bhd. as a Senior Equipment and Process Engineer. The subsequent year, he moved to Talam BSC Sdn. Bhd. where he was a Project Manager.

In 1996, he joined Dijaya Enterprise Sdn. Bhd. as an Assistant General Manager. He subsequently moved to Ever Technologies Sdn. Bhd. (currently known as AEM Microtronics (M) Sdn. Bhd.) in 1999 as an Equipment Manager. He was subsequently promoted in 2004 to Operations Manager. He left AEM Microtronics (M) Sdn Bhd in July 2006 and was self-employed between the period of August 2006 and June 2007. In July 2007, he joined our Group as Operation cum Business Director and in January 2009, he was promoted to Chief Operating Officer. He was responsible for overseeing the engineering, manufacturing operations and quality assurance functions of our Group. He brings with him over twenty-five (25) years of experience in engineering and manufacturing operations. In July 2018, he was re-designated to Non-Independent Non-Executive Director of FoundPac.

He attended all five (5) Board of Directors meetings held in the financial year 2018. He does not have any family relationship with any director and/or major shareholders of the Company and has no conflict of interest with the Company. He has not been convicted of any offences, other than traffic offences (if applicable) within the past five (5) years and no public sanction or penalty imposed by the relevant regulatory bodies to him during the financial year.

Ong Choon Heng aged 42, male, Malaysian, is the Executive Director and Chief Financial Officer of FoundPac. He was appointed to the Board on 16 February 2016. He is a member of the Remuneration Committee and ESOS Committee of FoundPac. He is responsible for the Group's strategic investment, corporate management and planning as well as heading the Finance Division.

He graduated from University of Malaya with Bachelor of Accounting with First Class Honours in 2000. He is an accountant by profession and a member of the Malaysian Institute of Certified Public Accountants (MICPA) as well as the Malaysian Institute of Accountants (MIA).

He started his career as Staff Assistant with an international audit firm, Arthur Andersen & Co. in 2000 and Ernst & Young, Penang after the merger of these two firms in 2002. He left the firm as a Senior Associate in the Assurance and Advisory Business Services in 2004 and joined a plastic recycling company as the Financial Controller. He then left the company in 2006 to set up a business entity with his siblings which mainly involved in general trading as the Finance Manager. The family business expanded and it was subsequently converted to a private limited company where he was appointed as a Director until 2008.

In 2009, he left the family business to his siblings and focus on his new business venture. He was the Independent, Non-Executive Director of Dufu Technology Corp Berhad, a company listed on the Main Market of Bursa Malaysia from May 2013 to March 2016. He also serves as the Non-Executive Director of AsakaRiken (M) Sdn. Bhd., a subsidiary company of Asaka Riken Co. Ltd., a company listed on the JASDAQ, Japan.

He attended all five (5) Board of Directors meetings held in the financial year 2018. He does not have any family relationship with any director and/or major shareholders of the Company and has no conflict of interest with the Company. He has not been convicted of any offences, other than traffic offences (if applicable) within the past five (5) years and no public sanction or penalty imposed by the relevant regulatory bodies to him during the financial year.

CHAN BEE CHENG
Independent
Non-Executive Director

Chan Bee Cheng aged 42, female, Malaysian, was appointed as Independent Non-Executive Director of FoundPac on 15 March 2016. She is the Chairman of the Audit Committee, and also a member of the Nominating Committee, Remuneration Committee, Risk Management Committee and ESOS Committee of FoundPac.

She obtained her Bachelor in Accounting with First Class Honours from University Malaya in 2000. She is an accountant by profession and a member of the Malaysian Institute of Certified Public Accountants (MICPA) as well as the Malaysian Institute of Accountants (MIA).

She started her career with KPMG as an Audit Assistant in 2000 and left the firm as Audit Supervisor in 2004. Subsequently, she joined Astro All Asia Networks Plc as Senior Executive in Group Finance Division and left in 2005 to join Ernst & Young, People's Republic of China as Audit Manager. In addition, she was the reporting accountant involved in financial due diligence of a company undertaking a dual listing on the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

Subsequently, she came back to Malaysia and joined Global Process Systems Sdn. Bhd. in 2008 as Finance Manager, a company providing technology-based design and builds process facilities solutions for the upstream oil & gas industry until 2013. She then served as Finance Manager for Foster Wheeler E&C (Malaysia) Sdn. Bhd., heading the treasury and accounting functions and left the company in 2015 to venture into consultancy services.

She attended all five (5) Board of Directors meetings held in the financial year 2018. She does not have any family relationship with any director and/or major shareholders of the Company and has no conflict of interest with the Company. She has not been convicted of any offences, other than traffic offences (if applicable) within the past five (5) years and no public sanction or penalty imposed by the relevant regulatory bodies to her during the financial year.

TEOH LAY FUNG
Independent
Non-Executive Director

Teoh Lay Fung aged 40, female, Malaysian, was appointed as Independent Non-Executive Director of FoundPac on 15 March 2016. She is the Chairman of the Remuneration Committee and ESOS Committee, and also a member of the Audit Committee, Nominating Committee and Risk Management Committee of FoundPac.

She graduated with a Bachelor of Laws (Honours) from the University of Northumbria at Newcastle, United Kingdom in June 2002 and thereafter obtained the Certificate of Legal Practice (CLP) from the Legal Profession Qualifying Board of Malaysia in 2003. She started her pupillage in Choy & Associates in 2004. After completion of the pupillage, she had been admitted to the Malaysian Bar as an Advocate & Solicitor of the High Court of Malaya in October 2004.

She commenced her legal career as a legal assistant in Zawiyah & Yeoh and became a partner of the firm in 2009. She specialises in the area of conveyancing and litigation.

She attended all five (5) Board of Directors meetings held in the financial year 2018. She does not have any family relationship with any director and/or major shareholders of the Company and has no conflict of interest with the Company. She has not been convicted of any offences, other than traffic offences (if applicable) within the past five (5) years and no public sanction or penalty imposed by the relevant regulatory bodies to her during the financial year.

Directors' Shareholding

The details of the Directors' interest in securities of the Company are set out in the Analysis of Shareholdings on pages 87 to 88 of the Annual Report.

Key Management Personnel

Low Cher Shyong

Chief Operation Officer, FoundPac Tech

Low Cher Shyong aged 45, male, Malaysian, is the Chief Operation Officer ("COO") of FoundPac Technologies Sdn. Bhd. ("FoundPac Tech"). He is responsible for managing its overall sales, marketing and business development activities, and overseeing its engineering, manufacturing operations and quality assurance functions.

He graduated with Honours from University Science Malaysia with Bachelor of Engineering in Electrical & Electronic Engineering in 1998. Upon graduation, he joined Intel Technology Sdn. Bhd. as a Hardware Development Engineer, and was later promoted to Senior Hardware Engineer in 2002. Subsequently in 2004, he was promoted to Manager. In 2007, through an internal transfer, he joined Intel Products (M) Sdn. Bhd. as a Technical Supplier Manager.

In 2008, he was awarded a certificate from the International Printed Circuit ("IPC") as an IPC Certified Interconnect Designer. He was promoted to Strategic Sourcing Manager in 2010.

On 5 June 2012, he joined our Group as Business Development Director and became the Sales and Marketing Director in 2013. In June 2016, he was re-designated as our Vice President of Sales and Marketing. Subsequently in February 2018, he was promoted as COO of FoundPac Tech.

Presently, he does not hold any directorship in any public companies or listed corporations. He does not have any family relationship with any director and/or major shareholders of the Company and has no conflict of interest with the Company. He has not been convicted of any offences, other than traffic offences (if applicable) within the past five (5) years and no public sanction or penalty imposed by the relevant regulatory bodies to him during the financial year.

Fathil bin Mohamed

Operations Manager, FoundPac Tech

Fathil bin Mohamed aged 55, male, Malaysian, is the Operations Manager of FoundPac Tech and he is responsible for overseeing the overall manufacturing operations of FoundPac Tech.

He graduated with an Executive Diploma in Human Resource Management in 2004. Thereafter, he completed his Executive Master Business Administration in 2017.

He started his career in 1982 with Dynacraft Industries Sdn. Bhd. In 2004, he took up his Executive Diploma in Human Resource Management with Penang Disted College and left Dynacraft Industries Sdn. Bhd. in 2006 as a Product Engineer. Thereafter, he continued his career as a QA Manager with Anixter Malaysia Sdn. Bhd. for four (4) years. He then left Anixter Malaysia Sdn. Bhd. in October 2010.

In April 2011, he joined our Group as a QA Assistant Manager. He was promoted to his present position as Operations Manager on 1 July 2014.

Presently, he does not hold any directorship in any public companies or listed corporations. He does not have any family relationship with any director and/or major shareholders of the Company and has no conflict of interest with the Company. He has not been convicted of any offences, other than traffic offences (if applicable) within the past five (5) years and no public sanction or penalty imposed by the relevant regulatory bodies to him during the financial year.

Lam Yoong Leng

Engineering Manager, FoundPac Tech

Lam Yoong Leng aged 43, male, Malaysian, is the Engineering Manager of FoundPac Tech and is responsible for overseeing the Engineering department.

He obtained a Certificate in Mechanical Engineering from Polytechnic Sultan Mu'azam Shah in 1996. In the same year, he completed a six (6)-month industrial training programme with Alpha Master Sdn. Bhd. and joined Penang Seagate Industries (M) Sdn. Bhd. as a Line Technician. Thereafter, he continued his studies and graduated with a Diploma in Mechanical Engineering in 1997.

Upon obtaining his Diploma, he joined Hitachi Nippon Steel Semiconductor Singapore Pte Ltd as a Wafer Testing Technician in 1998. In 2000, he moved to Ever Technologies Sdn. Bhd. as a Mechanical Engineer. He returned to tertiary education and obtained a Bachelor's degree in Mechanical Engineering from the Institute of Engineers Malaysia in 2003.

Prior to joining our Group, he joined Kenstronic Sdn. Bhd. in 2004 as a Mechanical Engineer. On 7 February 2006, he joined our Group and assumed his current position as an Engineering Manager.

Presently, he does not hold any directorship in any public companies or listed corporations. He does not have any family relationship with any director and/or major shareholders of the Company and has no conflict of interest with the Company. He has not been convicted of any offences, other than traffic offences (if applicable) within the past five (5) years and no public sanction or penalty imposed by the relevant regulatory bodies to him during the financial year.

Tan Yong Yong
Senior Finance and Admin Manager

Tan Yong Yong aged 43, female, Malaysian, is our Senior Finance and Admin Manager. She graduated in 1999 and holds a Degree of Bachelor in Accountancy from University of Malaya. She is a Chartered Accountant and a member of Malaysian Institute of Accountants.

She started her career as an Audit Assistant in SH Yeoh & Co from May 1999 to November 1999. Then, she joined Arthur Andersen & Co. Penang in 1999 as Senior Associate 2 in Assurance and Business Services and remained at Ernst & Young, Penang after the merger of these two (2) firms in 2002. She left the firm in 2003 as Senior Associate in Assurance and Business Advisory Services.

She joined Eng Teknologi Holdings Bhd, a Penang-based regional manufacturer and global supplier of hard disk drive components, as Accountant in May 2003. Subsequently she joined Inter-Pacific Securities Sdn. Bhd., a stock broking firm at Penang, as Finance Manager in December 2007. She was responsible for the overall finance functions as well as human resource functions for more than eight (8) years.

On 15 March 2016, she left the stock broking firm and joined our Group as Senior Finance Manager to strengthen our Group's accounting, corporate and internal control functions. She is responsible for the overall finance and accounts functions of our Group. She was re-designated as the Senior Finance and Admin Manager in June 2016.

Presently, she does not hold any directorship in any public companies or listed corporations. She does not have any family relationship with any director and/or major shareholders of the Company and has no conflict of interest with the Company. She has not been convicted of any offences, other than traffic offences (if applicable) within the past five (5) years and no public sanction or penalty imposed by the relevant regulatory bodies to her during the financial year.

Lim Seng Chiew
Chief Executive Officer, DSSB

Lim Seng Chiew aged 45, male, Malaysian, is the Chief Executive Officer of Dynamic Stencil Sdn. Bhd. ("DSSB"). He is responsible for overseeing its overall operations.

He completed his secondary education at Chung Hwa Confucian High School, Penang. He started his career with Acumen Stencil House in 1996 and served as Marketing Manager for five (5) years. He then joined Photo Stencil in 2000 as General Manager. He was then promoted as Director in August 2008.

He then left Photo Stencil to join DSSB on 1 July 2016 as Chief Executive Officer and assumed his current position till to date. He was appointed as a director of DSSB since February 2017 till to date. He brings with him over twenty-two (22) years of experience in the stencil manufacturing business.

Presently, he does not hold any directorship in any public companies or listed corporations. He does not have any family relationship with any director and/or major shareholders of the Company and has no conflict of interest with the Company. He has not been convicted of any offences, other than traffic offences (if applicable) within the past five (5) years and no public sanction or penalty imposed by the relevant regulatory bodies to him during the financial year.

Events Highlights

9 & 10
November 2017

FoundPac's volunteers had lent a hand to Penang flood unfortunates

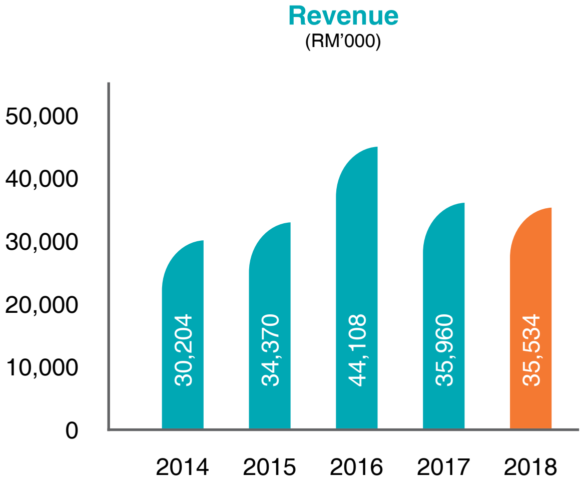
14
November 2017

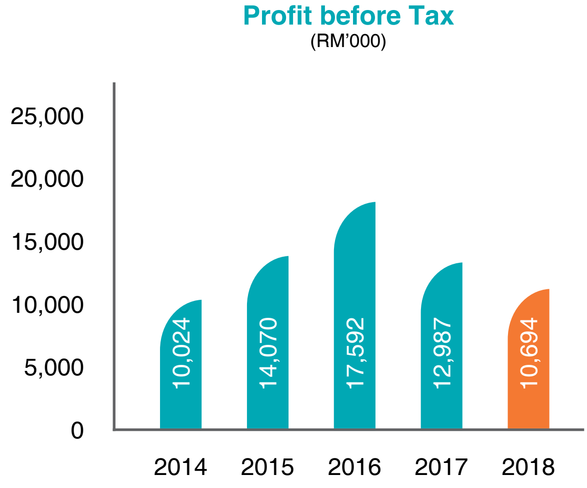
Bowling Tournament

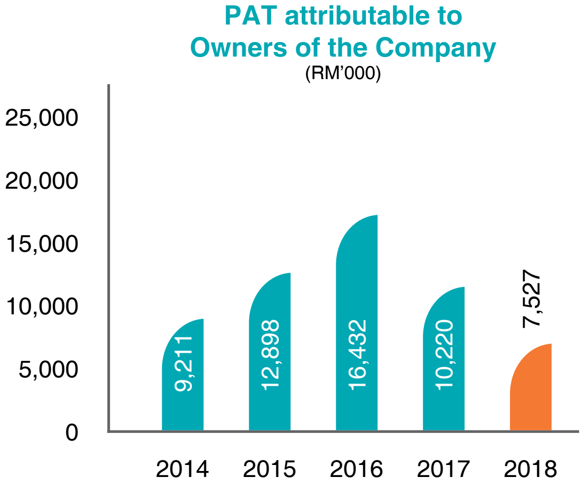
Financial Highlights

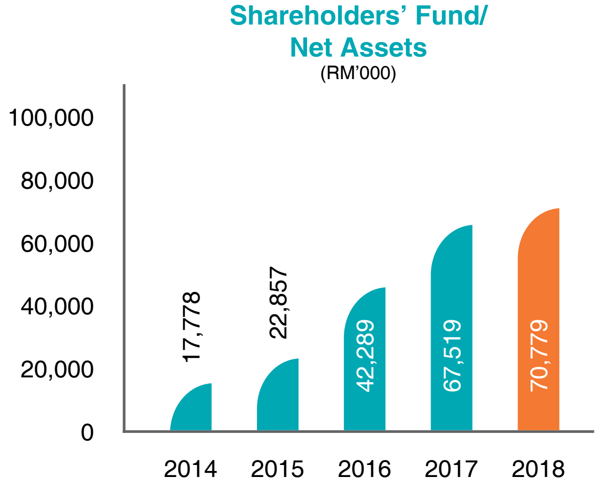
	Financial Year Ended ("FYE")				
	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000
Revenue	30,204	34,370	44,108	35,960	**35,534**
Earnings Before Interests, Taxation, Depreciation & Amortisation ("EBITDA")	10,800	15,248	18,862	13,290	**10,948**
Profit before Tax ("PBT")	10,024	14,070	17,592	12,987	**10,694**
PBT Margin (%)	33.19	40.94	39.88	36.12	**30.10**
Profit for the financial year ("PAT")	9,211	12,898	16,432	10,220	**8,011**
PAT Margin (%)	30.50	37.53	37.25	28.42	**22.55**
PAT attributable to Owners of the Company	9,211	12,898	16,432	10,220	**7,527**
Shareholders' Fund / Net Assets	17,778	22,857	42,289	67,519	**70,779**
Basic Earnings Per Share (Sen) *	2.06	2.88	3,59	2.08	**1.45**
Net Assets Per Share (Sen) *	3.85	4.95	9.15	13.03	**13.66**

* *Restated for FYE 2014 to FYE 2017 to reflect the retrospective adjustments arising from the bonus issue in FYE 2018*









Management Discussion and Analysis

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Our Group is principally involved in the operating segments namely:-

(i) Precision engineering - Design, development, manufacture, marketing and sale of stiffeners, test sockets, hand lids and related accessories; and

(ii) Laser stencils - Manufacture and sale of laser stencils

These products are sold to our customers in the electronics and semiconductor industry in the following principal markets:-

1. North America;
2. Europe;
3. Malaysia and other Asian countries.

REVIEW OF FINANCIAL PERFORMANCE

	Audited Financial Year Ended		Variance	
	30 June 2017 RM'000	**30 June 2018 RM'000**	**RM'000**	**%**
Revenue	35,960	**35,534**	(426)	(1.18)
Cost of sales	(20,201)	**(18,551)**	(1,650)	(8.17)
Gross profit ("GP")	15,759	**16,983**	1,224	7.77
Other income	2,034	**1,496**	(538)	(26.45)
Administrative and general expenses	(3,343)	**(5,443)**	2,100	62.82
Selling and distribution expenses	(1,463)	**(2,341)**	878	60.01
Finance costs	-	**(1)**	1	-
Profit before tax ("PBT")	12,987	**10,694**	(2,293)	(17.66)
Tax expense	(2,767)	**(2,683)**	(84)	(3.04)
Profit for the financial year ("PAT")	10,220	**8,011**	(2,209)	(21.61)
Other comprehensive income for the financial year	-	**-**	-	-
Total comprehensive income for the financial year	10,220	**8,011**	(2,209)	(21.61)
PAT / Other comprehensive income for the financial year attributable to:-				
- Owner of the company	10,220	**7,527**		
- Non-controlling interests	-	**484**		
	10,220	**8,011**		
Basic earnings per share (sen)	2.08	**1.45**		
Dividend per share (sen)	1.00	**1.00**		

REVIEW OF FINANCIAL PERFORMANCE (Cont'd)

1. Revenue

The detailed breakdown of our Group's revenue by principal markets for the financial year ended 30 June 2017 ("FYE 2017") and the financial year ended 30 June 2018 ("FYE 2018") is set out below:-

Revenue by principal market	FYE 2017		FYE 2018		Variance	
	RM'000	%	RM'000	%	RM'000	%
North America	**20,348**	**56.59**	**11,204**	**31.53**	**(9,144)**	**(44.94)**
Europe						
France	3,498	9.73	3,490	9.82	(8)	(0.23)
United Kingdom	4,568	12.70	4,065	11.44	(503)	(11.01)
Others [(1)]	1,000	2.78	1,062	2.99	62	6.20
	9,066	**25.21**	**8,617**	**24.25**	**(449)**	**(4.95)**
Asia						
Malaysia	3,132	8.71	9,724	27.36	6,592	210.47
Singapore	1,094	3.04	1,065	3.00	(29)	(2.65)
Others [(2)]	2,320	6.45	4,924	13.86	2,604	112.24
	6,546	**18.20**	**15,713**	**44.22**	**9,167**	**140.04**
Total	**35,960**	**100.00**	**35,534**	**100.00**	**(426)**	**(1.18)**

Notes:-

[(1)] Others include Italy, Belgium and Germany.

[(2)] Others include Vietnam, Republic of Korea, the People's Republic of China, Taiwan, Hong Kong, India and Philippines.

For the FYE 2018, FoundPac Group recorded revenue of RM35.534 million, representing a marginal decrease of RM0.426 million or 1.18% as compared to revenue of RM35.960 million recorded in the FYE 2017. The decrease in revenue was mainly attributable to the decrease in revenue to North America by RM9.144 million in precision engineering segment. This was partially offset against increase in revenue to Asian countries by RM9.167 million contributed mainly from laser stencils segment.

The export revenue, which remained the main contributor to our Group's total revenue of the FYE 2018, accounted for RM25.810 million or 72.64% of our Group's total revenue. However, the export revenue for the FYE 2018 has decreased by RM7.018 million or 21.38% as compared to export revenue in the FYE 2017 of RM32.828 million or 91.29% of total revenue for the FYE 2017.

The decrease in export revenue was mainly attributable to the decrease in revenue to North America in precision engineering segment. Revenue contribution from North America decreased by RM9.144 million or 44.94% from RM20.348 million in the FYE 2017 to RM11.204 million in the FYE 2018.

On the other hand, there was increase in revenue from both local market and other Asian countries in the FYE 2018. Revenue contribution from local market increased by RM6.592 million or 210.47% from RM3.132 million in the FYE 2017 to RM9.724 million in the FYE 2018 while other Asian countries contributed an increase in revenue by RM2.575 million or 75.42% from RM3.414 million in the FYE 2017 to RM5.989 million in the FYE 2018. The increase in revenue to these markets was mainly contributed by existing and new customers in Malaysia, China, Hong Kong, Taiwan and Republic of Korea of both precision engineering and laser stencils segments.

REVIEW OF FINANCIAL PERFORMANCE (Cont'd)

2. Cost of Sales, GP and GP Margin

Our Group's cost of sales, GP and GP margin for the FYE 2017 and FYE 2018 are as follows:-

	FYE 2017		FYE 2018		Variance	
	RM'000	%	RM'000	%	RM'000	%
Cost of Sales						
Material and fabrication costs	15,169	75.09	11,880	64.04	(3,289)	(21.68)
Labour costs	1,964	9.72	2,637	14.21	673	34.27
Factory overheads	3,068	15.19	4,034	21.75	966	31.49
Total	**20,201**	**100.00**	**18,551**	**100.00**	**(1,650)**	**(8.17)**
GP and GP margin	**15,759**	**43.82**	**16,983**	**47.79**	**1,224**	**7.77**

Our Group's cost of sales decreased by RM1.650 million or 8.17% from RM20.201 million in the FYE 2017 to RM18.551 million in the FYE 2018. Decrease in cost of sales was mainly due to the decrease in material and fabrication costs by RM3.289 million or 21.68% from RM15.169 million in the FYE 2017 to RM11.880 million in the FYE 2018 as a result of change of product mix of precision engineering segment. However, the labour costs and factory overheads increased as compared to the FYE 2017. This was mainly attributed to annual increment of salary and salary related costs including share-based payments expenses in relation to the share option granted under Employees' Share Option Scheme ("ESOS"), and higher utilities, depreciation, as well as tools and equipment expenses incurred for machineries in the FYE 2018.

Our Group's GP increased by RM1.224 million or 7.77% from RM15.759 million in the FYE 2017 to RM16.983 million in the FYE 2018. GP margin has also improved by 3.97% from 43.82% in the FYE 2017 to 47.79% in the FYE 2018, which was mainly due to change in sale of product mix of precision engineering segment and higher GP contribution from newly acquired subsidiary during the FYE 2018.

3. Other Income

The detailed breakdown of our other income for the FYE 2017 and FYE 2018 is as follows:-

	FYE 2017		FYE 2018		Variance	
	RM'000	%	RM'000	%	RM'000	%
Gain on disposal of property, plant and equipment	56	2.75	47	3.14	(9)	
Gain on disposal of unquoted investment	420	20.65	-	-	(420)	
Interest income	1,102	54.18	1,315	87.90	213	
Realised gain on foreign exchange	435	21.39	-	-	(435)	
Unrealised gain on foreign exchange	21	1.03	133	8.89	112	
Others	-	-	1	0.07	1	
Total	**2,034**	**100.00**	**1,496**	**100.00**	**(538)**	**(26.45)**

Our Group's other income decreased by RM0.538 million or 26.45% from RM2.034 million in the FYE 2017 to RM1.496 million in the FYE 2018. The decrease was mainly attributed to the decrease in realised gain on foreign exchange of RM0.435 million, gain on disposal of unquoted investment of RM0.420 million, offset against increase in interest income by RM0.213 million from RM1.102 million in the FYE 2017 to RM1.315 million in the FYE 2018.

Save for gain on disposal of unquoted investment as disclosed above, there was no other unusual or material one-off gain/loss affecting the revenue or profit for the FYE 2017 and FYE 2018.

REVIEW OF FINANCIAL PERFORMANCE (Cont'd)

4. Operating Expenses

	FYE 2017		FYE 2018		Variance	
	RM'000	%	RM'000	%	RM'000	%
Administrative and general expenses	3,343	69.56	5,443	69.92	2,100	
Selling and distribution expenses	1,463	30.44	2,341	30.07	878	
Finance costs	-	-	1	0.01	1	
Total	**4,806**	**100.00**	**7,785**	**100.00**	**2,979**	**61.99**
Total salaries related expenses	**3,372**	**70.16**	**4,761**	**61.16**	**1,389**	**41.19**

Our Group's operating expenses increased by RM2.979 million or 61.99% from RM4.806 million in the FYE 2017 to RM7.785 million in the FYE 2018. The increase was mainly attributed to increase in staff related expenses by RM1.389 million attributed to annual increment of salary and salary related costs including share-based payment expenses in relation to the share option granted under ESOS during the FYE 2018. In addition, there was increase in realised loss on foreign exchange by RM0.478 million as compared to the FYE 2017.

5. PBT and PBT Margin

	FYE 2017		FYE 2018		Variance	
	RM'000	%	RM'000	%	RM'000	%
PBT and PBT margin	12,987	36.12	10,694	30.10	(2,293)	(17.66)

Our Group's PBT decreased by RM2.293 million or 17.66% from RM12.987 million in the FYE 2017 to RM10.694 million in the FYE 2018. The decrease in PBT was mainly due to the increase in administrative and general expense by RM2.100 million, coupled with increase in selling and distribution expenses by RM0.878 million as compared to the FYE 2017. PBT margin also decreased by 6.02% from 36.12% in the FYE 2017 to 30.10% in the FYE 2018.

6. PAT and PAT Margin

	FYE 2017		FYE 2018		Variance	
	RM'000	%	RM'000	%	RM'000	%
Tax expense & effective tax rate	2,767	21.31	2,683	25.09	(84)	(3.04)
PAT and PAT margin	10,220	28.42	8,011	22.54	(2,209)	(21.61)

Our Group's PAT and PAT margin decreased by RM2.209 million or 21.61% were mainly attributed to the decrease in PBT. The effective tax rate of the Group for the FYE 2018 is higher than the statutory tax rate of 24% was mainly due to non-deductible expenses. The effective tax rate of the Group for the FYE 2017 was 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., had expired on 31 August 2016.

REVIEW OF FINANCIAL POSITION AND LIQUIDITY

1. Statement of Financial Position

Non-current assets of our Group mainly consisted of property, plant and equipment ("PPE") and goodwill. Increase in non-current assets by RM15.238 million to RM29.676 million as at 30 June 2018 from RM14.438 million as at 30 June 2017 was mainly due to the goodwill attributable to a subsidiary, Dynamic Stencil Sdn. Bhd. of RM12.647 million and additions to PPE of RM3.184 million during the financial year.

The current assets of our Group consisted of inventories, trade and other receivables, prepayments, current tax assets, as well as cash and cash equivalents. Decrease in current assets by RM9.820 million to RM47.634 million as at 30 June 2018 from RM57.454 million as at 30 June 2017 was mainly due to decrease in cash and cash equivalents by RM13.242 million.

2. Statement of Cash Flows

The summary of our statements of cash flows for the FYE 2017 and FYE 2018 is set out below:-

Cash Flows	FYE 2017 RM'000	FYE 2018 RM'000
Net cash from operating activities	9,656	5,407
Net cash from/(used in) investing activities	1,524	(13,106)
Net cash from/(used in) financing activities	15,010	(5,573)
	26,190	(13,272)
Effects of exchange rate changes on cash and cash equivalents	15	30
Net increase/(decrease) in cash and cash equivalents	26,205	(13,242)
Cash and cash equivalents at the beginning of the year	20,181	46,386
Cash and cash equivalents at the end of the year	**46,386**	**33,144**
Cash and cash equivalents comprise the following:		
Short-term highly liquid investments	14,452	16,021
Cash and bank balances	31,934	17,123
	46,386	**33,144**

Our Group's cash and cash equivalents decreased by RM13.242 million or 28.55% from RM46.386 million as at 30 June 2017 to RM33.144 million as at 30 June 2018. The decrease in cash and cash equivalents was mainly due to cash outflow used in investing activities and financing activities which amounting to RM13.106 million and RM5.573 million respectively, offset against cash inflow from operating activities of RM5.407 million.

The cash flow used in investing activities was mainly due to net of cash used for the acquisition of 75% owned subsidiary, namely Dynamic Stencil Sdn. Bhd., which was amounted to RM11.298 million net of cash acquired, and for the purchase of property, plant and equipment of RM3.184 million in the FYE 2018, netting off against interest received of RM1.315 million in the FYE 2018.

Cash flow used in financing activities was mainly due to dividend of RM5.180 million and RM0.156 million paid to owners of the Company and non-controlling interest respectively, as well as the share issue transaction cost paid of RM0.195 million.

Our Group generated operating profit before working capital changes of RM12.177 million in the FYE 2018. After adjusting for net outflow of RM1.978 million from working capital changes and net income tax paid of RM4.792 million, the net cash from operating activities was RM5.407 million.

Giving our strong financial position, our Group will continue to explore good investment opportunities to strengthen and enhance the position of our Group.

CAPITAL STRUCTURE, RESOURCES AND EXPENDITURE

The overall capital management objective of our Group is to safeguard its ability to continue as a going concern so as to provide fair returns to shareholders of our Company. In order to meet this objective, our Group always strives to maintain an optimal capital structure to reduce the cost of capital and sustain its business development.

Our Group considers its total equity and total loans and borrowings to be the key components of its capital structure and may, from time to time, adjust the dividend payouts, issue new shares, sell assets, raise or redeem debts, where necessary, to maintain an optimal capital structure. Our Group monitors capital using a debt-to-equity ratio, which is calculated as total loans and borrowings divided by total equity.

Our primary sources of funds are mainly derived from the net cash generated internally from our business operations and to a certain extent, external source of funds which comprises credit terms granted by our suppliers. The average credit terms granted to us ranges between 30 to 90 days. We may raise additional capital or funds through debt or equity offerings in the future to part finance our expansion plans or to meet our financing requirements should the need arise.

Our Board of Directors ("Board") is of the opinion that, after taking into consideration the funds to be generated from our business operations and the net proceeds raised from our Public Issue, our Group will have sufficient working capital for a period of twelve (12) months from the date of this Annual Report.

There are no legal, financial or economic restrictions on the ability of our subsidiary companies to transfer/receive funds to/from our Company in the form of cash dividends, loan or advances. In addition, as stated in our financial statements, our Group does not have bank borrowings as at the FYE 2018. Therefore, we are confident that we can meet our cash obligations.

Our Group manages capital spending in upgrading our existing machines to support our business growth cautiously. In the FYE 2018, we incurred capital expenditures of RM3.184 million to support our capacity expansion, innovation and cost efficiencies, which was much higher than RM0.078 million incurred in the FYE 2017.

RISK EXPOSURES

Our Group's financial position and results of operations have been and will continue to be affected by, amongst others, the following factors which may not be within our control:-

1. Impact of Foreign Currency Exchange Rates

We may be exposed to foreign currency exchange risks from the dealings with customers and suppliers as majority of our customers are primarily located overseas (i.e. Europe and North America). Any significant change in foreign exchange rates may affect our Group's financial results.

To minimise the exposure to foreign currency exchange risks, our Group observes the movements in exchange rates and acts accordingly. Where necessary, our Group enters into derivative contracts to hedge the exposure.

Such exposure is also partly mitigated in the following ways:-
(i) Our Group's foreign currency sales and purchases provide a natural hedge against fluctuations in foreign currencies; and
(ii) Our Group maintains part of its cash and cash equivalents in foreign currency accounts to meet future obligations in foreign currencies.

2. Risk of dependency on major customer

Our exposure to the risk of dependency on major customer has reduced significantly in the FYE 2018. The Group did not have any major customer that contributed 10% or more of its total revenue for the FYE 2018.

For the FYE 2017, there was 1 major customer that contributed 10% or more of our Group's total revenue and the total revenue generated from this major customer amounted to RM5.195 million. This major customer was a global semiconductor company whose product portfolio serves multiple applications within four primary end markets, namely wired infrastructure, wireless communications, enterprise storage, and industrial and others.

RISK EXPOSURES (Cont'd)

Our Group's financial position and results of operations have been and will continue to be affected by, amongst others, the following factors which may not be within our control:- (Cont'd)

2. Risk of dependency on major customer (Cont'd)

As our Group is always proactive in securing new customers to diversify and broaden its customer base, the revenue contribution from the new customers has cushioned down the impact of the decrease in revenue contributed by the major customer in the FYE 2018.

We shall continue to secure new customers to mitigate the risk of dependency on major customer.

3. Competition Risk

Notwithstanding our competitive strengths, we continue to face competition from existing and prospective competitors which may be capable of offering similar products. Additionally, consolidation of market players within the industry may heighten the competition.

Whilst we strive to remain competitive, there can be no assurance that any changes in the competitive environment would not have any material and adverse impact on our business and financial performance.

FORWARD-LOOKING STATEMENTS

Prospects and Outlook

Semiconductor and electronics industries are projected to continue growing in the coming years. Demand for our 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 business of our newly acquired subsidiary, Dynamic Stencil Sdn. Bhd., is expected to grow and the management is optimistic in achieving better financial performance in the coming 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, as well as our commitment towards the future plans and strategies of our Group, the Board and the management is positive about our future prospects and we would be able to meet challenges in delivering favourable results to the shareholders and investors.

Dividend Policy

The Board adopted a dividend policy to recommend and distribute dividend of at least 30.00% of our annual audited profit after tax to shareholders of our Company, depending on our financial performance, the availability of adequate distributable reserves and on condition that such distribution will not be detrimental to our Group's cash flow requirements.

In June 2018, the Board declared and paid an interim single tier dividend of RM0.01 per share amounting to RM5.180 million in respect of the FYE 2018. The total dividend payment is 64.66% of our Group's audited profit after tax and it is above our 30.00% dividend policy.

Corporate Governance Overview Statement

The Board of Directors ("Board") of FoundPac Group is pleased to provide an overview of the Company's corporate governance practice during the financial year ended 30 June 2018 ("FYE 2018") with reference to the principles as set out in the Malaysian Code on Corporate Governance ("MCCG" or "the Code").

The Company's application of each Practice set out in MCCG during the FYE 2018 is disclosed in the Company's Corporate Governance Report ("CG Report") which is available on the Company's website at www.foundpac.com as well as via the Company's announcement made to Bursa Malaysia Securities Berhad ("Bursa Securities").

The Corporate Governance Overview Statement ("Statement") is prepared in compliance with the Main Market Listing Requirements of Bursa Securities and it is to be read together with the CG Report.

The Board recognises the importance of adopting good corporate governance and is committed to ensure high standards of good corporate governance are in place and practiced within our Group in order to safeguard the shareholders and relevant stakeholders' interests as well as enhancing shareholders' value.

After the introduction of MCCG in April 2017, the Board had reviewed the gap analysis report in September 2017 on comparison between the current corporate governance practices in the Group and the standards as set out in the MCCG. The Board then planned and has progressively raised the bar in the Group's corporate governance standards set out in the Code through various measures for implementation from time to time.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The Board is collectively responsible for the long-term success of the Group and the delivery of sustainable value to its stakeholders. In discharging its fiduciary duties and leadership functions, the Board governs and sets the strategic direction of the Group while exercising oversight on management. The Board plays a critical role in setting the appropriate tone at the top, providing thought leadership and championing good governance and ethical practices throughout the Group.

The Board has full control of and is responsible for the Group's strategic aims, ensure the necessary resources are in place for the Group to meet its objectives and review management performance. The Board has set the Group's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Following the top-down strategic planning process adopted by the Group, the Executive Directors will periodically formulate Group's strategy and communicate it down to the organisation for implementation. The Chairman will continue leading the Board in establishing and monitoring good corporate governance practices in the Group by focusing on strategy, governance and compliance.

The Board has delegated some of its duties and responsibilities to various committees within the Board. Currently the Board has established 5 Committees, namely the Audit Committee ("AC"), Nominating Committee ("NC"), Remuneration Committee, Risk Management Committee ("RMC") and Employees' Share Option Scheme ("ESOS") Committee, the primary functions of which are to assist the Board in overseeing the affairs of the Company and these Committees have been entrusted with specific responsibilities and authorities. The authorities and functions of these Board committees are properly set out in their respective Terms of Reference.

Both Company Secretaries of our Company have legal credentials, and are qualified to act as company secretary under Section 235(2) of the Companies Act 2016.

The Board Charter serves as a reference and primary induction literature providing all Board members and management insights into the fiduciary and leadership functions of the Board. A copy of the Board Charter, last reviewed by the Board on 18 September 2018 is available at the Company's website, www.foundpac.com.

The Company's Code of Ethics is intended to focus on the Board and each director based on principles of integrity, responsibility, sincerity and corporate social responsibility. The Code of Ethics is designed to enhance the standard of corporate governance and corporate behaviour with the intention of achieving the following objectives:-

- to establish a standard of ethical behaviour for directors;
- managing conflict of interest; and
- preventing the abuse of power, corruption and insider trading.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I. BOARD RESPONSIBILITIES (Cont'd)

The Code of Conduct for employees is also in place to provide guidance to all employees of the Group to meet performance standards and behave appropriately in the workplace. The policies, practices and procedures of the Code of Conduct for employees are clearly outlined in the Employee Handbook of the Group. The Code of Conduct for employees is integrated into our Group management practices and reviewed periodically by the management.

The Whistle-Blowing Policy of FoundPac Group is in place with the objective to facilitate the stakeholders of the Group to report genuine concerns or allegations to a senior or independent member of the management of the Group about alleged unethical behaviour, actual or suspected fraud within the Group, or improper business conduct affecting the Group. The policy is designed to provide protection to those who makes the allegation or reports the misconduct. The Whistle-Blowing Policy of FoundPac Group has detailed the procedures in making report. A copy of the Whistle-Blowing Policy is available at the Company's website, www.foundpac.com.

II. BOARD COMPOSITION

The Board currently has six (6) members comprising the Independent Non-Executive Chairman, two (2) Executive Directors, two (2) Independent Non-Executive Directors and a Non-Independent Non-Executive Director. This composition complies with Para 15.02 of the Main Market Listing Requirements of Bursa Securities whereby the Company must have at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, who are Independent Directors.

In order to achieve the intended outcome of the MCCG, the Board decisions are made objectively in the best interests of the Group by taking into account diverse perspectives and insights, our Group has met most of the good practices recommended by the MCCG as detailed in the CG Report. Currently, we do not adopt a policy which limits the tenure of our Independent Directors to nine (9) years.

Notwithstanding the recommendation of the MCCG, the Board is presently of the view that there is no necessity to fix a maximum tenure limit for directors as there are significant advantages to be gained from the long-serving directors who possess tremendous insight and knowledge of the Group's businesses and affairs. The ability of a director to serve effectively as an Independent Director is very much dependent on his calibre, qualification, experience and personal qualities, particularly his integrity and objectivity, and has no real connection to his tenure as an Independent Director.

The Board comprises a mix of qualified and experienced directors with diverse experience, background and expertise. The combination of diverse professionals with varied background, experience and expertise in finance and corporate affairs have also enables the Board to discharge its responsibilities effectively and efficiently. The Board through the NC regularly reviews the composition of the Board and Board Committees.

A brief profile of each director is presented in this Annual Report. The skillsets and diversity of the existing Board are as follows:-

Directors	Nationality	Designation	Industry/ Background Experience						By Composition				
									Age		Ethic	Gender	
			Technology	Marketing	Industrial	Corporate	Accounting/Finance	Law / legal	40 – 49 years	50 – 59 years	Chinese	Male	Female
Tan Cheik Eaik	Malaysian	Independent Non-Executive Chairman	√	√	√	√				√	√	√	
Lee Chun Wah	Malaysian	Executive Director/CEO	√	√	√	√			√		√	√	
Tan Sin Khoon	Malaysian	Non-Independent Non-Executive Director	√		√					√	√	√	
Ong Choon Heng	Malaysian	Executive Director/CFO		√	√	√	√		√		√	√	
Chan Bee Cheng	Malaysian	Independent Non-Executive Director					√		√		√		√
Teoh Lay Fung	Malaysian	Independent Non-Executive Director						√	√		√		√

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II. BOARD COMPOSITION (Cont'd)

The Board takes cognisance of diversity relating to ethnicity and will endeavour to comply with the principles and recommendations of the relevant guidelines in relation to corporate governance. The Board will continue to tap talent from human capital market from time to time with the aim of invite the participation of Bumiputra director in its Board.

The Board has not set gender diversity target as of the reporting period. The Board is of the view that the appointment of Board member or management should be determined based on objective criteria, merit and with due regard for diversity in skills, experience and other qualities regardless of gender. As of the reporting period, two (2) out of six (6) of our directors are female directors, which meet the MCCG's recommendation.

The NC is responsible for identifying, evaluating and recommending to the Board, suitable candidates to fill the Board vacancies. The NC makes the recommendations following a careful consideration of the required mix of skills, experience and diversity, as well as gender where appropriate.

Apart from assisting the Board in carrying out annual reviews on the mix of skills and experience, contributions and other qualities, including core competencies, which the Non-Executive Directors bring to the Board, the NC also carries out the process of evaluating the effectiveness of the Board as a whole, the performance and contribution of the Chairman and other directors, including Independent Non-Executive Directors, as well as the Executive Directors of the Company and identifies areas for improvements and changes. The Company Secretaries have the responsibility of ensuring that relevant procedures relating to the appointment of new directors are properly executed. New directors are required to undergo familiarisation programmes and briefings to get a better understanding of the Group's operations and the overall industry.

In August 2018, the NC has carried out annual evaluation on the performance of each member of the Board, each Board Committee and to review the performance of the Board as a whole.

The annual evaluation involves members of the Board completing the evaluation questionnaires to appraise the performance of the Board and undertaking self and peer evaluation, whereby Directors will assess their own performance and that of their fellow directors. Summary of the evaluation results by element will be report to the Board by the Chairman of NC.

The NC had assessed the overall effectiveness of the Board and the performance of individual directors for the FYE 2018 and is satisfied with the effectiveness demonstrated. All the directors have complied with the minimum 50% attendance requirement in respect of Board meetings as stipulated in the Main Market Listing Requirements of Bursa Securities. In the interval between Board meetings, for any matters requiring Board's decisions, the Board's approvals are obtained through circular resolutions. The resolutions passed by way of such circular resolutions are then noted at the next Board meeting.

During the FYE 2018, the Board held five (5) meetings. The details of the attendance are as follows:-

Name of Director	Attendance
Tan Cheik Eaik	5/5
Lee Chun Wah	5/5
Tan Sin Khoon	5/5
Ong Choon Heng	5/5
Chan Bee Cheng	5/5
Teoh Lay Fung	5/5

To facilitate the Directors' time planning, an annual meeting calendar is prepared and circulated to all Directors before the beginning of every year.

The NC also assessed the training needs of the Board and reminded the Board to continue to attend training programmes to enhance their skills and knowledge where relevant, as well as to keep abreast with the changes in market trends, technological advancements and legislation and regulations affecting the Group.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II. BOARD COMPOSITION (Cont'd)

The training programmes attended by the directors during the FYE 2018 are as follows:-

Name of Director	Date / Duration	Seminar/Training Programmes attended
Tan Cheik Eaik	Monthly/12 Days	The Vistage Chief Executive Program by Vistage Malaysia Sdn Bhd
	13 November 2017/ 1 Day	2018 National Budget & Tax Planning Conference by Crowe Horwath CPE Sdn Bhd
Lee Chun Wah	13 November 2017/ 1 Day	2018 National Budget & Tax Planning Conference by Crowe Horwath CPE Sdn Bhd
Tan Sin Khoon	13 November 2017/ 1 Day	2018 National Budget & Tax Planning Conference by Crowe Horwath CPE Sdn Bhd
Ong Choon Heng	21 August 2017/ 1 Day	GST Impact of 2017 Updates on Licenced Manufacturing Warehouse and Free Zone by Malaysian Institute of Accountants
	11 November 2017/ 1 Day	GST and Budget 2018 Talk with Dr. Choong Kwai Fatt by SQL Account
	13 November 2017/ 1 Day	2018 National Budget & Tax Planning Conference by Crowe Horwath CPE Sdn Bhd
Chan Bee Cheng	13 September 2017/ 1 Day	Complete and Practical on GST with Income Tax Integration: GST – A Cost, An Expense or A Credit? by Choong Research & Training PLT
	26 September 2017/ Half day	Fraud Risk Management Workshop by Bursa Malaysia Berhad
	10 November 2017/ 1 Day	12th Advent MS Tax & Business Management Seminar by Advent MS Tax Sdn Bhd
	15 March 2018/ Half day	Corporate Governance Briefing Sessions: MCCG Reporting & CG Guide by Bursa Malaysia Berhad
	24 May 2018/ 1 Day	Sales and service tax outlook, income tax audit convergence with GST audit by Dr Choong Kwai Fatt by ACCA
Teoh Lay Fung	13 November 2017/ 1 Day	2018 National Budget & Tax Planning Conference by Crowe Horwath CPE Sdn Bhd

The NC had reviewed the independence of the Independent Directors for the FYE 2018 and is satisfied with the independency demonstrated.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

III. REMUNERATION

The Board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the Group as well as skills and experience required. Our remuneration policies and decisions are made through a transparent and independent process. The policies and procedures are periodically reviewed.

Detailed disclosure on named basis for the remuneration of individual directors for the FYE 2018 are as follows:

Category	Fee (RM)	Salary and * Other Emoluments (RM)	ESOS (RM)	Total (RM)
Company				
Tan Cheik Eaik	48,000	9,000	45,455	102,455
Chan Bee Cheng	36,000	12,000	45,455	93,455
Teoh Lay Fung	36,000	9,000	45,455	90,455
	120,000	**30,000**	**136,365**	**286,365**
Subsidiary				
Lee Chun Wah	-	756,461	113,636	870,097
Tan Sin Khoon	-	765,070	113,636	878,706
Ong Choon Heng	-	378,876	113,636	492,512
	-	**1,900,407**	**340,908**	**2,241,315**
Group	**120,000**	**1,930,407**	**477,273**	**2,527,680**

* Other emoluments mainly consist of allowances, bonuses and the defined contribution plans.

Details of the remuneration of the top five senior management on a named basis are not disclosed in the CG Report as the Board is of the view that the transparency and accountability aspects of the MCCG on disclosure of the remuneration of top five senior management are appropriately served by the remuneration disclosures in bands of RM50,000 in the CG Report.

The Terms of Reference of the Remuneration Committee can be viewed on the Company's website at www.foundpac.com.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

The Board has established AC on 15 March 2016 with the primary objective of assisting the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices and internal control system of the Group.

Our AC comprises solely of Independent Non-Executive Directors. The Chairman of AC is not the Chairman of the Board and she is an accountant by profession and a member of the Malaysian Institute of Certified Public Accountants (MICPA) as well as the Malaysian Institute of Accountants (MIA). This composition of our AC meets the requirements of paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements of Bursa Securities.

The NC had on 14 August 2018 assessed the performance of the AC and its members through an annual Board Committee effectiveness evaluation. The NC is satisfied that the AC and its members have discharged their functions, duties and responsibilities in accordance with the AC's Terms of Reference and supported the Board in ensuring the Group upholds appropriate corporate governance standards.

The duties and responsibilities of the AC are spelt out in the Terms of Reference of the AC, a copy of which is available in the Company's website at www.foundpac.com.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Group has formalised the risk management process of the Group through a Group Risk Management Framework.

Under this Framework, RMC and Risk Management Working Group ("RMWG") have been formed.

The RMWG which consists of managers and key staff, together with the RMC which consists of majority of Independent Directors, oversee the Group's risk management process.

The RMWG reports to the RMC on a periodic basis. The RMC will then meet to discuss and evaluate the RMWGs' reports for adoption. Thereafter, the RMC will report to the AC about key risks and risk management activities carried out during that period. The AC will review the report and confirm that necessary actions have been or are being taken to remedy any significant failings or weaknesses identified.

The Statement on Risk Management and Internal Control set out on pages 38 to 39 of the Annual Report provides an overview on the state of risk management and internal control within the Group.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

The Board ensures there is effective, transparent and regular communication with its stakeholders to ensure that they are informed of all material business matters on a timely manner.

Presently, the Board and management of the Group communicate regularly with its shareholders and other stakeholders through the following channels of communication:-

a) Website of Bursa Malaysia Securities Berhad
b) Company website (www.foundpac.com)
c) Analyst briefings and one-to-one meetings

II. CONDUCT OF GENERAL MEETINGS

The Company's general meetings are the important and effective platforms for directors and senior management to communicate with the shareholders. Shareholders are able to participate, engage the Board and senior management effectively and make informed voting decisions at general meetings.

The Board dispatches its notice of annual general meeting ("AGM") to shareholders at least 28 days before the meeting. The adequate time given the shareholders would allow them to make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney. This would also enable the shareholders to properly consider the resolutions that will be discussed and decided at the meeting.

In line with the Practice 12.3 of the MCCG in promoting electronic voting, the Board had since the previous AGM adopted electronic voting taking into consideration the advantages of electronic voting.

This Statement is made in accordance with a resolution of the Board dated 18 September 2018.

Sustainability Statement

SUSTAINABILITY AND OUR BUSINESS

FoundPac Group acknowledges the importance of conducting business in an ethical, socially responsible and environmentally friendly manner for continuing success and sustainable growth. Therefore, our Group focus on sustainability principles when formulating and implementing business strategies to achieve its goals.

This sustainability statement is prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securites Berhad, and has set out the material sustainability risks and opportunities, collectively known as material sustainability matters that impact our business operations.

The core of sustainability of our business is founded on ethical business practices and effective governance. Our Group's commitment towards management of material sustainability matters are focused and continuously improved by emphasising in the 3 principal aspects namely Economic, Environmental and Social.

SUSTAINABILITY GOVERNANCE

FoundPac Group's Enterprise Risk Management ("ERM") framework provides the necessary policies structure, targets and reporting systems to address the material risks and opportunities. Our ERM is governed by Risk Management Committee ("RMC") headed by Non-Independent Non-Executive Director, Mr. Tan Sin Khoon, who previously was the Executive Director and Chief Operations Officer of our Group, and its members comprising Independent Non-Executive Directors. The RMC are supported by the Risk Management Working Group ("RMWG") of each business unit. The RMC consists of managers and key staff from various departments. Any findings and discussions of ERM are reported to the Audit Committee by RMC.

The RMC & RMWG are responsible for the materiality assessment and undertake the role of identifying, evaluating, executing, implementing and monitoring the sustainability initiatives and actions that are aligned to the Group's vision, mission, objective and strategies.

We have not formed a separate Sustainability Committee at the date of this report. The functions of Sustainability Committee are currently undertaken by the RMWG. The sustainability efforts are focused on these three (3) key areas:-

- Economic
- Environment
- Workplace / Social

The scope of our sustainability statement covers the period from 1 July 2017 to 30 June 2018 ("FYE 2018") and the reporting boundary is mainly focus on major subsidiary companies.

MATERIALITY

The materiality in relation to the sustainability of our business has been determined from the analysis of our internal documents, internal process, peer reviews and our risk register. We review sustainability related risks periodically as part of our risk assessment to ensure we continue to address our key sustainability concerns.

Total of 23 operational and non-operational risks had been reported by the RMC to Audit Committee during the FYE 2018 and we have taken necessary steps in mitigating most of the risks.

STAKEHOLDER ENGAGEMENT

We believe that maintaining a good degree of communication and understanding with all the internal and external stakeholders is highly essential in our journey to be a good corporate governance and reputable sustainable business entity. Hence, our Company recognise the need to conduct a continuous dialogue and information sharing with the relevant stakeholders in a timely, effective and transparent manner. A summary of the stakeholder groups, the sustainability topics, and the type of engagement and its frequency are listed as follows:-

Stakeholder	Sustainability Topics	Type of Engagement	Frequency
Customers	Product quality and performance	Customer satisfaction survey	Annually
	Sustaining long term relationship	On-site visits at FoundPac Group premises	On-going
	Operation in compliance with applicable laws and standards	Customer audit	On-going
	Business development	Exhibition and road show	On-going
Employees	Health and safety	Training and development	On-going
	Communication and engagement	Formal meeting and discussion	On-going
	Working environment	Employee feedback	On-going
	Career development and training	Appraisal and performance review	Annually
Investors/ Shareholders	Business performance review	Quarterly financial reports	Quarterly
	Operation in compliance with applicable laws and regulations	Annual Report	Annually
	Strategic plans	Corporate website	On-going
	Investor engagement	Investor relationship channel	On-going
	Corporate development	Regular meeting and correspondence	On-going
	Information and communication	Feedback to media enquiries	As required
Suppliers	Forging strategic partnership	Supplier selection via pre-qualification	On-going
	Supplier performance review	Regular meeting and correspondence	On-going
	Product and service quality	Site visit to suppliers' premises	On-going
Media	Timely and accurate information	Press release	As required
Government and Regulators	Regulatory compliance	Site visit and meeting	As required
	Supporting country's economy growth	Participating in programme organised by government bodies	As required
Community	Environment protection	Participation in local community activities	On-going
	Operation in compliance with applicable laws and regulations	Sponsorship and donations	On-going
	Local community activities involvements	Communication through emails and phone calls	On-going

ECONOMIC

Besides the financial performance, Code of Ethics, and corporate governance and compliance that have been disclosed in this Annual Report, our key initiatives for business sustainability within the economic space are focused on the following key areas:-

1. **Local Ecosystem**

   The Board recognises that having a healthy local semiconductor and Electrical & Electronics ecosystem is a vital factor for the sustainability of the Group's business. In order to build a reliable supply chain ecosystem in the country that supports long-term strategy to grow the business in providing a wide range of high-quality products with optimum cost to our customers globally, we always promote purchase from local suppliers who have been providing high quality and good service.

   During the financial year, our percentage of purchase from local suppliers is 46%. We committed to continue sourcing our materials locally.

2. **Commitment to Quality**

   FoundPac Group was awarded the ISO 9001: 2015 certifications from SGS United Kingdom Ltd and SGS (Malaysia) Sdn Bhd for "Design and Fabrication of Precision Engineering Manufacturing" and "Provision of Dimensional Measurement Service".

   Having the ISO 9001: 2015 certificate is a testament that we continue to uphold a consistent quality standard for our products. A comprehensive quality management system has been established to assure customers that quality assurance policies and procedures are in place to address our product quality and reliability on a regular basis, as well as improving our work efficiency.

   We have stringent quality controls in our entire operations. Our quality control practices involve various stages of processes and in various departments with adopting the well-known quality work standardisation techniques such as Six Sigma, Statistical Process Control etc.

   Incoming material inspection is conducted to ensure raw materials and components comply with documented standards before production whereas the in-process quality inspection detects abnormalities in manufacturing process, which enhances our production efficiency and consistency.

   All our products are subject to in-depth monitoring and quality control checks during different stages of production using the sophisticated measurement and laboratory equipment.

   We practice 100% inspection on our finished goods to ensure our products meet the customers required specifications, and are free from defects at the time of delivery. We also ensure that every delivery of our products is consistently on-time. By adopting these quality control practices, we ensure our reliable products meet customers' expectations, and build their confidence and trust on us.

3. **Contribution to Local Communities**

   Our Group is principally involved in the design, development, manufacture, marketing and sale of precision engineering parts namely stiffeners, test sockets, hand lids and related accessories, as well as laser stencils to our customers in the electronics and semiconductor industry.

   We consider talent retention to be vital to sustain business growth and to maintain competitiveness in the marketplace. We strive to create job opportunities for the local people. For the FYE 2018, 99% of our employees are Malaysian.

ENVIRONMENT

Environmental stewardship is also our top priority in safeguarding health and safety of the public. We always consider the environmental impact before undertaking any new project.

1. Environmental Permits and Reporting

All required environmental permits (such as discharge monitoring), approvals and registration have been obtained and their operating and reporting requirements are strictly adhered to.

Throughout the FYE 2018, the waste water and industrial effluents monthly monitoring data were duly submitted to Department of Environment ("DOE"). The scheduled waste generated and disposed at our premises, such as aluminium chips and coolant, are complying with the Environmental Quality Act 1974 under Environmental Quality (Scheduled Waste) Regulations 2005.

2. Materials Consumption

At FoundPac Group, we only use materials and components that are 'green' compliant and environmental friendly. By avoiding the usage of hazardous and toxic materials, we ensure our entire supply chain, including our manufacturing and sub-contractor operation, are free of restricted materials that pose not only hazardous to the environment and pollution of landfills, but also dangerous in terms of occupational exposure to our employees.

Besides, we continue to reduce packing materials for our products by using more effective and efficient packing method and environmental friendly packing materials.

3. Energy Saving

FoundPac Group is committed to reduce its energy consumption and utilising the natural resources in a more sustainable manner. As part of our commitment to reduce carbon footprint, we have initiated a project to progressively roll out light-emitting diode ("LED") technology in our premises to replace the conventional fluorescent lights. Throughout the FYE 2018, we installed about 120 units of LED light bulbs which are longer lasting and more energy-efficient. We projected to install another 200 units in the coming year to replace the existing conventional fluorescent lights. Each of the LED lights will save an estimated 22 kilowatt of electricity per unit and with about 120 installed units, we estimate that our total savings of 2,640 kilowatt of power usage in lighting alone per year.

We always work on reducing our electricity consumption by setting the temperature of air conditioners in our premises at around $24^{\circ}C$ to $25^{\circ}C$, and by installing transparent panels at our premises to direct the natural sun lights into the premises in order to reduce energy consumed for lighting purpose. We also work on improving water efficiency by installing water saving toilet bowls to avoid unnecessary water wastage.

4. Recycle Waste

At FoundPac Group, we do practise recycle waste in the Company. In the FYE 2018, we managed to generate RM17,376 from the office waste within FoundPac Group and recyclable items contributed by employees.

WORKPLACE/SOCIAL

FoundPac Group aims to provide a supportive, pleasant and healthy workplace for our employees, and to foster a caring community in our working environment. We care for our employees and recognise that having good staff relationship and a motivated workforce are crucial to our success. They are our partners in delivering and maintaining products and services of the highest quality standards to our customers. We acknowledge our people are the foundation of our business. As such, we support life-long learning and development of our people via continuous training and development programs. We also place importance on the safety and well-being of our employees, and we are committed to providing and maintaining a safe and healthy work environment.

1. Respect of Labour and Human Rights

FoundPac Group is committed to uphold the human rights of workers, and to treat them with dignity and respect as stated in the Employees Handbook. This applies to all workers including permanent, contract and other type of workers. Our objectives include:-

1. Attain the highest standard of employment practice in compliance with the enacted laws;
2. Uphold the culture and principles of equal opportunities in employment;
3. Create a working environment where every team member is treated fairly and without fear of reprisal, intimidation or harassment.

2. Employee Profile

As at 30 June 2018, the total number of employees of FoundPac Group was 98. Our emphasis has and will always be to hire local talent to support the local communities we operate in. For the FYE 2018, 99% of our employees are Malaysian.

FoundPac Group practices a non-discriminatory policy, where employees are hired and promoted based on the merit of job performance and commitment towards the organisation's goals.

The analysis of our workforce profile is as follows:-

Employees by Local and Non-Local

	FYE 2018	
	Headcount	**%**
Local	97	99
Non-Local	1	1
	98	**100**

Employees by Gender

	FYE 2018	
	Headcount	**%**
Male	65	66
Female	33	34
	98	**100**

Employees in Executive Position by Gender

	FYE 2018	
	Headcount	**%**
Male	23	61
Female	15	39
	38	**100**

WORKPLACE/SOCIAL (Cont'd)

3. Employee Development and Talent Management

FoundPac Group's human capital is developed and strengthened through investment in our people. Continuous training and professional development programs have helped to boost the technical knowledge and soft skills of our employees, positioning them in good stead to elevate the performance standard quality, which is necessary for the Group to meet the ever changing needs of our customers. Newly recruited employee will undergo an orientation program to help them familiarise and understand the culture and background of the organisation. The new employee will also go through the on-job structured training programs that are tailored to their respective roles.

On yearly basis, Department Heads are required to review the training needs of their staff and to recommend the relevant training courses for the staff to enhance their knowledge and skills.

FoundPac Group encourage and assist employees at all job levels to take up learning programmes which will enable them to hone skills necessary for their job scope and career advancement. Our employees participated in various type of training in the FYE 2018 as follows:-

Type of Training	FYE 2018
Manufacturing	13
Supply Chain	3
Tax	6
Accounting	1
Productivity	18
Engineering	2
Management	3
Safety & Health	10
Total No. of Headcount Attending Training	**56**

4. A Safe and Healthy Work Environment

At FoundPac Group, we focus on minimizing the incidence of occupancy injury and illness through occupational safety and health preparedness. The Company ensure that employees carry out their work in safe and hygienic working environment.

We invest in the safety, health and wellness of our employees by sending staff for safety and health related training courses. At FoundPac Group, we have an Occupational Safety and Health Management ("OSH") committee consisting of key staff from various departments, whose main purpose is to safeguard, manage, discuss and report areas related to FoundPac Group's safety, health and environment issue and performance.

We are proud of the efforts that our OSH committee has done. In the FYE 2018, there were no major safety or health related incidences at the workplace.

WORKPLACE/SOCIAL (Cont’d)

5. Emergency Response

FoundPac Group’s Emergency Response Team (“ERT”) consists of 15 employees, who are prepared to respond in emergency situations. They are trained to administer first aid, help evacuate buildings, and provide other assistance. We conduct first aid training, ERT training and annual fire drill to be prepared for emergency events.

6. Contribution to Community

In November 2017, certain parts of the Penang State, including the Penang Island and Mainland areas have experienced one of the worst floods in the history of Malaysia. Many homes were affected and a large number of people also lost their valuables. In line with our commitment of contribution to the community, many of our staff volunteered to mitigate the hardship brought about by the flood by cleaning and clearing the debris at the affected housing areas. In addition, FoundPac Group has also contributed to the cause by donating the necessities, such as mattresses, to the households affected by the flood.

This sustainability statement is made in accordance with the resolution of the Board of Directors dated 18 September 2018.

Audit Committee Report

The Audit Committee ("AC") was established by the Board of Directors ("Board") of FoundPac Group Berhad on 15 March 2016 with the primary objective of assisting the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices and internal control system of the Group.

Composition

The present composition of the AC consists of three (3) members of the Board, all of whom are Independent Non-Executive Directors:-

Chairman of AC	Chan Bee Cheng *Independent Non-Executive Director*
Member of AC	Tan Cheik Eaik *Independent Non-Executive Chairman*
	Teoh Lay Fung *Independent Non-Executive Director*

This composition meets the requirements of paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Ms. Chan Bee Cheng, the Chairman of the AC, is an accountant by profession and a member of the Malaysian Institute of Certified Public Accountants (MICPA) as well as the Malaysian Institute of Accountants (MIA). Accordingly, this meets the requirements of paragraph 15.09(1)(c) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The other two members of the AC, Mr. Tan Cheik Eaik is the CEO of a Public Listed Company whilst Ms Teoh Lay Fung is a lawyer by profession. All members of the AC are believed to be able to analyse and interpret financial statements to effectively discharge their duties and responsibilities as members of the AC.

The Nominating Committee had on 14 August 2018 assessed the performance of the AC and its members through an annual board committee effectiveness evaluation. The Nominating Committee is satisfied that the AC and its members have discharged their functions, duties and responsibilities in accordance with the AC's Terms of Reference and supported the Board in ensuring the Group upholds appropriate corporate governance standards.

Terms of Reference

The Terms of Reference of the AC can be viewed on the FoundPac Group Berhad's website at www.foundpac.com.

Attendance at Meetings

The information on the attendance of each member at the AC meetings held during the financial year ended 30 June 2018 ("FYE 2018") is as follows:

Member	Attendance
Chan Bee Cheng	5/5
Tan Cheik Eaik	5/5
Teoh Lay Fung	5/5

The AC conducted its meetings in an open and constructive manner and encouraged focused discussion, questioning and expressions of differing opinions. The External Auditors and Internal Auditors attended meetings of the AC to present their reports. As and when necessary, the AC would request the attendance of relevant personnel at its meetings to brief the AC on specific issues. The representative from the Finance Division also attended the AC meetings to present the unaudited quarterly financial statements, as well as other financial reporting related matters for the AC's deliberation and recommendation to the Board for approval, where appropriate.

At each meeting, the Chairman of the AC reported the AC's deliberations and recommendations to the Board. Minutes of each AC meeting were recorded and tabled for confirmation at the next following AC meeting and subsequently presented to the Board for notation.

Summary of Activities

The activities carried out by the AC during the FYE 2018 in the discharge of its duties and responsibilities are as follows:-

1. Financial Reporting

In the meeting on 15 August 2017, the AC reviewed the draft audited financial statements for the financial year ended 30 June 2017 ("FYE 2017") and recommended the same to the Board for inclusion in the Annual Report 2017.

In the meeting on 19 September 2017, the AC reviewed the Audit Committee Report and the Statement on Risk Management and Internal Control and recommended the same to the Board for inclusion in the Annual Report 2017.

The AC reviewed the audited quarterly report for the fourth quarter of the FYE 2017 and the unaudited quarterly reports for the first quarter, second quarter and third quarter of the FYE 2018 at the AC meetings held on 15 August 2017, 21 November 2017, 13 February 2018 and 21 May 2018 respectively and recommended the same to the Board for approval and announcement to Bursa Malaysia Securities Berhad.

2. External Audit

The AC had on 15 August 2017 and 21 May 2018 met with the External Auditors for discussion sessions without the presence of the Executive Members.

During the meeting on 15 August 2017, the External Auditors updated the AC on the status of audit for the FYE 2017 and the outstanding audit areas as summarised in the Audit Review Memorandum. In compliance with ISA 701 Communicating Key Audit Matters ("KAM") in the Independent Auditors' Report, the External Auditors highlighted the identified KAM and the audit procedures in addressing such KAM to be presented in the Independent Auditors' Report for the AC's notation.

During the meeting, the AC enquired the External Auditors whether they have encountered any matter / concern / issue during the course of audit including the co-operation rendered by the staff thus far which will in any way cause difficulties to discharge their duties that warrants the AC's attention. The External Auditors informed that the Management had granted full co-operation to the External Auditors during their course of audit.

The AC has also obtained confirmation from the External Auditors that Messrs. Crowe Malaysia (formerly known as Crowe Horwath) are not aware of any cause that in their professional judgement, may be thought to impair their independence.

On 15 August 2017, the AC concluded that based on the assessment, amongst others as set out below, the External Auditors performance for the FYE 2017 was found adequate and thereby recommended the re-appointment of Messrs. Crowe Malaysia (formerly known as Crowe Horwath) as the External Auditors of the Group to the Board for approval by its shareholders at the 2nd Annual General Meeting held on 22 November 2017:-

- after having satisfied with its audit independence and the quality processes / performance throughout its course of audit for the FYE 2017;
- able to give adequate technical support when audit issue arose; and
- adequate experience and resources for the audit engagements.

In the meeting on 21 May 2018, the External Auditors tabled the Audit Planning Memorandum prior to the commencement of audit of financial statements for the FYE 2018. The External Auditors briefed the AC about changes in the Malaysian Financial Reporting Standards which are applicable to the Group, and more particularly outlined the nature and scope of audit, audit timetable, list of communications with management team and audit engagement team to the AC.

The AC also enquired whether the Auditors encountered any matter / concern / issue during the course of their previous audit that warrant the Committee's attention. The External Auditors reverted that they have received full co-operation from the Management and staff. There was no critical issue from the audit work carried out on the Group to be highlighted to the AC.

Summary of Activities (Cont'd)

The activities carried out by the AC during the FYE 2018 in the discharge of its duties and responsibilities are as follows:- (Cont'd)

3. Risk Management and Internal Audit

At present, the Group does not have an in-house internal audit department. The Board has appointed an independent professional consulting firm, Finfield Corporate Services Sdn. Bhd. ("FCS") to carry out internal audit services, including enterprise risk management services, for the Group since 22 February 2017.

FCS's principal role is to provide independent assurance on the adequacy and effectiveness of risk management, internal control, and governance processes. It reports directly to the AC on its activities based on the approved annual Internal Audit Plans.

During the FYE 2018, Internal Auditors have conducted review on risk management and internal control system of FoundPac Group Berhad and its subsidiaries in focusing on the following areas:-

Company	Audit Area	Reporting Quarter
FoundPac Technologies Sdn. Bhd.	• Purchasing and subcontractors • Accounts payable • Bank and payments	February 2018
Dynamic Stencil Sdn. Bhd.	• Purchasing • Accounts payable • Bank and payments	May 2018

During the course of internal audits, the internal auditors have identified areas that required improvement. These areas were duly highlighted in the internal audit reports together with internal audit recommendations, the management comments and action plans in relation thereto and subsequently tabled to the AC.

The internal auditors have also carried out follow-up reviews on previous internal audit findings and management action plans to ensure that the recommendations for improving the internal control system were being implemented satisfactorily.

During the FYE 2018, FCS has carried out the review on risk management system of the Group. The review exercise was completed in April 2018 and the risk management report of the Group were tabled to the Risk Management Committee for review and discussion on 21 May 2018. During the meeting on 21 May 2018, the Risk Management Committee has reviewed and discussed the risk management worksheets prepared by Risk Management Working Group, risk assessment, updates of key risk indicators, management comments and action plans, and the material sustainability matters of the Group.

The fees incurred for the internal audit services rendered during the FYE 2018 amounted to RM25,500.

4. Others

The AC reviewed and discussed the recurrent related party transactions to ensure that they were undertaken on an arm's length basis and on normal commercial terms not more favourable to the related party than those generally available to the public.

Subsequent to the FYE 2018, the activities of the AC comprised the following:

1. Financial Reporting

In the meeting on 14 August 2018, the AC reviewed the draft audited financial statements for the FYE 2018 and recommended the same to the Board for inclusion in the Annual Report 2018. The AC also reviewed the interim financial report for the fourth quarter of the FYE 2018 and recommended the same to the Board for approval and announcement to Bursa Malaysia Securities Berhad.

In the meeting on 18 September 2018, the AC reviewed Audit Committee Report and the Statement on Risk Management and Internal Control and recommended the same to the Board for inclusion in the Annual Report 2018.

Summary of Activities (Cont'd)

Subsequent to the FYE 2018, the activities of the AC comprised the following: (Cont'd)

2. External Audit

The AC had on 14 August 2018 met with the External Auditors without the presence of the Executive Members.

During the meeting on 14 August 2018, the External Auditors updated the AC on the status of audit for the FYE 2018 and the outstanding audit areas as summarised in the Audit Review Memorandum. In compliance with ISA 701 Communicating KAM in the Independent Auditors' Report, the External Auditors highlighted the identified KAM and the audit procedures in addressing such KAM to be presented in the Independent Auditors' Report for the AC's notation.

During the meeting, the AC enquired the External Auditors whether they have encountered any matter / concern / issue during the course of audit including the co-operation rendered by the staff thus far which will in any way cause difficulties to discharge their duties that warrants the AC's attention. The External Auditors informed that the Management had granted full co-operation to the External Auditors during their course of audit.

The AC has also obtained confirmation from the External Auditors that Messrs. Crowe Malaysia (formerly known as Crowe Horwath) are not aware of any cause that in their professional judgement, may be thought to impair their independence.

On 14 August 2018, the AC concluded that based on the assessment, amongst others as set out below, the External Auditors performance for the FYE 2018 was found adequate and thereby recommended the re-appointment of Messrs. Crowe Malaysia (formerly known as Messrs. Crowe Horwath) as the External Auditors of the Group to the Board for approval by its shareholders at the forthcoming 3rd Annual General Meeting to be held on 21 November 2018:-

- after having satisfied with its audit independence and the quality processes/ performance throughout its course of audit for the FYE 2018;
- able to give adequate technical support when audit issue arose; and
- adequate experience and resources for the audit engagements.

3. Risk Management and Internal Audit

During the FYE 2018, FCS has carried out the review on risk management system of the Group. The review exercise was completed in April 2018 and the risk management report of the Group were tabled to the Risk Management Committee for review and discussion on 21 May 2018.

During the meeting on 14 August 2018, the AC has reviewed and discussed the risk management report tabled by the Risk Management Committee. The discussion included risk assessment, updates of key risk indicators, summary of key action plans, and the material sustainability matters of the Group.

4. Others

The AC reviewed and discussed the recurrent related party transactions to ensure that they were undertaken on an arm's length basis and on normal commercial terms not more favourable to the related party than those generally available to the public.

The AC has also reviewed and verified the allocation of option pursuant to the Employees' Shares Option Scheme (ESOS) for the FYE 2018 and satisfied that it is in compliance with the criteria set out in the By-Laws.

This statement is made in accordance with the resolution of the Board dated 18 September 2018.

Statement on Risk Management and Internal Control

Pursuant to Paragraph 15.26(b) of Bursa Malaysia Securities Berhad Main Market Listing Requirements

The Board of Directors ("Board") of FoundPac Group Berhad is pleased to present this Statement on Risk Management and Internal Control ("Statement"), which has been prepared in accordance with the *Statement on Risk Management and Internal Control: Guidelines for Directors of the Listed Issuers* issued by Bursa Malaysia Securities Berhad.

BOARD RESPONSIBILITY

The Board affirms its overall responsibility for the FoundPac Group's risk management practices and internal control system. The Board recognises that in order for the Group to meet its mission and objectives, as well as safeguarding shareholders' interest, it is important to have a sound system of risk management and internal control which are embedded in all aspects of activities of the Group.

In making this Statement, the Board wishes to highlight that like any other system of controls, our risk management and internal control system have been designed to manage the Group's risk to an acceptable level, within the risk appetite. The system can only provide reasonable, but not absolute assurance against material misstatement, loss or fraud. The risk management and internal control system cover strategic, operational, financial and compliance objectives of the Group.

SENIOR MANAGEMENT AND KEY PERSONNEL OF THE GROUP

The Senior Management and key personnel of the Group are accountable to the Board for the implementation of the processes in identifying, evaluating, monitoring and reporting of risks and internal control. The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have provided the Board the assurance that the Group's risk management and internal control system are operating adequately and effectively, in all material aspects, to ensure achievement of corporate objectives.

RISK MANAGEMENT

The Group has formalised the risk management process of the Group through a Group Risk Management Framework. Under this Framework, there is a Risk Management Committee ("RMC") and a Risk Management Working Group ("RMWG").

The RMC, which consists of majority of independent directors, oversees the Group's risk management process.

The RMWG, consisting of managers and key staff, has the main function of identifying and assessing business and compliance risks by employing the following methodologies:-

- Identification of significant risks by the process owners
- Assessment of the likelihood and impact of the risks identified
- Evaluating the control strategies in relation to the risks
- Formulating action plan to address control deficiencies
- Setting Key Risk Indicators to monitor the risks

The RMWG reports to the RMC on a periodic basis. The RMC will then meet to discuss and evaluate the RMWG's reports for adoption. Thereafter, the RMC will report to the Audit Committee about the key risks and risk management activities carried out during that period. The Audit Committee will review the report and confirm that necessary actions have been or are being taken to remedy any significant failings or weaknesses identified.

INTERNAL CONTROL SYSTEM

Internal controls are embedded in the various work processes and procedures at appropriate levels in the Group. The Board maintains an organisational structure with clearly defined levels of responsibility and authority and appropriate reporting procedures.

The CEO, Chief Operation Officer ("COO"), CFO and senior management team are assigned with the responsibility of managing the Group. Key functions such as finance, tax, treasury, corporate, legal matters and contract awarding are controlled centrally by them. They are also accountable for the conduct and performance of the various business units. The CEO, COO, CFO and senior management team monitor the affairs of the business units through review of performance and operation reports and having regular management meetings with the heads of the business units to identify, discuss and resolve business, financial, operational, environmental, compliance and management issues. The meetings also serve as an excellent platform whereby the Group's goals and objectives are communicated.

INTERNAL AUDIT

The Audit Committee is responsible for reviewing and monitoring the adequacy and effectiveness of the Group's system of internal control. The review and monitoring of the adequacy and effectiveness of the system of internal control are carried out through the internal audit function. In this respect, the Group has outsourced the internal audit function to an independent professional consulting firm. The internal audit function assists the Audit Committee to achieve the following objectives:

- Review and assess the adequacy and effectiveness of the current internal control system and provide recommendations to improve on the existing control environment in relation to key business processes and risk management practices;

- Recommend opportunities for improving efficiency, effectiveness and economic aspects of the Group's operations; and

- Promote a system of internal control that is responsive to the dynamic and ever changing business environment, cost effective and sustainable.

The annual internal audit plan is reviewed and approved by the Audit Committee prior to the commencement of internal audit review. The plan is developed based on the risk profile and analysis of the businesses of the Group, as well as on past experience. The Internal Auditors will focus its resources on areas of high risks which will be audited more frequently than low risk areas.

For purposes of identifying and prioritising risks, the Internal Auditors will discuss with the RMC and the RMWG, review management reports and financial statements.

During the financial year under review, the Internal Auditors carried out reviews on the following areas:

- Purchasing and subcontractors
- Accounts payable
- Bank and payments

The findings of their audits were tabled at the Audit Committee meetings for deliberation.

CONCLUSION

The Board, based on the internal auditors' reports for the financial year ended 30 June 2018 and having received reasonable assurance from the CEO and CFO, is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system which have been in place for the financial year under review and up to the date of approval of this Statement. There were no material internal control weaknesses which had resulted in material losses, uncertainties or contingencies that would require disclosure in this Annual Report.

This Statement is made in accordance with the resolution of the Board dated 18 September 2018.

REVIEW OF STATEMENT BY THE EXTERNAL AUDITORS

The External Auditors have reviewed this Statement in accordance with paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. As set out in their terms of engagement, the limited assurance review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and *Audit and Assurance Practice Guide 3*, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control Included in the Annual Report*.

The External Auditors limited assurance procedures primarily comprise obtaining an understanding of the processes described in this Statement, reviewing documentation to support the existence of the processes, and assessing whether the disclosure appropriately reflects the processes in place. The External Auditors are not required to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system.

Based on their review as to the factual accuracy of the processes and not their effectiveness or efficiency, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement intended to be included in the annual report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the *Statement on Risk Management and Internal Control: Guidelines for Directors of the Listed Issuers* issued by Bursa Securities Malaysia Berhad to be set out, nor is this Statement factually inaccurate.

Statement of Directors' Responsibility

Pursuant to Paragraph 15.26(b) of Bursa Malaysia Securities Berhad
Main Market Listing Requirements

Pursuant to the Companies Act 2016, the Directors are required to prepare financial statements which give a true and fair view of the state of affairs, including the cash flows and results of the Group and the Company as at the end of each financial year.

In preparing these financial statements, the Directors have considered the following:-
- that the Group and the Company have used appropriate accounting policies, and these are consistently applied;
- that reasonable and prudent judgments and estimates were made;
- that the approved accounting standards in Malaysia have been adopted; and
- that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Company and subsidiary companies maintain proper accounting records which disclose with reasonable accuracy the financial positions of the Group and the Company, and which enable them to ensure that the financial statements comply with the Companies Act 2016.

The Directors are responsible for taking such steps that are reasonably available to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This Statement was made in accordance with the resolution of the Board of Directors dated 18 September 2018.

Additional Compliance Information

UTILISATION OF PROCEEDS

Subsequent to the Company's listing on the Main Market of Bursa Malaysia Securities Berhad on 29 December 2016, the status of utilisation of the proceeds raised from the Public Issue amounting to RM21.600 million up to 31 August 2018 is as follows:-

Purpose of utilisation	Proposed utilisation RM'000	(a)	Actual utilisation RM'000	Balance of Public Issue Proceeds RM'000	Variation RM'000	Balance of Public Issue Proceeds after Variation RM'000		Estimated timeframe for utilisation from date of listing
Purchase of property, plant and equipment	8,000		(5,780)	2,220	-	2,220		Within 24 months
Overseas expansion	4,000		-	4,000	(4,000)	-		Within 24 months
Working capital	3,710	(b)	(3,710)	-	4,000	4,000	(c)	Within 24 months
Design and development expenditure	3,000		(327)	2,673	-	2,673		Within 24 months
Listing expenses	2,890		(2,890)	-	-	-		Immediate
Total	**21,600**		**(12,707)**	**8,893**	**-**	**8,893**		

Notes:

(a) The proposed utilisation of the proceeds should be read in conjunction with the Prospectus of the Company dated 13 December 2016.

(b) Includes excess funds allocated for the listing expenses of RM0.110 million which were utilised for general working capital purposes.

(c) The re-allocation of RM4.000 million from the overseas expansion will be utilised for working capital requirements of FoundPac Group as follows:-

Details of the Working Capital	***RM'000***
(i) Trade and other payables	*2,500*
(ii) Staff salaries	*1,500*
Total	***4,000***

AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees incurred for services rendered to the Company and its subsidiary companies for the financial year ended 30 June 2018 by the Company's Auditors, or a firm or company affiliated to the Auditors' firm are as follows:-

Category	Audit Fees RM'000	Non-Audit Fee # RM'000
Company	30	16
Subsidiaries	43	12
	73	**28**

 # Non-audit fees consists of review of Statement on Risk Management and Internal Control, tax fees and special audit for Dynamic Stencil Sdn. Bhd. for the purpose of purchase price allocation.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests either still subsisting as at 30 June 2018 or entered into since the end of the previous financial year.

EMPLOYEES' SHARE OPTION SCHEME

The shareholders of the Company had via its Extraordinary General Meeting held on 22 November 2017, amongst others, approved the establishment of an Employees' Share Option Scheme ("ESOS") of up to 10% of the issued and paid-up share capital of the Company at any point of time during the duration of the ESOS Scheme. The implementation of the ESOS is effective from 22 February 2018.

The movement of ESOS granted, forfeited, exercised and outstanding are as follows:-

	Number of ESOS				
	Balance as at 1 July 2017	Granted	Forfeited	Exercised	Balance as at 30 June 2018
Directors	-	10,500,000	-	-	**10,500,000**
Employees	-	15,455,000	(547,500)	-	**14,907,500**
Total	-	25,955,000	(547,500)	-	**25,407,500**

Pursuant to the Company's ESOS, not more than 70% of the options available under the scheme shall be allocated, in aggregate, to Directors and senior management.

Since the commencement of the scheme, 54.32% of the options under the scheme have been granted to Directors and senior management.

The table below set out the ESOS granted to Directors and chief executive:-

	Number of ESOS				
	Balance as at 1 July 2017	Granted	Forfeited	Exercised	Balance as at 30 June 2018
Executive Directors					
Lee Chun Wah	-	2,500,000	-	-	**2,500,000**
Ong Choon Heng	-	2,500,000	-	-	**2,500,000**
Total	-	5,000,000	-	-	**5,000,000**
Non-Executive Directors					
Tan Sin Khoon	-	2,500,000	-	-	**2,500,000**
Tan Cheik Eaik	-	1,000,000	-	-	**1,000,000**
Chan Bee Cheng	-	1,000,000	-	-	**1,000,000**
Teoh Lay Fung	-	1,000,000	-	-	**1,000,000**
Total	-	5,500,000	-	-	**5,500,000**

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Directors' Report

The directors hereby submit their report and the audited financial statements of the Group and the Company for the financial year ended 30 June 2018.

Principal Activities

The principal activity of the Company is that of investment holding. The principal activities and other details of the subsidiaries are disclosed in Note 6 to the financial statements.

Results

	The Group RM	The Company RM
Profit for the financial year attributable to:-		
- Owners of the Company	7,527,300	5,525,775
- Non-controlling interests	483,948	0
	8,011,248	**5,525,775**

Dividends

During the financial year, the Company declared and paid an interim single tier dividend of RM0.01 per share amounting to RM5,180,000 in respect of the financial year ended 30 June 2018.

Reserves and Provisions

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

Issue of Shares or Debentures

During the financial year, the Company issued 148,000,000 bonus shares on the basis of 2 new ordinary shares for every 5 existing ordinary shares in issue by capitalising RM89,963 of its retained profits.

The Company did not issue any debentures during the financial year.

Share Options

The shareholders of the Company, by a resolution passed at the Extraordinary General Meeting held on 22 November 2017, approved the Employees' Share Option Scheme ("ESOS") of the Company. The ESOS became effective on 22 February 2018.

The principal features of the ESOS are as follows:-

(i) At any point of time when the offer is made, the maximum number of shares to be issued under the ESOS shall not exceed 10% of the total issued and fully paid-up share capital of the Company during the duration of the ESOS.

(ii) Any employee (including executive directors) of the Group shall be eligible to participate in the ESOS if, as at the date of offer, the employee is at least 18 years of age and has been confirmed and completed 6 months of service within the Group on a full time basis.

(iii) All non-executive directors who have been appointed to the Board for more than 1 year shall be eligible to participate in the ESOS in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad.

(iv) The ESOS shall be valid for a duration of 5 years from the effective date. The duration of ESOS may be extended to a maximum of 10 years from effective date subject to the discretion of the directors.

Share Options (Cont'd)

The principal features of the ESOS are as follows:- (Cont'd)

(v) The exercise price shall be determined based on the weighted average market price of shares for the 5 market days immediately preceding the date of offer with a discount of not more than 10%.

(vi) The options granted are exercisable on a time proportion basis over the duration of the ESOS. The employee's entitlement to the options is vested as soon as they become exercisable.

(vii) The new shares to be allotted and issued upon exercise of any options granted under the scheme will, upon allotment and issuance, rank pari passu in all respects with the existing shares and paid-up shares in the Company, save and except that the new shares so allotted and issued will not be entitled to any right, dividend, allotment and/or distribution declared, made or paid, the entitlement date of which precedes the date of exercise of the options.

The movements in the number of options during the financial year are as follows:-

			← Number of Options Over Ordinary Shares →				
Date of Offer	Date of Expiration	Exercise Price RM	Balance at 1.7.2017	Granted	Exercised	Forfeited	Balance at 30.6.2018
19 March 2018	18 April 2020	0.265	0	25,955,000	0	(547,500)	**25,407,500**

Bad and Doubtful Debts

Before the financial statements were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent.

Current Assets

Before the financial statements were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records have been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to current assets in the financial statements misleading.

Valuation Methods

At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group or the Company misleading or inappropriate.

Contingent and Other Liabilities

At the date of this report, there does not exist:-

(i) any charge on the assets of the Group or the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group or the Company to meet their obligations when they fall due.

Change of Circumstances

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

Items of an Unusual Nature

The results of the operations of the Group and the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made.

Directors

The directors in office since the beginning of the financial year are:-

Directors of the Company

Lee Chun Wah
Tan Sin Khoon
Ong Choon Heng
Tan Cheik Eaik
Chan Bee Cheng
Teoh Lay Fung

Director of Subsidiary* (Other Than Directors of the Company)

Lim Seng Chiew

** The subsidiary was acquired on 24 November 2017*

Directors' Interests

According to the Register of Directors' Shareholdings, the interests in shares in the Company of the directors in office at the end of the financial year are as follows:-

	Number of Ordinary Shares in the Company						
	Direct Interest					Deemed Interest	
Name of Director	**Balance at 1.7.2017**	**Bought**	**Bonus Issue**	**(Sold)**	**Balance at 30.6.2018**	**Balance at 1.7.2017**	**Balance at 30.6.2018**
Lee Chun Wah	510,000	35,229,000	5,695,600	(20,000,000)	**21,434,600**	238,000,000	**185,400,000**
Tan Sin Khoon	0	33,500,000	8,000,000	(13,000,000)	**28,500,000**	238,000,000	**185,400,000**
Ong Choon Heng	800,400	33,044,600	338,000	(33,000,000)	**1,183,000**	238,000,000	**185,400,000**
Tan Cheik Eaik	2,000,000	0	800,000	0	**2,800,000**	0	**0**
Chan Bee Cheng	1,300,000	0	520,000	0	**1,820,000**	0	**0**
Teoh Lay Fung	200,000	100,000	120,000	0	**420,000**	0	**0**

Directors' Interests (Cont'd)

Name of Director	Number of Options Over Ordinary Shares Balance at 1.7.2017	Granted	Exercised	Balance at 30.6.2018
Lee Chun Wah	0	2,500,000	0	**2,500,000**
Tan Sin Khoon	0	2,500,000	0	**2,500,000**
Ong Choon Heng	0	2,500,000	0	**2,500,000**
Tan Cheik Eaik	0	1,000,000	0	**1,000,000**
Chan Bee Cheng	0	1,000,000	0	**1,000,000**
Teoh Lay Fung	0	1,000,000	0	**1,000,000**

By virtue of their interests in shares in the Company, Lee Chun Wah, Tan Sin Khoon and Ong Choon Heng are deemed to have interests in shares in the subsidiaries to the extent of the Company's interests, pursuant to Section 8 of the Companies Act 2016.

Directors' Benefits

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than the directors' remuneration as disclosed in Note 16 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangement, apart from the Company's ESOS, whose object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Indemnity and Insurance for Directors and Officers

There was no indemnity given to or liability insurance effected for any director or officer of the Group or the Company during the financial year.

Auditors

The auditors, Messrs. Crowe Malaysia (formerly known as Crowe Horwath), have expressed their willingness to continue in office. The auditors' remuneration is disclosed in Note 15 to the financial statements. There was no indemnity given to or liability insurance effected for the auditors during the financial year.

Signed in Accordance with a Resolution of the Directors Dated 14 August 2018

Lee Chun Wah

Ong Choon Heng

Statement by Directors

In the opinion of the directors, the financial statements set out on pages 53 to 85 give a true and fair view of the financial position of the Group and the Company as at 30 June 2018 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed in Accordance with a Resolution of the Directors
Dated 14 August 2018

Lee Chun Wah

Ong Choon Heng

Statutory Declaration

I, Ong Choon Heng (MIA membership no.: 21270), being the director primarily responsible for the financial management of FoundPac Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 53 to 85 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Ong Choon Heng at Georgetown in the State of Penang on this 14 August 2018

Ong Choon Heng

Before me

Mok Cheng Yoon, PJK
No. P140
Commissioner for Oaths

Independent Auditors' Report

to the Members of FoundPac Group Berhad
(Incorporated in Malaysia) Company No: 1165946-H

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of FoundPac Group Berhad, which comprise the statements of financial position as at 30 June 2018 of the Group and the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 53 to 85.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at 30 June 2018, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and the Company of the current period. These matters were addressed in the context of our audit of the financial statements of the Group and the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	**How our audit addressed the key audit matter**
Impairment of goodwill (Refer to Notes 3 and 5 to the financial statements) The Group carries significant goodwill. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually. The impairment test involves significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins, discount rate, etc.	Our audit procedures included, among others:- • Evaluating whether the method used by the Group in measuring the recoverable amount is appropriate in the circumstances. • Making enquiries of and challenging management on the key assumptions and inputs used in the measurement method. • Evaluating whether the key assumptions and inputs used are reasonable and consistent by taking into consideration the past performance, future growth, market development, etc. • Performing stress tests and sensitivity analyses to assess the impacts of those key assumptions and inputs on the measurement of recoverable amount.

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters (Cont'd)

Key audit matter	How our audit addressed the key audit matter

Impairment of receivables (Refer to Notes 3 and 9 to the financial statements)
 	
The Group carries significant receivables and is subject to major credit risk exposures. The assessment of recoverability of receivables involves judgements and estimation uncertainty in analysing historical bad debts, customer concentration, customer creditworthiness, current economic trends, customer payment terms, etc.
	Our audit procedures included, among others:-
	• Obtaining an understanding of:-
	  • the Group's control over the receivable collection process;
	  • how the Group identifies and assesses the impairment of receivables; and
	  • how the Group makes the accounting estimates for impairment.
	• Reviewing the ageing analysis of receivables and testing the reliability thereof.
	• Reviewing subsequent cash collections for major receivables and overdue amounts.
	• Making inquiries of management regarding the action plans to recover overdue amounts.
	• Comparing and challenging management's view on the recoverability of overdue amounts to historical patterns of collections.
	• Examining other evidence including customer correspondences, proposed or existing settlement plans, repayment schedules, etc.
	• Evaluating the reasonableness and adequacy of the allowance for impairment recognised for identified exposures.

We have determined that there are no key audit matters to communicate in our report in respect of the audit of the financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the directors' report (but does not include the financial statements of the Group and the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after that date.

Our opinion on the financial statements of the Group and the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and request that a correction be made. If the directors refuse to make the correction, we shall take appropriate action considering our legal rights and obligations, to seek to have the uncorrected material misstatement appropriately brought to the attention of users for whom our auditors' report is prepared.

Report on the Audit of the Financial Statements (Cont'd)

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and the Company, including the disclosures, and whether the financial statements of the Group and the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on the Audit of the Financial Statements (Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and the Company of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Malaysia
Firm No.: AF 1018
Chartered Accountants

Eddy Chan Wai Hun
Approval No.: 02182/10/2019 J
Chartered Accountant

Date: 14 August 2018

Penang

Consolidated Statement of Financial Position

as at 30 June 2018

	Note	2018 RM	2017 RM
NON-CURRENT ASSETS			
Property, plant and equipment	4	**17,005,251**	14,438,219
Goodwill	5	**12,646,443**	0
Deferred tax assets	7	**24,000**	0
		29,675,694	14,438,219
CURRENT ASSETS			
Inventories	8	**2,949,075**	2,776,068
Trade and other receivables	9	**9,449,185**	8,097,990
Prepayments		**1,803,415**	194,015
Current tax assets		**289,105**	0
Cash and cash equivalents	10	**33,143,734**	46,385,802
		47,634,514	57,453,875
CURRENT LIABILITIES			
Trade and other payables	11	**2,657,543**	2,373,162
Current tax liabilities		**242,000**	55,517
		2,899,543	2,428,679
NET CURRENT ASSETS		**44,734,971**	55,025,196
NON-CURRENT LIABILITIES			
Deferred tax liabilities	7	**1,972,000**	1,944,000
NET ASSETS		**72,438,665**	67,519,415
EQUITY			
Share capital	12	**51,604,848**	51,710,037
Share option reserve		**1,154,885**	0
Retained profits		**18,019,414**	15,809,378
Equity attributable to owners of the Company		**70,779,147**	67,519,415
Non-controlling interests	13	**1,659,518**	0
TOTAL EQUITY		**72,438,665**	67,519,415

The annexed notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

for the financial year ended 30 June 2018

	Note	2018 RM	2017 RM
Revenue	14	**35,534,253**	35,959,619
Cost of goods sold		**(18,551,013)**	(20,200,462)
Gross profit		**16,983,240**	15,759,157
Other income		**1,495,726**	2,033,836
Administrative and general expenses		**(5,442,542)**	(3,343,057)
Selling and distribution expenses		**(2,341,449)**	(1,463,043)
Finance costs		**(769)**	0
Profit before tax	15	**10,694,206**	12,986,893
Tax expense	17	**(2,682,958)**	(2,766,451)
Profit for the financial year		**8,011,248**	10,220,442
Other comprehensive income for the financial year		**0**	0
Total comprehensive income for the financial year		**8,011,248**	10,220,442
Profit for the financial year attributable to:-			
- Owners of the Company		**7,527,300**	10,220,442
- Non-controlling interests	13	**483,948**	0
		8,011,248	10,220,442
Total comprehensive income for the financial year attributable to:-			
- Owners of the Company		**7,527,300**	10,220,442
- Non-controlling interests		**483,948**	0
		8,011,248	10,220,442
Earnings per share:-	18		
- Basic (sen)		**1.45**	2.08
- Diluted (sen)		**1.45**	2.08

The annexed notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the financial year ended 30 June 2018

		← Non-distributable	→	Distributable			
	Share capital RM	Share premium RM	Share option reserve RM	Retained profits RM	Equity attributable to owners of the Company RM	Non-controlling interests RM	Total equity RM
Balance at 1 July 2016	33,000,000	0	0	9,288,936	42,288,936	0	42,288,936
Issue of shares	4,000,000	17,600,000	0	0	21,600,000	0	21,600,000
Share issue transaction costs	0	(2,889,963)	0	0	(2,889,963)	0	(2,889,963)
Interim single tier dividend of RM0.01 per share to owners of the Company	0	0	0	(3,700,000)	(3,700,000)	0	(3,700,000)
Total transactions with owners	4,000,000	14,710,037	0	(3,700,000)	15,010,037	0	15,010,037
Transfer of share premium upon abolition of par value	14,710,037	(14,710,037)	0	0	0	0	0
Profit (representing total comprehensive income) for the financial year	0	0	0	10,220,442	10,220,442	0	10,220,442
Balance at 30 June 2017	51,710,037	0	0	15,809,378	67,519,415	0	67,519,415
Acquisition of subsidiary	0	0	0	0	0	1,284,519	1,284,519
Bonus issue	89,963	0	0	(89,963)	0	0	0
Share issue transaction costs	(195,152)	0	0	0	(195,152)	0	(195,152)
Share-based payments	0	0	1,154,885	(47,301)	1,107,584	47,301	1,154,885
Interim single tier dividend of RM0.01 per share to owners of the Company	0	0	0	(5,180,000)	(5,180,000)	0	(5,180,000)
Dividend to non-controlling interests	0	0	0	0	0	(156,250)	(156,250)
Total transactions with owners	(105,189)	0	1,154,885	(5,317,264)	(4,267,568)	(108,949)	(4,376,517)
Profit (representing total comprehensive income) for the financial year	0	0	0	7,527,300	7,527,300	483,948	8,011,248
Balance at 30 June 2018	**51,604,848**	**0**	**1,154,885**	**18,019,414**	**70,779,147**	**1,659,518**	**72,438,665**

The annexed notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

for the financial year ended 30 June 2018

	Note	2018 RM	2017 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		10,694,206	12,986,893
Adjustments for:-			
Depreciation of property, plant and equipment		1,568,055	1,404,690
Gain on disposal of property, plant and equipment		(47,320)	(56,000)
Gain on disposal of unquoted investment		0	(420,000)
Interest expense		769	0
Interest income		(1,315,470)	(1,101,498)
Inventories written down		254,078	0
Share-based payments		1,154,885	0
Unrealised gain on foreign exchange		(132,680)	(20,934)
Operating profit before working capital changes		12,176,523	12,793,151
Changes in:-			
Inventories		(276,607)	(148,822)
Receivables and prepayments		(570,241)	597,743
Payables		(1,131,182)	(703,312)
Cash generated from operations		10,198,493	12,538,760
Tax paid		(4,923,083)	(2,892,871)
Tax refunded		130,756	9,894
Net cash from operating activities		5,406,166	9,655,783
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiary, net of cash acquired	6	(11,298,357)	0
Interest received		1,315,470	1,101,498
Proceeds from disposal of property, plant and equipment		61,000	80,000
Proceeds from disposal of unquoted investment		0	2,420,000
Purchase of property, plant and equipment		(3,184,182)	(78,055)
Purchase of unquoted investment		0	(2,000,000)
Net cash (used in)/from investing activities		(13,106,069)	1,523,443
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid to non-controlling interests		(156,250)	0
Dividend paid to owners of the Company		(5,180,000)	(3,700,000)
Interest paid		(769)	0
Issue of shares		0	21,600,000
Repayment of hire purchase obligations		(40,764)	0
Share issue transaction costs paid		(195,152)	(2,889,963)
Net cash (used in)/from financing activities		(5,572,935)	15,010,037
Effect of exchange rate changes on cash and cash equivalents		30,770	15,270
Net (decrease)/increase in cash and cash equivalents		(13,242,068)	26,204,533
Cash and cash equivalents brought forward		46,385,802	20,181,269
Cash and cash equivalents carried forward		33,143,734	46,385,802

The annexed notes form an integral part of these financial statements.

Statement of Financial Position
as at 30 June 2018

	Note	2018 RM	2017 RM
NON-CURRENT ASSETS			
Investments in subsidiaries	6	**34,028,521**	33,000,000
CURRENT ASSETS			
Receivables	9	**1,000**	1,000
Prepayments		**14,400**	10,000
Current tax assets		**22,000**	0
Cash and cash equivalents	10	**19,191,497**	18,865,910
		19,228,897	18,876,910
CURRENT LIABILITIES			
Payables	11	**105,000**	24,000
Current tax liabilities		**0**	6,000
		105,000	30,000
NET CURRENT ASSETS		**19,123,897**	18,846,910
NET ASSETS		**53,152,418**	51,846,910
EQUITY			
Share capital	12	**51,604,848**	51,710,037
Share option reserve		**1,154,885**	0
Retained profits		**392,685**	136,873
TOTAL EQUITY		**53,152,418**	51,846,910

The annexed notes form an integral part of these financial statements.

Statement of Comprehensive Income

for the financial year ended 30 June 2018

	Note	2018 RM	2017 RM
Revenue	14	**5,482,500**	3,730,000
Other income		**628,123**	315,382
Administrative and general expenses		**(583,512)**	(165,732)
Profit before tax	15	**5,527,111**	3,879,650
Tax expense	17	**(1,336)**	(24,000)
Profit for the financial year		**5,525,775**	3,855,650
Other comprehensive income for the financial year		**0**	0
Total comprehensive income for the financial year		**5,525,775**	3,855,650

The annexed notes form an integral part of these financial statements.

Statement of Changes in Equity

For The Financial Year Ended 30 June 2018

	← Non-distributable →			Distributable	
	Share capital RM	Share premium RM	Share option reserve RM	(Accumulated losses)/ Retained profits RM	Total equity RM
Balance at 1 July 2016	33,000,000	0	0	(18,777)	32,981,223
Issue of shares	4,000,000	17,600,000	0	0	21,600,000
Share issue transaction costs	0	(2,889,963)	0	0	(2,889,963)
Interim single tier dividend of RM0.01 per share	0	0	0	(3,700,000)	(3,700,000)
Total transactions with owners	4,000,000	14,710,037	0	(3,700,000)	15,010,037
Transfer of share premium upon abolition of par value	14,710,037	(14,710,037)	0	0	0
Profit (representing total comprehensive income) for the financial year	0	0	0	3,855,650	3,855,650
Balance at 30 June 2017	51,710,037	0	0	136,873	51,846,910
Bonus issue	89,963	0	0	(89,963)	0
Share issue transaction costs	(195,152)	0	0	0	(195,152)
Share-based payments	0	0	1,154,885	0	1,154,885
Interim single tier dividend of RM0.01 per share	0	0	0	(5,180,000)	(5,180,000)
Total transactions with owners	(105,189)	0	1,154,885	(5,269,963)	(4,220,267)
Profit (representing total comprehensive income) for the financial year	0	0	0	5,525,775	5,525,775
Balance at 30 June 2018	**51,604,848**	**0**	**1,154,885**	**392,685**	**53,152,418**

The annexed notes form an integral part of these financial statements.

Statement of Cash Flows

for the financial year ended 30 June 2018

	2018 RM	2017 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**5,527,111**	3,879,650
Adjustments for:-		
Dividend income	**(5,482,500)**	(3,730,000)
Interest income	**(628,041)**	(315,382)
Share-based payments	**136,364**	0
Operating loss before working capital changes	**(447,066)**	(165,732)
Changes in:-		
Receivables and prepayments	**(4,400)**	1,235,023
Payables	**81,000**	(1,240,800)
Cash absorbed by operations	**(370,466)**	(171,509)
Tax paid	**(29,336)**	(18,000)
Net cash used in operating activities	**(399,802)**	(189,509)
CASH FLOWS FROM INVESTING ACTIVITIES		
Incorporation of subsidiary	**(10,000)**	0
Dividends received	**5,482,500**	3,730,000
Interest received	**628,041**	315,382
Net cash from investing activities	**6,100,541**	4,045,382
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	**(5,180,000)**	(3,700,000)
Issue of shares	**0**	21,600,000
Share issue transaction costs paid	**(195,152)**	(2,889,963)
Net cash (used in)/from financing activities	**(5,375,152)**	15,010,037
Net increase in cash and cash equivalents	**325,587**	18,865,910
Cash and cash equivalents brought forward	**18,865,910**	0
Cash and cash equivalents carried forward	**19,191,497**	18,865,910

The annexed notes form an integral part of these financial statements.

1. General Information

The Company is a public company limited by shares, incorporated and domiciled in Malaysia. The Company is listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 6.

The registered office of the Company is located at 57-G, Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang and its principal place of business is located at Plot 35, Hilir Sungai Keluang 2, Bayan Lepas Industrial Estate, Non-Free Industrial Zone Phase IV, 11900 Bayan Lepas, Penang.

The consolidated financial statements set out on pages 53 to 56 together with the notes thereto cover the Company and its subsidiaries ("the Group"). The separate financial statements of the Company set out on pages 57 to 60 together with the notes thereto cover the Company solely.

The presentation currency of the financial statements is Ringgit Malaysia ("RM").

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 14 August 2018.

2. Significant Accounting Policies

2.1 Basis of Preparation of Financial Statements

The financial statements of the Group and the Company are prepared under the historical cost convention, modified to include other bases of measurement as disclosed in other sections of the significant accounting policies, and in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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

MFRS	Effective for annual periods beginning on or after
Amendments to MFRS 12 *Disclosure of Interests in Other Entities* (Annual Improvements to MFRS Standards 2014 - 2016 Cycle)	1 January 2017
Amendments to MFRS 107 *Disclosure Initiative*	1 January 2017
Amendments to MFRS 112 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017

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

The Group and the Company have 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 9 *Financial Instruments*	1 January 2018
MFRS 15 *Revenue from Contracts with Customers*	1 January 2018
MFRS 16 *Leases*	1 January 2019
MFRS 17 *Insurance Contracts*	1 January 2021
IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
IC Interpretation 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to MFRS *1 First-time Adoption of Malaysian Financial Reporting Standards* (Annual Improvements to MFRS Standards 2014 - 2016 Cycle)	1 January 2018

2. Significant Accounting Policies (Cont'd)

2.1 Basis of Preparation of Financial Statements (Cont'd)

The Group and the Company have not applied the following MFRSs which have been issued as at the end of the reporting period but are not yet effective:- (Cont'd)

MFRS (Issued as at the end of the reporting period)	Effective for annual periods beginning on or after
Amendments to MFRS 2 *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to MFRS 3 *Previously Held Interest in a Joint Operation* (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)	1 January 2019
Amendments to MFRS 4 *Applying MFRS 9* Financial Instruments *with MFRS 4* Insurance Contracts	1 January 2018
Amendments to MFRS 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred
Amendments to MFRS 11 *Previously Held Interest in a Joint Operation* (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)	1 January 2019
Amendments to MFRS 15 *Clarifications to MFRS 15* Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 112 *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)	1 January 2019
Amendments to MFRS 119 *Plan Amendment, Curtailment or Settlement*	1 January 2019
Amendments to MFRS 123 *Borrowing Costs Eligible for Capitalisation* (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)	1 January 2019
Amendments to MFRS 128 *Investments in Associates and Joint Ventures* (Annual Improvements to MFRS Standards 2014 - 2016 Cycle)	1 January 2018
Amendments to MFRS 128 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Amendments to MFRS 140 *Transfers of Investment Property*	1 January 2018
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

Management foresees that the initial application of the above MFRSs will not result in any significant changes in the accounting policies of the Group and the Company except as follows:-

MFRS 9 *Financial Instruments*

MFRS 9, which replaces MFRS 139 *Financial Instruments: Recognition and Measurement,* sets out the requirements for recognising and measuring financial instruments. The major changes introduced by MFRS 9 (that are relevant to the Group and the Company) relate to the classification and measurement of financial assets. Under MFRS 9:-

(i) Financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both the business model within which they are held and their contractual cash flow characteristics. Based on management's assessment, the adoption of the new guidance will not significantly affect the existing classification and measurement of financial assets of the Group and the Company.

(ii) Impairment loss on financial assets is recognised using a new "expected credit loss" model as opposed to the "incurred credit loss" model currently used in MFRS 139. Under the new model, expected credit losses are recognised for financial assets using reasonable and supportable historical and forward-looking information even before a loss event occurs. Based on management's assessment, any additional impairment losses to be recognised using the new impairment model are not expected to be material to the Group and the Company.

2. Significant Accounting Policies (Cont'd)

2.1 Basis of Preparation of Financial Statements (Cont'd)

MFRS 9 *Financial Instruments* *(Cont'd)*

The Group and the Company will apply the new requirements of MFRS 9 from 1 July 2018 with any cumulative effect of initial application recognised at that date without restating the comparative information presented under MFRS 139.

MFRS 15 *Revenue from Contracts with Customers*

MFRS 15, which replaces MFRS 111 *Construction Contracts*, MFRS 118 *Revenue* and other related interpretations, establishes a single comprehensive model for revenue recognition. Under MFRS 15, revenue is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. Revenue is recognised either over time or at a point in time depending on the timing of transfer of control. Based on management's assessment, the adoption of the new revenue recognition model will not significantly affect the current practice of recognising revenue from the sale of goods based on the transfer of risks and rewards which generally coincides with the transfer of control at a point in time.

The Group and the Company will apply the new requirements of MFRS 15 from 1 July 2018 with any cumulative effect of initial application recognised at that date without restating the comparative information presented under MFRS 118.

MFRS 16 *Leases*

MFRS 16, which replaces MFRS 117 *Leases* and other related interpretations, eliminates the distinction between finance and operating leases for lessees. It introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The Group and the Company will apply the new requirements of MFRS 16 from 1 July 2019 with any cumulative effect of initial application recognised at that date without restating the comparative information presented under MFRS 117.

2.2 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:-

Subsidiary	Method
FoundPac Sdn. Bhd.	Merger
FoundPac Technologies Sdn. Bhd.	Merger
FoundPac Capital Sdn. Bhd.	Acquisition
Dynamic Stencil Sdn. Bhd.	Acquisition

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. Under the merger method, the results of the combining entities are presented as if the entities had been combined throughout the reporting period. The cost of merger is cancelled against the value of shares acquired and any difference arising from the cancellation is taken to equity. Intragroup balances, transactions, income and expenses are eliminated in full on consolidation.

2. Significant Accounting Policies (Cont'd)

2.2 Basis of Consolidation (Cont'd)

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. The impairment policy is disclosed in Note 2.5. When the above (b) exceeds (a), the excess represents a bargain purchase gain and, after reassessment, is recognised in profit or loss.

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.

2.3 Property, Plant and Equipment

Property, plant and equipment are stated at cost or at valuation less accumulated depreciation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.5.

Revaluations of land and buildings are made with sufficient regularity at an interval of not more than five years such that the carrying amounts of the assets do not differ materially from their fair values at the end of the reporting period.

A revaluation increase is recognised in other comprehensive income and accumulated in equity as revaluation surplus or recognised in profit or loss to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in profit or loss. A revaluation decrease is recognised in profit or loss or recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of the same asset.

2. Significant Accounting Policies (Cont'd)

2.3 Property, Plant and Equipment (Cont'd)

Capital work-in-progress is not depreciated. Leasehold land and buildings are depreciated on a straight-line basis over the lease term of 44 years. Other property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets using the following annual rates:-

Plant and machinery	20%
Office equipment, furniture and fittings	20% - 50%
Renovation	20%

The residual value, useful life and depreciation method of an asset are reviewed at least at the end of each reporting period and any changes in expectations from previous estimates are accounted for prospectively as changes in accounting estimates.

2.4 Investments in Subsidiaries

As required by the Companies Act 2016, the Company prepares separate financial statements in addition to the consolidated financial statements. In the separate financial statements of the Company, investments in subsidiaries are stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.5.

2.5 Impairment of Non-financial Assets

At the end of each reporting period, the Group and the Company assess whether there is any indication that a non-financial asset, other than inventories and deferred tax assets, may be impaired. If any such indication exists, the recoverable amount of the asset, being the higher of its fair value less costs of disposal and its value in use, is estimated. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually. Any excess of the carrying amount of the asset over its recoverable amount represents an impairment loss and is recognised in profit or loss or, in respect of a revalued asset, treated as a revaluation decrease.

An impairment loss on an asset, other than goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised. The reversal is recognised in profit or loss or, in respect of a revalued asset, treated as a revaluation increase. An impairment loss on goodwill is not reversed.

2.6 Inventories

Inventories of materials and goods are valued at the lower of cost (determined principally on the weighted average basis) and net realisable value. Cost consists of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

2.7 Financial Assets

Financial assets of the Group and the Company consist of receivables and cash and cash equivalents.

Recognition and Measurement

A financial asset is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. A financial asset is initially recognised at fair value plus directly attributable transaction costs. After initial recognition, the financial asset is measured at amortised cost using the effective interest method. Any gain or loss is recognised in profit or loss when the financial asset is derecognised or impaired as well as through the amortisation process.

A financial asset is derecognised when, and only when, the contractual rights to the cash flows from the financial asset have expired or all the risks and rewards of ownership have been substantially transferred.

2. Significant Accounting Policies (Cont'd)

2.7 Financial Assets (Cont'd)

Impairment

At the end of each reporting period, the Group and the Company assess whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such evidence exists, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted using the asset's original effective interest rate. The asset's carrying amount is reduced through the use of an allowance account and the impairment loss is recognised in profit or loss. The gross carrying amount and the associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the increased carrying amount does not exceed what the amortised cost would have been had no impairment loss been recognised at the reversal date. The reversal is recognised in profit or loss.

2.8 Financial Liabilities

Financial liabilities of the Group and the Company consist of payables.

Recognition and Measurement

A financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is initially recognised at fair value less directly attributable transaction costs. After initial recognition, the financial liability is measured at amortised cost using the effective interest method. Any gain or loss is recognised in profit or loss when the financial liability is derecognised as well as through the amortisation process.

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires.

2.9 Foreign Currency Transactions and Translation

The consolidated financial statements and separate financial statements of the Company are presented in Ringgit Malaysia, which is also the Company's functional currency, being the currency of the primary economic environment in which the entity operates. Items included in the financial statements of each individual entity within the Group are measured using the individual entity's own functional currency.

A foreign currency transaction is recorded in the functional currency using the exchange rate at transaction date. At the end of the reporting period, foreign currency monetary items are translated into the functional currency using the closing rate. Foreign currency non-monetary items measured at cost are translated using the exchange rate at transaction date whereas those measured at fair value are translated using the exchange rate at valuation date. Exchange differences arising from the settlement or translation of monetary items are recognised in profit or loss. Any exchange component of the gain or loss on a non-monetary item is recognised on the same basis as that of the gain or loss, i.e. in profit or loss or in other comprehensive income.

2.10 Share Capital

Ordinary shares are classified as equity. Transaction costs that relate to the issue of new shares are accounted for as a deduction from equity.

Dividends on shares declared and unpaid at the end of the reporting period are recognised as a liability whereas dividends proposed or declared after the reporting period are disclosed in the notes to the financial statements.

2. Significant Accounting Policies (Cont'd)

2.11 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The valuation techniques used include the following:-

(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 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.

2.12 Income Recognition

Income from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Dividend income is recognised when the shareholder's right to receive payment is established.

Interest income is recognised using the effective interest method.

2.13 Employee Benefits

Short-term Employee Benefits

Short-term employee benefits such as wages, salaries, bonuses and social security contributions are recognised in profit or loss in the period in which the associated services are rendered by the employee.

2. Significant Accounting Policies (Cont'd)

2.13 Employee Benefits (Cont'd)

Defined Contribution Plans

As required by law, employers in Malaysia make contributions to the statutory pension scheme, Employees Provident Fund ("EPF"). Contributions to defined contribution plans are recognised in profit or loss in the period in which the associated services are rendered by the employee.

Share-based Payments

The Employees' Share Option Scheme ("ESOS") of the Company grants the Group's eligible employees options to subscribe for shares in the Company at pre-determined subscription prices. These equity compensation benefits are treated as equity-settled share-based payment transactions and recognised in profit or loss with a corresponding increase in equity over the vesting period as share option reserve. The total amount to be recognised is determined by reference to the fair value of the share options at grant date and the estimated number of share options expected to vest on vesting date.

2.14 Income Taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax represents the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided for under the liability method in respect of all temporary differences between the carrying amount of an asset or liability and its tax base except for those temporary differences associated with goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting nor taxable results at the time of the transaction.

A deferred tax liability is recognised for all taxable temporary differences whereas a deferred tax asset is recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.15 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, term deposits that are withdrawable on demand and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

3. Judgements and Estimation Uncertainty

Judgements Made in Applying Accounting Policies

In the process of applying the accounting policies of the Group and the Company, management is not aware of any judgements, apart from those involving estimations, that can significantly affect the amounts recognised in the financial statements.

3. Judgements and Estimation Uncertainty (Cont'd)

Sources of Estimation Uncertainty

The key assumptions about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

Impairment of goodwill

Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually. The impairment test involves significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins, discount rate, etc. The carrying amount of goodwill is disclosed in Note 5.

Valuation of inventories

Reviews are made periodically by management on inventories for excess inventories, obsolescence and decline in net realisable value below cost. These reviews require the use of judgements and estimates. Possible changes in these estimates may result in revisions to the valuation of inventories. The carrying amounts of inventories are disclosed in Note 8.

Impairment of receivables

The Group and the Company make allowance for impairment based on an assessment of the recoverability of receivables. Allowance is applied to receivables when there is objective evidence that the balances may not be recoverable. Management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment. Where expectations are different from previous estimates, the difference will impact on the carrying amounts of receivables as disclosed in Note 9.

4. Property, Plant and Equipment

The Group

	Leasehold land (at valuation) RM	Buildings (at valuation) RM	Plant and machinery RM	Office equipment, furniture and fittings RM	Renovation RM	Capital work-in progress RM	Total RM
At Cost (unless otherwise stated)							
Balance at 1 July 2016	8,200,000	4,500,000	7,467,464	1,464,938	342,902	0	21,975,304
Additions	0	0	7,562	70,493	0	0	78,055
Disposals	0	0	(160,000)	0	0	0	(160,000)
Balance at 30 June 2017	8,200,000	4,500,000	7,315,026	1,535,431	342,902	0	21,893,359
Acquisition of subsidiary	0	0	1,917,348	118,870	50,698	56,710	2,143,626
Additions	0	0	1,456,147	390,733	246,496	1,090,806	3,184,182
Disposals	0	0	(136,800)	0	0	0	(136,800)
Balance at 30 June 2018	**8,200,000**	**4,500,000**	**10,551,721**	**2,045,034**	**640,096**	**1,147,516**	**27,084,367**
Accumulated Depreciation							
Balance at 1 July 2016	213,913	117,391	4,341,565	1,377,958	135,623	0	6,186,450
Depreciation	213,913	117,391	942,645	64,714	66,027	0	1,404,690
Disposals	0	0	(136,000)	0	0	0	(136,000)
Balance at 30 June 2017	427,826	234,782	5,148,210	1,442,672	201,650	0	7,455,140
Acquisition of subsidiary	0	0	1,023,897	104,456	50,688	0	1,179,041
Depreciation	213,913	117,391	1,072,815	93,194	70,742	0	1,568,055
Disposals	0	0	(123,120)	0	0	0	(123,120)
Balance at 30 June 2018	**641,739**	**352,173**	**7,121,802**	**1,640,322**	**323,080**	**0**	**10,079,116**
Carrying Amount							
Balance at 1 July 2016	7,986,087	4,382,609	3,125,899	86,980	207,279	0	15,788,854
Balance at 30 June 2017	7,772,174	4,265,218	2,166,816	92,759	141,252	0	14,438,219
Balance at 30 June 2018	**7,558,261**	**4,147,827**	**3,429,919**	**404,712**	**317,016**	**1,147,516**	**17,005,251**

4. Property, Plant and Equipment (Cont'd)

The leasehold land and buildings were revalued to fair values on 30 June 2015 based on appraisals performed by independent professional valuers using the market comparison approach. The appraised values were derived from observable prices per square foot for comparable properties in similar locations (i.e. Level 2). Had the land and buildings been carried under the cost model, the total carrying amounts of their entire classes that would have been recognised in the financial statements are as follows:-

	2018 RM	2017 RM
Leasehold land	**841,800**	865,569
Buildings	**2,575,791**	2,899,320
	3,417,591	3,764,889

5. Goodwill

The Group

	RM
Balance at 1 July 2017	0
Acquisition of subsidiary	12,646,443
Balance at 30 June 2018	**12,646,443**

Goodwill is attributable to a subsidiary, Dynamic Stencil Sdn. Bhd., which represents a separate cash-generating unit ("CGU").

The recoverable amount of the CGU was determined based on its value in use calculated using cash flow projections. The cash flow projections were based on the most recent financial budgets/forecasts approved by management which covered a period of 5 years. A growth rate of 0% was used to extrapolate the cash flow projections beyond the 5 years covered by the financial budgets/forecasts. A discount rate of 19.21% per annum was applied to the cash flow projections.

Barring any unforeseen circumstances, management believes that no reasonably possible change in the above key assumptions would cause the carrying amount of the CGU to materially exceed its recoverable amount.

6. Investments in Subsidiaries

The Company

	2018 RM	2017 RM
Unquoted shares, at cost	**33,010,000**	33,000,000
Employees' share options granted to subsidiaries	**1,018,521**	0
	34,028,521	33,000,000

6. Investments in Subsidiaries (Cont'd)

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Effective Ownership Interest 2018	Effective Ownership Interest 2017	Principal Activity
FoundPac Sdn. Bhd.	Malaysia	**100%**	100%	Investment holding
FoundPac Technologies Sdn. Bhd.	Malaysia	**100%**	100%	Design, development, manufacture, marketing and sale of stiffeners, test sockets, hand lids and related accessories
FoundPac Capital Sdn. Bhd.	Malaysia	**100%**	0%	Investment holding
Subsidiary of FoundPac Capital Sdn. Bhd.				
Dynamic Stencil Sdn. Bhd.	Malaysia	**75%**	0%	Manufacture and sale of laser stencils

Incorporation of Subsidiary

On 22 November 2017, the Company incorporated FoundPac Capital Sdn. Bhd. with an initial paid-up share capital of RM10,000.

Acquisition of Subsidiary

On 24 November 2017, the Group, through FoundPac Capital Sdn. Bhd., acquired 75% equity interest in Dynamic Stencil Sdn. Bhd. ("DSSB") for cash consideration of RM16,500,000. The acquisition gave rise to a goodwill of RM12,646,443.

The amounts recognised at the acquisition date for each major class of assets acquired and liabilities assumed are as follows:-

	The Group RM
Property, plant and equipment	964,585
Deferred tax assets	54,000
Inventories	150,478
Trade and other receivables	2,272,658
Prepayments	14,446
Cash and bank balances	5,201,643
Trade and other payables	(1,414,223)
Hire purchase payables	(40,764)
Current tax liabilities	(2,064,747)
Net assets	5,138,076
Non-controlling interests	(1,284,519)
Share of net assets acquired	3,853,557
Total purchase consideration	(16,500,000)
Goodwill	(12,646,443)

6. Investments in Subsidiaries (Cont'd)

Acquisition of Subsidiary (Cont'd)

DSSB's revenue and profit since the acquisition date included in the consolidated statement of comprehensive income amounted to RM5,764,123 and RM1,935,792 respectively. Had the acquisition date been 1 July 2017, management estimates that the Group's revenue and profit for the financial year would have been RM39,334,466 and RM8,770,165 respectively. The effects of the acquisition on the consolidated statement of cash flows are as follows:-

	The Group RM
Cash consideration paid	16,500,000
Cash and bank balances acquired	(5,201,643)
Acquisition of subsidiary, net of cash acquired	11,298,357

7. Deferred Tax Assets/(Liabilities)

The Group

	2018 RM	**2017 RM**
Balance at 1 July	**(1,944,000)**	(2,002,000)
Acquisition of subsidiary	**54,000**	0
Deferred tax (expense)/income relating to origination and reversal of temporary differences	**(64,000)**	63,000
Deferred tax liabilities over/(under) provided in prior year	**6,000**	(5,000)
Balance at 30 June	**(1,948,000)**	(1,944,000)
Disclosed as:-		
- Deferred tax assets	**24,000**	0
- Deferred tax liabilities	**(1,972,000)**	(1,944,000)
	(1,948,000)	(1,944,000)
In respect of taxable temporary differences of:-		
- Property, plant and equipment	**(1,916,000)**	(1,943,000)
- Financial instruments	**(32,000)**	(1,000)
	(1,948,000)	(1,944,000)

8. Inventories

The Group

	2018 RM	**2017 RM**
Raw materials	**1,212,929**	1,273,668
Work-in-progress	**605,761**	414,244
Finished goods	**1,130,385**	1,088,156
	2,949,075	2,776,068

9. Trade and Other Receivables

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Trade receivables:-				
- Related party*	**101,960**	0	**0**	0
- Unrelated parties	**8,457,996**	7,616,203	**0**	0
	8,559,956	7,616,203	**0**	0
Other receivables	**889,229**	481,787	**1,000**	1,000
	9,449,185	8,097,990	**1,000**	1,000

* *Being a company in which a director has a substantial financial interest*

The currency profile of trade and other receivables is as follows:-

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Ringgit Malaysia	**3,231,668**	1,812,741	**1,000**	1,000
US Dollar	**5,818,090**	5,650,064	**0**	0
Others	**399,427**	635,185	**0**	0
	9,449,185	8,097,990	**1,000**	1,000

Trade Receivables

Trade receivables are unsecured, non-interest bearing and generally on 30 to 90 day terms.

The ageing analysis of trade receivables not impaired is as follows:-

	The Group	
	2018 RM	2017 RM
Not past due	**4,504,131**	4,082,047
Past due 1 to 30 days	**2,009,319**	2,089,119
Past due 31 to 120 days	**1,759,373**	1,215,944
Past due more than 120 days	**287,133**	229,093
	8,559,956	7,616,203

Trade receivables that are neither past due nor impaired mainly relate to creditworthy customers who have regular transactions and good payment records with the Group.

9. Trade and Other Receivables (Cont'd)

Trade Receivables (Cont'd)

Management determines credit risk concentrations in terms of counterparties and geographical areas. As at 30 June 2018, there was 1 (2017: 1) major customer that accounted for 10% or more of the Group's trade receivables and the total outstanding balance due from this major customer amounted to RM897,090 (2017: RM1,218,176). The credit risk concentration profile by geographical areas of trade receivables is as follows:-

	The Group	
	2018 RM	2017 RM
Malaysia	**2,330,642**	1,662,198
Other Asian countries	**1,533,400**	564,462
North America	**2,897,585**	3,415,915
Europe	**1,798,329**	1,973,628
	8,559,956	7,616,203

Other Receivables

Other receivables are unsecured, non-interest bearing and mainly consist of advances and refundable deposits which have no fixed repayment terms.

10. Cash and Cash Equivalents

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Short-term highly liquid investments	**16,021,060**	14,451,881	**12,624,635**	0
Cash and bank balances	**17,122,674**	31,933,921	**6,566,862**	18,865,910
	33,143,734	46,385,802	**19,191,497**	18,865,910

The currency profile of cash and cash equivalents is as follows:-

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Ringgit Malaysia	**30,372,734**	42,780,515	**19,191,497**	18,865,910
US Dollar	**2,013,940**	3,343,312	**0**	0
Others	**757,060**	261,975	**0**	0
	33,143,734	46,385,802	**19,191,497**	18,865,910

11. Trade and Other Payables

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Trade payables	**1,837,205**	1,883,854	**0**	0
Other payables	**820,338**	489,308	**105,000**	24,000
	2,657,543	2,373,162	**105,000**	24,000

The currency profile of trade and other payables is as follows:-

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Ringgit Malaysia	**2,416,827**	1,607,180	**105,000**	24,000
US Dollar	**214,025**	765,802	**0**	0
Others	**26,691**	180	**0**	0
	2,657,543	2,373,162	**105,000**	24,000

Trade and other payables are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows.

Trade Payables

Trade payables are unsecured, non-interest bearing and generally on 30 to 90 day terms.

Other Payables

Other payables are unsecured, non-interest bearing and mainly consist of sundry payables and accruals for operating expenses which are generally due within 30 to 90 days.

12. Share Capital

	No. of ordinary shares	RM
Authorised		
Balance at 1 July 2016*	500,000,000	50,000,000
Cancellation upon abolition of par value	(500,000,000)	(50,000,000)
Balance at 30 June 2017/30 June 2018	**0**	**0**
Issued and fully paid		
Balance at 1 July 2016*	330,000,000	33,000,000
Issue of shares*	40,000,000	4,000,000
Transfer from share premium upon abolition of par value	0	14,710,037
Balance at 30 June 2017**	370,000,000	51,710,037
Bonus issue**	148,000,000	89,963
Share issue transaction costs	0	(195,152)
Balance at 30 June 2018**	**518,000,000**	**51,604,848**

* *Ordinary shares of RM0.10 each*
** *Ordinary shares with no par value*

12. Share Capital (Cont'd)

Pursuant to Section 74 of the Companies Act 2016, all shares issued before or upon the commencement of the Act on 31 January 2017 shall have no par value. Accordingly, the amount standing to the credit of share premium has been transferred to share capital.

During the financial year, the Company issued 148,000,000 bonus shares on the basis of 2 new ordinary shares for every 5 existing ordinary shares in issue by capitalising RM89,963 of its retained profits.

Employees' Share Option Scheme ("ESOS")

The shareholders of the Company, by a resolution passed at the Extraordinary General Meeting held on 22 November 2017, approved the Employees' Share Option Scheme ("ESOS") of the Company. The ESOS became effective on 22 February 2018.

The principal features of the ESOS are as follows:-

(i) At any point of time when the offer is made, the maximum number of shares to be issued under the ESOS shall not exceed 10% of the total issued and fully paid-up share capital of the Company during the duration of the ESOS.

(ii) Any employee (including executive directors) of the Group shall be eligible to participate in the ESOS if, as at the date of offer, the employee is at least 18 years of age and has been confirmed and completed 6 months of service within the Group on a full time basis.

(iii) All non-executive directors who have been appointed to the Board for more than 1 year shall be eligible to participate in the ESOS in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad.

(iv) The ESOS shall be valid for a duration of 5 years from the effective date. The duration of ESOS may be extended to a maximum of 10 years from effective date subject to the discretion of the directors.

(v) The exercise price shall be determined based on the weighted average market price of shares for the 5 market days immediately preceding the date of offer with a discount of not more than 10%.

(vi) The options granted are exercisable on a time proportion basis over the duration of the ESOS. The employee's entitlement to the options is vested as soon as they become exercisable.

(vii) The new shares to be allotted and issued upon exercise of any options granted under the scheme will, upon allotment and issuance, rank pari passu in all respects with the existing shares and paid-up shares in the Company, save and except that the new shares so allotted and issued will not be entitled to any right, dividend, allotment and/or distribution declared, made or paid, the entitlement date of which precedes the date of exercise of the options.

The movements in the number of options during the financial year are as follows:-

	Number of options over ordinary shares	Weighted average exercise price RM	Weighted average remaining contractual life
Outstanding at 1 July 2017	0		
Granted	25,955,000	0.265	
Forfeited	(547,500)	0.265	
Outstanding at 30 June 2018	**25,407,500**	**0.265**	**1.81 years**
Exercisable at 30 June 2018	**12,703,400**	**0.265**	

12. Share Capital (Cont'd)

Employees' Share Option Scheme ("ESOS") (Cont'd)

The fair value of share options granted since the effective date of the ESOS is measured using the Black Scholes Model with the following inputs:-

Grant date	19.3.2018
Fair value at grant date	RM0.080
Weighted average share price	RM0.290
Exercise price	RM0.265
Expected volatility	37.96%
Option life	2 years
Expected dividends	0.00%
Risk-free interest rate	3.63%

The expected volatility reflects the assumption that historical volatility is indicative of future trends but may not necessarily be the actual outcome. No other features of the share options granted were incorporated into the measurement of fair value.

13. Non-Controlling Interests ("NCI")

The Group

	Accumulated NCI		Profit Allocated to NCI	
	2018 RM	2017 RM	2018 RM	2017 RM
Dynamic Stencil Sdn. Bhd.	**1,659,518**	0	**483,948**	0

The details of the subsidiary that has NCI are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Effective Ownership Interest Held by NCI 2018	Effective Ownership Interest Held by NCI 2017	Principal Activity
Dynamic Stencil Sdn. Bhd.	Malaysia	**25%**	0%	Manufacture and sale of laser stencils

13. Non-Controlling Interests ("NCI") (Cont'd)

The summarised financial information (before inter-company eliminations) of the above subsidiary is as follows:-

	2018 RM	2017 RM
Non-current assets	**1,321,762**	N/A
Current assets	**6,079,636**	N/A
Current liabilities	**(763,327)**	N/A
Net assets	**6,638,071**	N/A
Revenue	***5,764,123**	N/A
Profit (representing total comprehensive income)	***1,935,792**	N/A
Net cash used in operating activities	***(999,451)**	N/A
Net cash used in investing activities	***(366,176)**	N/A
Net cash used in financing activities	***(666,533)**	N/A
Net cash outflow	***(2,032,160)**	N/A

* *From the date of acquisition to 30 June 2018*

14. Revenue

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Sale of goods	**35,534,253**	35,959,619	**0**	0
Dividend income	**0**	0	**5,482,500**	3,730,000
	35,534,253	35,959,619	**5,482,500**	3,730,000

15. Profit Before Tax

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Profit before tax is arrived at after charging:-				
Auditors' remuneration	**73,000**	48,000	**30,000**	20,000
Depreciation of property, plant and equipment	**1,568,055**	1,404,690	**0**	0
Employee benefits expense (Note 16)	**8,599,566**	6,033,504	**286,364**	78,500
Fee expense for financial instruments not at fair value through profit or loss	**48,104**	43,635	**312**	168
Interest expense for financial liabilities not at fair value through profit or loss	**769**	0	**0**	0
Inventories written down	**254,078**	0	**0**	0
Realised loss on foreign exchange	**477,711**	0	**0**	0
Rental expense	**127,600**	0	**0**	0

15. Profit Before Tax (Cont'd)

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
and crediting:-				
Gain on disposal of property, plant and equipment	**47,320**	56,000	**0**	0
Gain on disposal of unquoted investment	**0**	420,000	**0**	0
Gain on foreign exchange:-				
- Realised	**0**	435,404	**0**	0
- Unrealised	**132,680**	20,934	**0**	0
Interest income for financial assets not at fair value through profit or loss	**1,315,470**	1,101,498	**628,041**	315,382

16. Employee Benefits Expense (Including Directors' Remuneration)

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Directors of the Company:-				
- Fees	**120,000**	70,000	**120,000**	70,000
- Other short-term employee benefits	**1,728,100**	1,770,157	**30,000**	8,500
- Defined contribution plans	**202,307**	210,000	**0**	0
- Share-based payments	**477,272**	0	**136,364**	0
	2,527,679	2,050,157	**286,364**	78,500
Director of subsidiary:-				
- Short-term employee benefits	**245,484**	0	**0**	0
- Defined contribution plans	**29,400**	0	**0**	0
- Share-based payments	**33,871**	0	**0**	0
	308,755	0	**0**	0
Other employees:-				
- Short-term employee benefits	**4,682,052**	3,659,860	**0**	0
- Defined contribution plans	**437,338**	323,487	**0**	0
- Share-based payments	**643,742**	0	**0**	0
	5,763,132	3,983,347	**0**	0
	8,599,566	6,033,504	**286,364**	78,500

17. Tax Expense

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Tax based on results for the year:-				
Current tax	**2,613,000**	2,831,000	**0**	24,000
Deferred tax	**64,000**	(63,000)	**0**	0
	2,677,000	2,768,000	**0**	24,000
Tax under/(over) provided in prior year:-				
Current tax	**11,958**	(6,549)	**1,336**	0
Deferred tax	**(6,000)**	5,000	**0**	0
	2,682,958	2,766,451	**1,336**	24,000

The numerical reconciliation between the applicable tax rate, which is the statutory income tax rate, and the average effective tax rate is as follows:-

	The Group		The Company	
	2018 %	2017 %	2018 %	2017 %
Applicable tax rate	**24.00**	24.00	**24.00**	24.00
Non-deductible expenses	**4.87**	0.66	**2.52**	0.93
Non-taxable income	**(2.52)**	(1.81)	**(26.52)**	(24.31)
Tax incentives claimed	**(0.94)**	(1.54)	**0.00**	0.00
Effect of differential tax rates	**(0.38)**	0.00	**0.00**	0.00
Average effective tax rate	**25.03**	21.31	**0.00**	0.62

18. Earnings Per Share

The Group

The basic earnings per share is calculated by dividing the Group's profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year as follows:-

	2018	2017 (Restated)
Profit for the financial year attributable to owners of the Company (RM)	**7,527,300**	10,220,442
Number of shares in issue at 1 July	**370,000,000**	330,000,000
Effect of shares issued	**0**	20,164,384
Effect of bonus issue*	**148,000,000**	140,065,754
Weighted average number of shares in issue	**518,000,000**	490,230,138
Basic earnings per share (sen)	**1.45**	2.08

* *The calculation of basic earnings per share for the previous financial year has been adjusted retrospectively to reflect the changes in the number of shares as a result of the bonus issue.*

The diluted earnings per share equals the basic earnings per share due to the anti-dilutive effect of the share options which has been ignored in calculating the diluted earnings per share.

19. Related Party Disclosures

Significant transactions with related parties during the financial year are as follows:-

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Key management personnel compensation:-				
- Short-term employee benefits	**2,093,584**	1,840,157	**150,000**	78,500
- Defined contribution plans	**231,707**	210,000	**0**	0
- Share-based payments	**511,143**	0	**136,364**	0
	2,836,434	2,050,157	**286,364**	78,500
Dividend paid to holding company	**0**	2,380,000	**0**	2,380,000
Dividends received from subsidiaries	**0**	0	**5,482,500**	3,730,000
Granting of employees' share options to subsidiaries	**0**	0	**1,018,521**	0
Sale of goods to other related party*	**618,100**	0	**0**	0

* *Being a company in which a director has a substantial financial interest*

20. Segment Reporting

The Group

Operating Segments

For management purposes, the Group is organised into business units based on their products 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

The accounting policies and measurement bases of the segment items reported are the same as those disclosed in Note 2. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with external parties.

	Precision engineering RM	Laser stencils RM	Total RM
2018			
STATEMENT OF FINANCIAL POSITION			
Segment assets	**57,127,832**	**20,182,376**	**77,310,208**
Included in the measure of segment assets are:-			
- Additions to non-current assets	**2,731,827**	**4 52,355**	**3,184,182**
Segment liabilities	**4,098,216**	**773,327**	**4,871,543**

20. Segment Reporting (Cont'd)

Operating Segments (Cont'd)

	Precision engineering RM	Laser stencils RM	Total RM
STATEMENT OF COMPREHENSIVE INCOME			
Segment profit	6,228,068	1,783,180	8,011,248
Included in the measure of segment profit are:-			
- External revenue	29,770,130	5,764,123	35,534,253
- Interest income	1,228,412	87,058	1,315,470
- Non-cash income	132,680	0	132,680
- Interest expense	0	769	769
- Depreciation	1,448,877	119,178	1,568,055
- Other non-cash expenses	254,078	0	2 54,078
- Tax expense	2,119,958	563,000	2,682,958

The Group's products and services for the financial year ended 30 June 2017 were mainly confined to a single operating segment, namely precision engineering.

Geographical Information

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

	External Revenue	
	2018 RM	2017 RM
Malaysia	**9,723,657**	3,132,192
Other Asian countries	**5,988,841**	3,413,171
North America	**11,204,531**	20,348,080
Europe	**8,617,224**	9,066,176
	35,534,253	35,959,619

Major Customer

For the financial year ended 30 June 2017, there was 1 major customer that contributed 10% or more of the Group's total revenue and the total revenue generated from this major customer amounted to RM5,195,396. The Group did not have any major customer that contributed 10% or more of its total revenue for the financial year ended 30 June 2018.

21. Contractual Commitments

The Group

	2018 RM	2017 RM
Additions of property, plant and equipment	**3,811,000**	0

22. Financial Risk Management

The activities of the Group expose it to certain financial risks, including credit risk, liquidity risk and currency risk. The overall financial risk management objective of the Group is to ensure that adequate financial resources are available for business development whilst minimising the potential adverse impacts of financial risks on its financial position, performance and cash flows.

The aforementioned financial risk management objective and its related policies and processes explained below have remained unchanged from the previous financial year.

Credit Risk

The Group's exposure to credit risk arises mainly from receivables and deposits placed with financial institutions. The maximum credit risk exposure of these financial assets is best represented by their respective carrying amounts in the statement of financial position.

As the Group only deals with reputable financial institutions, the credit risk associated with deposits placed with them is minimal. The Group manages its credit risk exposure of receivables by assessing counterparties' financial standings on an ongoing basis, setting and monitoring counterparties' limits and credit terms.

Liquidity Risk

The Group's exposure to liquidity risk relates to its ability to meet obligations associated with financial liabilities as and when they fall due. The remaining contractual maturities of financial liabilities are disclosed in their respective notes.

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities whilst maintaining sufficient cash and the availability of funding through standby credit facilities.

Currency Risk

The Group's exposure to currency risk arises mainly from transactions entered into in currencies other than its functional currency, i.e. Ringgit Malaysia ("RM"). The major foreign currency transacted is US Dollar ("USD").

The Group observes the movements in exchange rates and acts accordingly to minimise its exposure to currency risk. Where necessary, the Group enters into derivative contracts to hedge the exposure. Such exposure is also partly mitigated in the following ways:-

(i) The Group's foreign currency sales and purchases provide a natural hedge against fluctuations in foreign currencies.

(ii) The Group maintains part of its cash and cash equivalents in foreign currency accounts to meet future obligations in foreign currencies.

Based on a symmetric basis which uses the foreign currency as a stable denominator, the following table demonstrates the sensitivity of profit or loss to changes in exchange rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	The Group	
	Increase/ (Decrease) in Profit 2018 RM	Increase/ (Decrease) in Profit 2017 RM
Appreciation of USD against RM by 10%	**578,968**	625,296
Depreciation of USD against RM by 10%	**(578,968)**	(625,296)

23. Capital Management

The overall capital management objective of the Group is to safeguard its ability to continue as a going concern so as to provide fair returns to owners and benefits to other stakeholders. In order to meet this objective, the Group always strives to maintain an optimal capital structure to reduce the cost of capital and sustain its business development.

The Group considers its total equity (including non-controlling interests) and total loans and borrowings to be the key components of its capital structure and may, from time to time, adjust the dividend payouts, purchase own shares, issue new shares, sell assets, raise or redeem debts, where necessary, to maintain an optimal capital structure. The Group monitors capital using a debt-to-equity ratio, which is calculated as total loans and borrowings divided by total equity.

The aforementioned capital management objective, policies and processes have remained unchanged from the previous financial year.

List of Properties

Registered Owner/ Title/ Address	Description/ Existing Use	Approximate Age of Building/ Tenure/ Date of Expiry of Lease	Approximate Land/ Built-up Area (Sq. Feet)	Net Book Value as at 30.6.2018 (RM'000)	Date of Last Revaluation
Registered Owner					
FoundPac Sdn. Bhd.					
Title Pajakan Negeri 5869, Lot 12349, Mukim 12, District of South West, Penang **Address** Plot 35, Hilir Sungai Keluang 2, Bayan Lepas Industrial Estate, Non-Free Industrial Zone, Phase IV, 11900 Bayan Lepas, Penang	Industrial land with three (3) buildings erected thereon. Factory complex comprises single storey office building, single storey storage building, single storey with mezzanine floor production building, guard house and car park shed.	20 years/ 60 years leasehold expiring 31.10.2053	66,133/ 46,037	11,706	2015

Analysis of Shareholdings

SHARE CAPITAL AS AT 20 SEPTEMBER 2018

Total Number of Issued Shares	:	518,347,000
Class of Share	:	Ordinary Shares with equal voting rights
Number of Shareholders	:	5,110

DISTRIBUTION OF SHAREHOLDERS AS AT 20 SEPTEMBER 2018

Holdings	No. of Holders	Total Holdings	%
1 – 99	62	2,639	0.00
100 – 1,000	201	101,060	0.02
1,001 – 10,000	1,722	10,854,420	2.09
10,001 – 100,000	2,660	91,055,500	17.57
100,001 – 25,917,349	462	202,933,381	39.15
25,917,350 and above	3	213,400,000	41.17
Total	5,110	518,347,000	100.00

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 20 SEPTEMBER 2018

	Name	Shareholdings	%
1.	FoundPac Holdings Sdn Bhd	105,400,000	20.33
2.	Kenanga Capital Sdn Bhd Qualifier: Pledged Securities Account for FoundPac Holdings Sdn Bhd	80,000,000	15.43
3.	Tan Sin Khoon	28,000,000	5.40
4.	Lee Chun Wah	18,200,980	3.51
5.	Affin Hwang Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Lee Cheng Chuan (LEE4666C)	6,903,000	1.33
6.	RHB Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Foong Wai Fong	5,700,000	1.10
7.	RHB Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Rosmariah Binti Abd Manan	4,678,940	0.90
8.	Alliancegroup Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Chok Chew Lan (8125568)	4,125,180	0.80
9.	Foong Wai Fong	3,545,900	0.68
10.	Lee Chun Wah	3,233,620	0.62
11.	Tan Cheik Eaik	2,800,000	0.54
12.	Lim Kok Swee	2,750,000	0.53
13.	Alliancegroup Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Lee Cheng Chuan (8057815)	2,643,600	0.51
14.	Affin Hwang Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Ng Seng Chuan (NGS0110C)	1,920,000	0.37
15.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Chok Chew Lan (AC0103)	1,900,000	0.37
16.	Vibrant Shine Sdn Bhd	1,900,000	0.37
17.	Alliancegroup Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Ng Wee Kean (7000571)	1,824,200	0.35

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 20 SEPTEMBER 2018 (Cont'd)

	Name	Shareholdings	%
18.	Chan Bee Cheng	1,820,000	0.35
19.	Khow Suh Ying	1,700,000	0.33
20.	RHB Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Alwin Khoo Yi P'ern	1,670,000	0.32
21.	Maybank Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Yeo An Thai	1,623,600	0.31
22.	Cimsec Nominees (Tempatan) Sdn Bhd Qualifier: CIMB for Soon Teik Sun (PB)	1,607,300	0.31
23.	Yeoh Kean Beng	1,430,000	0.28
24.	Yeoh Kean Beng	1,429,400	0.28
25.	Lee Ming Ha	1,400,000	0.27
26.	Public Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Cheah Chee Leong (E-BCG)	1,386,900	0.27
27.	Kua Eng Guan @ Kua Eng Koon	1,340,000	0.26
28.	Chew Yih Yian	1,322,000	0.26
29.	Kenanga Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Tan Eng Chuan	1,316,000	0.25
30.	Gurmit Singh A/L Shamir Singh	1,289,300	0.25

SUBSTANTIAL SHAREHOLDERS AS AT 20 SEPTEMBER 2018

	Name	Direct No. of shares held	%	Indirect No. of shares held	%
1.	FoundPac Holdings Sdn Bhd	185,400,000	35.77	-	-
2.	Lee Chun Wah	21,434,600	4.14	185,400,000 [a]	35.77 [a]
3.	Tan Sin Khoon	28,500,000	5.50	185,400,000 [a]	35.77 [a]
4.	Ong Choon Heng	1,183,000	0.23	185,400,000 [a]	35.77 [a]

[a] Deemed interested pursuant to Section 8 of the Companies Act 2016 ("the Act") via FoundPac Holdings Sdn Bhd.

DIRECTORS' SHAREHOLDINGS AS AT 20 SEPTEMBER 2018

	Name	Direct No. of shares held	%	Indirect No. of shares held	%
1.	Lee Chun Wah	21,434,600	4.14	185,400,000 [a]	35.77 [a]
2.	Tan Sin Khoon	28,500,000	5.50	185,400,000 [a]	35.77 [a]
3.	Ong Choon Heng	1,183,000	0.23	185,400,000 [a]	35.77 [a]
4.	Tan Cheik Eaik	2,800,000	0.54	-	-
5.	Chan Bee Cheng	1,820,000	0.35	-	-
6.	Teoh Lay Fung	420,000	0.08	-	-

[a] Deemed interested pursuant to Section 8 of the Act via FoundPac Holdings Sdn Bhd.

Share Buy-Back Statement

1. DISCLAIMER STATEMENT

This statement is important and if you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused this Share Buy-Back Statement ("Statement") prior to its issuance, take no responsibilities for the contents of the Statement, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Statement.

2. RATIONALE FOR THE PROPOSED RENEWAL OF AUTHORITY TO FOUNDPAC GROUP BERHAD ("FOUNDPAC" OR "THE COMPANY") TO PURCHASE ITS OWN ORDINARY SHARES ("SHARES") OF UP TO TEN PERCENT (10%) OF THE TOTAL NUMBER OF ISSUED SHARES AT ANY POINT OF TIME ("PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE")

The rationale of the Proposed Renewal of Share Buy-Back Mandate, if implemented, are as follows:-

(a) To enable the Company to utilise any of its surplus financial resources, which is not immediately required for other uses, to purchase its own Shares from the market. The Proposed Renewal of Share Buy-Back Mandate is to stabilise the market price of the Shares and to prevent against speculation of the Shares, when undervalued, to enhance investors' confidence;

(b) Regardless if the Shares purchased pursuant to the Proposed Renewal of Share Buy-Back Mandate ("Purchased Shares") are maintained as treasury shares or cancelled, the Proposed Renewal of Share Buy-Back Mandate will result in a lower number of Shares being used for the purpose of computing the Earnings Per Share ("EPS"), in which will improve the EPS of FoundPac and may have a positive impact on the market price of FoundPac Shares; and

(c) The Purchased Shares may be held as treasury shares and resold in the open market at a higher price with the intention of realising a potential gain without affecting the total issued share capital of the Company. If any treasury shares are distributed as share dividends and/or issued under employees' share scheme, this would serve to reward the shareholders of the Company.

3. RETAINED PROFITS

Based on the Audited Financial Statements of the Company as at 30 June 2018, the retained profits of the Company stood at RM392,685.

4. SOURCE OF FUNDING

The Proposed Renewal of Share Buy-Back Mandate will be financed by both internally generated fund and/or external borrowings. The maximum fund to be allocated by the Company shall not exceed the retained profits of the Company. The amount of internally generated funds and/or external borrowings to be utilised will only be determined later depending on the availability of internally generated funds and bank borrowings at the time of the purchase(s), actual number of FoundPac Shares to be purchased and other cost factors.

In the event external borrowings are used for the purchase of FoundPac Shares, the Board will ensure that the Company has the capability to repay the borrowings and that such repayment will not have a material effect on the Company's cash flow. Any funds utilised by FoundPac for the Proposed Renewal of Share Buy-back Mandate will consequentially reduce the resources available to FoundPac for its operations by a corresponding amount for shares bought back.

5. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS AND PERSONS CONNECTED TO THEM

Save for the inadvertent increase in the percentage shareholdings and/or voting rights of the shareholders in the Company as a consequence of the Proposed Renewal of Share Buy-Back Mandate, none of the directors and substantial shareholders of FoundPac nor persons connected to them has any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back Mandate and, if any, the resale of the treasury shares.

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders of FoundPac as at 18 September 2018, the effects of the Proposed Renewal of Share Buy-Back Mandate on the shareholdings of the directors and substantial shareholders of FoundPac are as follows:-

	Before the Proposed Renewal of Share Buy-Back Mandate				After the Proposed Renewal of Share Buy-Back Mandate							
					Minimum Scenario				Maximum Scenario			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Directors	No. of Shares	%[(a)]	No. of Shares	%[(a)]	No. of Shares	%[(b)]	No. of Shares	%[(b)]	No. of Shares	%[(c)]	No. of Shares	%[(c)]
Lee Chun Wah @	21,434,600	4.14	185,400,000^	35.77	21,434,600	4.60	185,400,000^	39.74	26,434,600	5.16	185,400,000^	36.15
Tan Sin Khoon @	28,500,000	5.50	185,400,000^	35.77	28,500,000	6.11	185,400,000^	39.74	33,500,000	6.53	185,400,000^	36.15
Ong Choon Heng @	1,183,000	0.23	185,400,000^	35.77	1,183,000	0.25	185,400,000^	39.74	6,183,000	1.21	185,400,000^	36.15
Tan Cheik Eaik	2,800,000	0.54	-	-	2,800,000	0.60	-	-	4,800,000	0.94	-	-
Chan Bee Cheng	1,820,000	0.35	-	-	1,820,000	0.39	-	-	3,820,000	0.75	-	-
Teoh Lay Fung	420,000	0.08	-	-	420,000	0.09	-	-	2,420,000	0.47	-	-
Substantial Shareholder												
FoundPac Holdings Sdn. Bhd.	185,400,000	35.77			185,400,000	39.74			185,400,000	39.74		

Notes:
Minimum Scenario – Assuming none of the ESOS Options are exercised and FoundPac implements the Proposed Renewal of Share Buy-back Mandate in full.
Maximum Scenario – Assuming full exercise of the 51,800,000 ESOS Options (being 10% of the total number of issued shares of FoundPac) and FoundPac implements the Proposed Renewal of Share Buy-back Mandate in full.

(a) Based on existing total number of issued shares of 518,347,000 Ordinary Shares.
(b) Based on the total number of issued shares of 466,512,300 Ordinary Shares without exercising of balance ESOS Options and Proposed Share Buy-Back is carried out in full and all the shares purchased are held as treasury shares.
(c) Based on the total number of issued shares of 512,820,000 Ordinary Shares after full exercise of ESOS Options with the assumption that the Directors fully exercised their ESOS Options:-
- *Lee Chun Wah – 5,000,000 ESOS Options*
- *Tan Sin Khoon – 5,000,000 ESOS Options*
- *Ong Choon Heng – 5,000,000 ESOS Options*
- *Tan Cheik Eaik – 2,000,000 ESOS Options*
- *Chan Bee Cheng – 2,000,000 ESOS Options*
- *Teoh Lay Fung – 2,000,000 ESOS Options*

^ Deemed Interested pursuant to Section 8 of the Companies Act 2016 via FoundPac Holdings Sdn. Bhd.
@ Also Substantial Shareholder of the Company.

6. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE

6.1 Potential Advantages of the Proposed Renewal of Share Buy-Back Mandate

The potential advantages of the Proposed Renewal of Share Buy-Back Mandate are set out in Section 2 of this Statement.

6.2 Potential Disadvantages of the Proposed Renewal of Share Buy-Back Mandate

The potential disadvantages of the Proposed Renewal of Share Buy-Back Mandate are as follows:-

(a) The Proposed Renewal of Share Buy-Back Mandate, if implemented, will reduce the financial resources of FoundPac and may result in FoundPac foregoing interest income and/or better investment opportunities that may emerge in the future; and

(b) It would also result in reduction of financial resources available for distribution in the form of cash dividends to shareholders of FoundPac in the immediate future.

Nevertheless, the Board is of the view that the Proposed Renewal of Share Buy-Back Mandate is not expected to have any potential material disadvantages to the Company and its shareholders, as it will be implemented only after taking into consideration, amongst others, the financial resources of the FoundPac Group and the resultant impact on the shareholders of the Company.

7. MATERIAL FINANCIAL IMPACT OF THE PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE

The material financial effect of the Proposed Renewal of Share Buy-Back Mandate on the share capital, consolidated net assets ("NA"), working capital, earnings and EPS, dividends and the substantial shareholders' shareholdings in FoundPac are set out below:-

7.1 Share Capital

The effects of the Proposed Renewal of Share Buy-Back Mandate on the total number of issued shares of FoundPac are as follows:-

Minimum Scenario: Assuming none of the ESOS Options are exercised and FoundPac implements the Proposed Renewal of Share Buy-Back Mandate in full.

	No. of Shares
As at 18 September 2018	518,347,000
Proposed Renewal of Share Buy-Back Mandate (assuming all Purchased Shares are held as treasury shares)	(51,834,700)
Total number of issued share after the Proposed Renewal of Share Buy-Back Mandate	466,512,300

7. MATERIAL FINANCIAL IMPACT OF THE PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE (Cont'd)

The material financial effect of the Proposed Renewal of Share Buy-Back Mandate on the share capital, consolidated net assets ("NA"), working capital, earnings and EPS, dividends and the substantial shareholders' shareholdings in FoundPac are set out below:- (Cont'd)

7.1 Share Capital (Cont'd)

The effects of the Proposed Renewal of Share Buy-Back Mandate on the total number of issued shares of FoundPac are as follows:- (Cont'd)

Maximum Scenario: Assuming full issuance and exercise of 51,800,000 ESOS Options (being 10% of the total number of issued shares of FoundPac) and FoundPac implements the Proposed Renewal of Share Buy-Back Mandate in full.

	No. of Shares
As at 18 September 2018	518,347,000
Shares to be issued pursuant to the ESOS (assuming full exercise of the ESOS Options of up to 10% of the total number of issued shares of FoundPac and net off 347,000 shares already issued pursuant to the ESOS as at 18 September 2018)	51,453,000
	569,800,000
Proposed Renewal of Share Buy-Back Mandate (assuming all Purchased Shares are held as treasury shares)	(56,980,000)
Total number of issued share after the Proposed Renewal of Share Buy-Back Mandate	512,820,000

The effect of the Proposed Renewal of Share Buy-Back Mandate on the issued share capital of the Company will depend on the intention of the Board with regard to the treatment of the Purchased Shares. If the Purchased Shares are cancelled, the total number of issued share capital will be reduced by the number of Share cancelled. Conversely, if the Purchased Shares are retained as treasury shares, resold or distributed to shareholders, the Proposed Renewal of Share Buy-Back Mandate will not have any effect on the total number of issued capital shares of the Company as Shares purchased are to be. However, while the Purchased Shares are held as treasury shares, Companies Act 2016 states that the rights attached to them as to voting, dividends and participation in other distributions or otherwise are suspended and the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares for any purposes including without limiting the generality of this provision, the provisions of any law or requirements of the Articles of Association of the Company or the listing rules of a stock exchange on substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

7.2 NA

The effects of the Proposed Renewal of Share Buy-Back Mandate on NA of the Group would depend on the purchase price and number of Purchased Shares, the effective cost of funding, loss in interest income of the Company and the treatment of Purchased Shares.

If all the FoundPac Shares purchase are cancelled, the Proposed Renewal of Share Buy-Back Mandate will reduce the NA per Share if the purchase price exceed the NA per Share at the time of the purchase. Conversely, the NA per Share will increase if the purchase price is below the NA per Share at the time of the purchase.

The NA per Share will decrease if the Purchased Shares are retained as treasury shares, due to the accounting requirements for treasury shares to be carried at cost and to be offset against equity.

If the treasury shares are subsequently resold, the NA per Share upon the resale will increase if the Company realises a gain from the resale, and vice-versa. If the treasury shares are distributed as dividends, the NA per Share will be reduced by the cost of the treasury shares.

7. MATERIAL FINANCIAL IMPACT OF THE PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE (Cont'd)

The material financial effect of the Proposed Renewal of Share Buy-Back Mandate on the share capital, consolidated net assets ("NA"), working capital, earnings and EPS, dividends and the substantial shareholders' shareholdings in FoundPac are set out below:- (Cont'd)

7.3 Working Capital

The Proposed Renewal of Share Buy-Back Mandate, as and when implemented, will reduce the working capital and cash flow of FoundPac Group, the quantum of which depends on, amongst others, the number and purchase price(s) of the Purchased Shares.

For the Purchased Shares which are kept as treasury shares, upon their resale, the working capital and the cash flow of FoundPac Group will increase upon the receipt of the proceeds of the resale. The quantum of the increase in the working capital and cash flow will depend on the actual selling price(s) of the treasury shares resold.

7.4 Earnings and EPS

The effects of the Proposed Renewal of Share Buy-Back Mandate on earnings and EPS of the Group will depend on the purchase price of the Shares, the effective funding cost, if any, or any loss in interest income to the Group.

If the Purchased Shares are retained as treasury shares and resold, the effects on the earnings of the Group will depend on the actual selling price, the number of the treasury shares resold, and the effective gain or interest saving arising from the exercise.

If the Purchased Shares are cancelled, the Proposed Share Buy-Back Mandate will increase the EPS of the Group provided that the income foregone and interest expenses incurred on the Purchased Shares are less than the EPS before the Proposed Share Buy-Back Mandate.

7.5 Dividends

Assuming the Proposed Renewal of Share Buy-Back Mandate is implemented in full, dividends would be paid on the remaining total number of issued shares of FoundPac (excluding the Shares already purchased). The Proposed Renewal of Share Buy-Back Mandate may have an impact on the Company's dividend policy for the financial year ending 30 June 2019 as it would reduce the cash available which may otherwise be used for dividend payments. Nonetheless, the treasury shares purchased may be distributed as dividends to shareholders of the Company, if the Company so decides.

Any dividends to be declared by FoundPac in the future would depend on, inter-alia, the profitability and cash flow position of the FoundPac Group.

7.6 Substantial Shareholders

Share bought back by the Company under the Proposed Renewal of Share Buy-Back Mandate that are retained as treasury shares will result in a proportionate increase in the percentage shareholdings of the substantial shareholders in the Company. Please refer to the Section 5 of this Statement for further details.

8. IMPLICATIONS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE RELATING TO THE RULES OF TAKEOVERS, MERGER AND COMPULSORY ACQUISITIONS (THE "RULES")

Based on the Company's total number of issued Shares and the current shareholdings of the substantial shareholders and/or parties acting in concert as at 18 September 2018, none of the substantial shareholders and/or parties acting in concert with them will be required to make a mandatory general offer in the event of the implementation of the Proposed Renewal of Share Buy-Back Mandate in full.

FoundPac has no intention for the Proposed Renewal of Share Buy-Back Mandate to be trigger the obligation to undertake a mandatory general offer under the Rules by any of its substantial shareholders and/or parties acting in concert with them. The Board will ensure that only such number of FoundPac Shares are purchased, retained as treasury shares or cancelled in the manner that the Rules will not be triggered.

8. IMPLICATIONS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE RELATING TO THE RULES OF TAKEOVERS, MERGER AND COMPULSORY ACQUISITIONS (THE "RULES") (Cont'd)

The Board is aware of the requirements of the Rules and will be mindful of the requirements when making any purchase of FoundPac Shares pursuant to the Proposed Renewal of Share Buy-Back Mandate.

9. PURCHASES, RESOLD, TRANSFER AND CANCELLATION MADE BY THE COMPANY OF ITS OWN SHARES IN THE PRECEDING TWELVE (12) MONTHS

There was no treasury share held and the Company had not purchased, resold, transferred or cancelled any Shares in the preceding twelve (12) months.

10. PROPOSED INTENTION OF THE DIRECTORS TO DEAL WITH THE SHARES SO PURCHASED

The Proposed Renewal of Share Buy-Back Mandate, if exercised, the shares shall be dealt with in the following manner:-

- to cancel the share so purchased; or
- to retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the open market or subsequently cancelled; or
- retain part of the shares so purchased as treasury shares and cancel the remainder.

11. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of FoundPac Share traded on Bursa Securities for the preceding twelve (12) months are as follows:-

	High RM	Low RM
2017		
September	0.633	0.548
October	0.582	0.534
November	0.551	0.486
December	0.532	0.465
2018		
January	0.479	0.355
February	0.374	0.287
March	0.335	0.230
April	0.244	0.177
May	0.240	0.192
June	0.345	0.201
July	0.390	0.295
August	0.455	0.300

Last transacted market price as at 18 September 2018 (being the latest practical date prior to the printing of this Statement) was RM0.295
(Source: Bloomberg)

12. PUBLIC SHAREHOLDING SPREAD

As at 18 September 2018, the public shareholdings spread of the Company was approximately 53.40%. In this regard, the Board undertakes to purchase Shares only to the extent that the public shareholding spread of FoundPac shall not fall below 25% of the total number of issue share capital of the Company (excluding treasury shares) at all time pursuant to the Proposed Renewal of Share Buy-Back Mandate, in accordance with Para 8.02(1) and 12.14 of the Bursa Securities Main Market Listing Requirements.

13. DIRECTORS' STATEMENT

After taking into consideration all relevant factors, the Board is of the opinion that the Proposed Renewal of Share Buy-Back Mandate described above is in the best interest of the Company.

14. DIRECTORS' RECOMMENDATION

The Board recommends that you vote in favour of the ordinary resolution to be tabled at the forthcoming Annual General Meeting to give effect to the Proposed Renewal of Share Buy-Back Mandate.

15. RESPONSIBILITY STATEMENT

This statement has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of following documents will be available for inspection at the registered office of the Company at 57-G Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang during normal office hours from Monday to Friday (except for public holiday) from the date of this Statement up to and including the date of the forthcoming Annual General Meeting:-

I. Memorandum and Articles of Association of FoundPac; and
II. The audited consolidation financial statements of FoundPac for the past two (2) financial year ended 30 June 2017 and 30 June 2018 respectively.

17. FURTHER INFORMATION

There is no other information concerning the Proposed Renewal of Share Buy-Back Mandate as shareholders and other professional advisers would reasonably require and expect to find in this Statement for the purpose of making informed assessment as to the merits of approving the Proposed Renewal of Share Buy-Back Mandate and the extent of the risks involved in doing so.

This Statement is issued in accordance with the resolution of the Board of Directors' dated 18 September 2018.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Third Annual General Meeting of the Company will be held at Etoile Room, Hotel Equatorial Penang, 1 Jalan Bukit Jambul, Bayan Lepas, 11900 Penang on Wednesday, 21 November 2018 at 9.00 a.m. for the following purposes:-

A G E N D A

1. To receive the Audited Financial Statements of the Company for the year ended 30 June 2018 together with the Reports of the Directors and of the Auditors thereon. *(Please refer to Note A)*

2. To approve the payment of Directors' Fee of up to RM130,000/- for the period from December 1, 2018 until the next Annual General Meeting of the Company. (Resolution 1)

3. To approve the other benefits (excluding Directors' Fee) payable to Non-Executive Directors of up to RM178,400 for the period from December 1, 2018 until the next Annual General Meeting of the Company. (Resolution 2)

4. To re-elect the following Directors retiring under Article 97(1) of the Articles of Association of the Company and who, being eligible offer themselves for re-election:-
   a. Mr. Tan Sin Khoon (Resolution 3)
   b. Ms. Teoh Lay Fung (Resolution 4)

5. To re-appoint Messrs. Crowe Malaysia (formerly known as Crowe Horwath) as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. (Resolution 5)

SPECIAL BUSINESS

6. To consider and if thought fit, to pass the following resolution:-

Ordinary Resolutions

a) Authority to Issue Shares (Resolution 6)

"That pursuant to Companies Act 2016 and approvals from the Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant governmental/regulatory authorities where such authority shall be necessary, the Board of Directors be authorised to issue and allot shares in the Company from time to time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Board of Directors may, in its absolute discretion, deem fit provided that the aggregate number of shares to be issued shall not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being, and that the Board of Directors be empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Securities."

b) Renewal of Authority to Purchase its Own Shares (Resolution 7)

"That subject to the Companies Act 2016, provisions of the Company's Memorandum and Articles of Association ("M&A") and the requirements of the Bursa Securities and other relevant governmental and regulatory authorities where such authority shall be necessary, the Board of Directors be authorised to purchase its own shares through Bursa Securities, subject to the following:-

i) The maximum aggregate number of shares which may be purchased by the Company shall not exceed ten per centum (10%) of the total issued shares of the Company at any point in time;

ii) The maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the retained profits of the Company. As at the latest financial year ended June 30, 2018, the audited retained profits of the Company is RM392,685/-;

6. To consider and if thought fit, to pass the following resolution:- (Cont'd)

Ordinary Resolutions (Cont'd)

b) Renewal of Authority to Purchase its Own Shares (Cont'd) (Resolution 7)

"That subject to the Companies Act 2016, provisions of the Company's Memorandum and Articles of Association ("M&A") and the requirements of the Bursa Securities and other relevant governmental and regulatory authorities where such authority shall be necessary, the Board of Directors be authorised to purchase its own shares through Bursa Securities, subject to the following:- (Cont'd)

iii) The authority conferred by this resolution will be effective immediately upon the passing of this resolution and shall continue to be in force until the conclusion of the next Annual General Meeting of the Company, at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed either unconditionally or subject to conditions or the expiration of the period within which the next Annual General Meeting is required by law to be held or unless revoked or varied by ordinary resolution passed by the shareholders in a general meeting, whichever occurs first;

iv) Upon completion of the purchase(s) of the shares by the Company, the shares shall be dealt with in the following manner:-
- to cancel the shares so purchased; or
- to retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of the Bursa Securities or subsequently cancelled; or
- retain part of the shares so purchased as treasury shares and cancel the remainder.

The Directors of the Company be and are hereby authorised to take all such steps as are necessary and entering into all other agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments, if any, as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of its own shares in accordance with the Companies Act 2016, provisions of the Company's M&A, the requirements of the Bursa Securities and any other regulatory authorities, and other relevant approvals."

7. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016.

By Order of the Board
HOW WEE LING (MAICSA 7033850)
OOI EAN HOON (MAICSA 7057078)
Secretaries

Penang
23 October 2018

Notes:-

A. This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 and the Company's Articles of Association do not require a formal approval of the shareholders and hence, is not put forward for voting.

B. For the purpose of determining a member who shall be entitled to attend and vote at this 3rd Annual General Meeting, the Company shall be requesting the Record of Depositors as at 12 November 2018. Only a depositor whose name appears on the Record of Depositors as at 12 November 2018 shall be entitled to attend, speak and vote at the said meeting or appoint proxy(ies) to attend, speak and vote on his/her behalf.

Proxy:-

1. *A member of the Company (Except an Exempt Authorised Nominee) shall be entitled to appoint up to two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
2. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
3. *The instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.*
4. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at 57-G Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang at least twenty-four (24) hours before the time set for holding the Meeting or any adjournments thereof.*

Explanatory Note On Special Business:

1. Authority to issue Shares

   The proposed Resolution No. 6 [Item 6(a)], if passed, will grant a new general mandate (Mandate 2018) and empower the Directors of the Company to issue and allot shares up to an amount not exceeding in total ten per centum (10%) of total number of issued shares of the Company from time to time and for such purposes as the Directors consider would be in the interest of the Company. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval. This authority will, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

   The Mandate 2018 will provide flexibility to the Company for allotment of shares for any possible fund raising activities, including but not limited for further placing of shares, for the purpose of funding future investment(s), acquisition(s) and/or working capital.

   As at the date of this Notice, the Company did not issue any shares pursuant to the mandate granted to the Directors at the Second Annual General Meeting. The Company did not issue any share pursuant to the mandate granted because there was no investment, acquisition or working capital that required fund raising activity.

2. Renewal of Authority to purchase its Own Shares

   The proposed Ordinary Resolution No. 7 [Item 6(b)], if passed, will give the Company the authority to purchase its own ordinary shares of up to ten percent (10%) of the total number of issued shares of the Company for the time being. This authority, unless renewed or revoked or varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting after that date is required by law to be held, whichever occurs first. For further information on the Renewal of Authority to purchase its Own Shares, please refer to the Share Buy-back Statement set out in the Annual Report 2018.

Proxy Form

FoundPac® Group Berhad (1165946-H)
(Incorporated in Malaysia)

No. of ordinary shares held		CDS Account No.	
Contact No.		Email Address	

I/We ____ (*NRIC No./Company No ____________________)

of ____

__________________________________ being a *Member/Members of FOUNDPAC GROUP BERHAD hereby appoint

(Proxy 1) ____ (*NRIC No./Passport No. ____________________)

of ____ and*/or failing him*

(Proxy 2) ____ (*NRIC No./Passport No. ____________________)

of ____ and*/or failing him*,
the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Third Annual General Meeting of the Company to be held at Etoile Room, Hotel Equatorial Penang, 1 Jalan Bukit Jambul, Bayan Lepas, 11900 Penang on Wednesday, 21 November 2018 at 9.00 a.m. and/or, at every adjournment thereof to vote as indicated below:-

The proportions of my/our holdings to be represented by my/our proxy(ies) are as follows:-

Proxy 1	-	%	In case of a vote by show of hands, Proxy 1*/Proxy 2* shall vote on my/our behalf.
Proxy 2	-	%	
		100%	

* Strike out whichever is inapplicable

(Please indicate with an "X" in the space provided below on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion)

	RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of Directors' Fee of up to RM130,000/- for the period from December 1, 2018 until the next Annual General Meeting of the Company.		
2.	To approve the other benefits (excluding Directors' Fee) payable to Non-Executive Directors of up to RM178,400 for the period from December 1, 2018 until the next Annual General Meeting of the Company.		
	To re-elect the following Directors retiring under Article 97(1) of the Articles of Association of the Company and who, being eligible offer themselves for re-election:-		
3.	Mr. Tan Sin Khoon		
4.	Ms. Teoh Lay Fung		
5.	To re-appoint Messrs. Crowe Malaysia (formerly known as Crowe Horwath) as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
	To pass the following resolution as Special Business:- **Ordinary Resolutions**		
6.	Authority to Issue Shares pursuant to the Companies Act 2016.		
7.	To approve the proposed renewal of authority to purchase up to ten percent (10%) of its own shares in the total number of issued shares of the Company.		

Signature of Shareholder(s) .... Signed this .... day of ...., 2018

Notes:-
For the purpose of determining a member who shall be entitled to attend and vote at this 3rd Annual General Meeting, the Company shall be requesting the Record of Depositors as at 12 November 2018. Only a depositor whose name appears on the Record of Depositors as at 12 November 2018 shall be entitled to attend, speak and vote at the said meeting or appoint proxy(ies) to attend, speak and vote on his/her behalf.

Proxy:-
1. *A member of the Company (Except an Exempt Authorised Nominee) shall be entitled to appoint up to two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
2. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
3. *The instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.*
4. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at 57-G Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang at least twenty-four (24) hours before the time set for holding the Meeting or any adjournments thereof.*

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Then fold here

AFFIX STAMP

The Company Secretaries
FOUNDPAC GROUP BERHAD
57-G Persiaran Bayan Indah
Bayan Bay, Sungai Nibong
11900 Penang

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FoundPac Group Berhad
(1165946-H)
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