THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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 ADVISERS IMMEDIATELY. If you have sold or transferred all your ordinary shares in Focus Dynamics Technologies Berhad (582924-P) ("Focus" or "our Company"), you should at once hand this Abridged Prospectus together with the Notice of Provisional Allotment ("NPA") and Rights Subscription Form ("RSF") to the agent/broker through whom you effected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Rights Issue with Warrants (as defined herein), which is the subject of this Abridged Prospectus should be addressed to our Share Registrar, Tricor Investor Services Sdn Bhd, Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra 59200 Kuala Lumpur.

This Abridged Prospectus, together with the NPA and RSF are only despatched to our shareholders who have provided our Share Registrar with a registered address in Malaysia and whose names appear on our Record of Depositors not later than 5.00 p.m. on 15 October 2014. This Abridged Prospectus together with the NPA and RSF, are not intended to be issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue with Warrants complies with the laws of any countries or jurisdictions other than the laws of Malaysia. Entitled Shareholders (as defined herein) and their renouncee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers as to whether the acceptance or renunciation (as the case may be) of all or any part of their entitlements to the Rights Issue with Warrants would result in the contravention of any laws of such countries or jurisdictions. Neither we nor M&A Securities Sdn Bhd (15017-H) ("M&A Securities") shall accept any responsibility or liability in the event that any acceptance or renunciation made by the Entitled Shareholders or their renouncee(s) (if applicable) are or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions.

A copy of this Abridged Prospectus, together with the NPA and RSF, have been registered with the Securities Commission Malaysia ("SC"). The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue with Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in the Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of this Abridged Prospectus, together with the NPA and RSF, have also been lodged with the Companies Commission of Malaysia, who takes no responsibility for the contents of these documents.

Approval for the Rights Issue with Warrants has been obtained from our shareholders at the Extraordinary General Meeting held on 26 June 2014. Approval-in-principle has been obtained from Bursa Malaysia Securities Berhad (635998-W) ("Bursa Securities") via its letter dated 9 May 2014 for the admission of the Warrants to the Official List of Bursa Securities and the listing of the Rights Shares (as defined herein) and new Focus Shares (as defined herein) to be issued upon exercise of the Warrants on the ACE Market of Bursa Securities. The listing of and quotation for the Rights Shares and Warrants will commence after, amongst others, receipt of confirmation from Bursa Malaysia Depository Sdn Bhd (165570-W) that all the Central Depository System accounts of the Entitled Shareholders have been duly credited and notices of allotment have been despatched to the Entitled Shareholders. Admission of the Warrants to the Official List of Bursa Securities and quotation of the Rights Shares, Warrants and new Focus Shares to be issued upon exercise of the Warrants on the ACE Market of Bursa Securities are in no way reflective of the merits of the Rights Issue with Warrants.

All the documentation relating to this Rights Issue with Warrants including this Abridged Prospectus, together with the NPA and RSF, have been seen and approved by our Board of Directors and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement in these documents false or misleading.

M&A Securities, being the Adviser for this Rights Issue with Warrants, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, SEE "RISK FACTORS" AS SET OUT IN SECTION 6 HEREIN.

FOCUS DYNAMICS TECHNOLOGIES BERHAD
(Company No. 582924-P)
(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 449,143,740 NEW ORDINARY SHARES OF RM0.10 EACH IN FOCUS ("RIGHTS SHARES") TOGETHER WITH UP TO 299,429,160 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING ORDINARY SHARE OF RM0.10 EACH IN FOCUS TOGETHER WITH TWO (2) WARRANTS FOR EVERY THREE (3) RIGHTS SHARES SUBSCRIBED AT 5.00 P.M. ON 15 OCTOBER 2014 AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE PAYABLE IN FULL UPON ACCEPTANCE

Adviser

M&A SECURITIES SDN BHD (15017-H)
(A Wholly-Owned Subsidiary of Insas Berhad)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIME:

Entitlement Date	:	Wednesday, 15 October 2014 at 5.00 P.M.
Last date and time for sale of provisional allotment of rights	:	Thursday, 23 October 2014 at 5.00 P.M.
Last date and time for transfer of provisional allotment of rights	:	Tuesday, 28 October 2014 at 4.00 P.M.
Last date and time for acceptance and payment	:	Friday, 31 October 2014 at 5.00 P.M.*
Last date and time for excess application and payment	:	Friday, 31 October 2014 at 5.00 P.M. *

* or such later date and time as our Directors may determine and announce not less than two (2) Market Days (as defined herein) before the stipulated date and time.

This Abridged Prospectus is dated 15 October 2014

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES 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 THIS ABRIDGED PROSPECTUS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

INVESTORS ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE AND MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT, 2007 ("CMSA").

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE WITH WARRANTS FOR WHICH ANY OF THE PERSON SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

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DEFINITIONS

Except where the context otherwise requires, the following definitions and abbreviations shall apply throughout this Abridged Prospectus, NPA and RSF:

Abridged Prospectus	:	This Abridged Prospectus issued by Focus dated 15 October 2014
ACE Market	:	The ACE Market of Bursa Securities
ACE Market LR	:	ACE Market Listing Requirements of Bursa Securities as amended from time to time and any re-enactment thereof
Act	:	The Companies Act, 1965 as amended from time to time and any re-enactment thereof
Amendments to the MA	:	Amendments to the MA for the IASC
Board	:	Board of Directors of our Company
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	:	Bursa Malaysia Securities Berhad
CDS	:	Central Depository System
CDS Account(s)	:	A securities account established by Bursa Depository for a depositor pursuant to the Securities Industry (Central Depositories) Act, 1991 and the rules of Bursa Depository for the recording of deposits or withdrawal of securities and dealings in such securities by the depositor
Code	:	Malaysian Code on Take-Overs and Mergers, 2010, as amended from time to time and any re-enactment thereof
Deed Poll	:	The deed poll dated 30 September 2014 executed by our Company constituting the Warrants
Diversification	:	Diversification of the business of Focus into the F&B business
Datuk Manan	:	Datuk Manan Bin Haji Md. Said, our Executive Chairman
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
Entitled Shareholder(s)	:	Our shareholder(s) whose names appear on the Record of Depositors on the Entitlement Date
Entitlement Date	:	At 5.00 p.m. on 15 October 2014, being the time and date which the Entitled Shareholder(s) must be registered in our Record of Depositors with Bursa Depository in order to be entitled to participate in the Rights Issue with Warrants
EPS	:	Earnings per Share
ESOS	:	Employees' share option scheme
Exercise Price	:	Price at which one (1) Warrant is exercisable into one (1) Focus Share, being RM0.10, subject to such adjustments as may be allowed under the Deed Poll
Existing Warrants	:	96,392,346 outstanding warrants 2011/2016 as at the LPD
F&B	:	Food and beverage
Focus or Company	:	Focus Dynamics Technologies Berhad
Focus Group or Group	:	Focus and its subsidiaries, collectively
Focus Shares or Shares	:	Ordinary share(s) of RM0.10 each in Focus

DEFINITIONS (CONT'D)

FYE	:	Financial year ended/ending, as the case may be
FPE	:	Financial period ended/ending, as the case may be
IASC	:	Increase in the authorised share capital of the Company from RM100,000,000 comprising 1,000,000,000 Focus Shares to RM250,000,000 comprising 2,500,000,000 Focus Shares
Issue Price	:	The issue price pursuant to the Rights Issue with Warrants of RM0.10 per Rights Share
LAT	:	Loss after taxation
LBITDA	:	Loss before interest, taxation, depreciation and amortisation
LBT	:	Loss before taxation
LPD	:	25 September 2014, being the latest practicable date prior to the issuance of this Abridged Prospectus
Market Day(s)	:	A day on which Bursa Securities is open for trading in securities
MA	:	Memorandum and Articles of Association of Focus
Max Wisdom	:	Max Wisdom Sdn Bhd
Maximum Scenario	:	Assuming all Entitled Shareholders fully subscribed for their respective entitlements under the Rights Issue with Warrants
Minimum Scenario	:	Assuming only Datuk Manan subscribed for 100,000,000 Rights Shares pursuant to the Undertaking
Minimum Subscription Level	:	The minimum subscription level of the Rights Issue with Warrants to raise the minimum gross proceeds of RM10.0 million
M&A Securities	:	M&A Securities Sdn Bhd
NA	:	Net assets
NPA	:	Notice of Provisional Allotment in relation to the Rights Issue with Warrants
NTA	:	Net tangible assets
PAT	:	Profit after taxation
PBT	:	Profit before taxation
Proposals	:	Rights Issue with Warrants, Diversification, ESOS, IASC and Amendments to the MA, collectively
Record of Depositors	:	A record of depositors established by Bursa Depository under the rules of depository, as amended from time to time
Rights Issue with Warrants	:	Renounceable rights issue of up to 449,143,740 Rights Shares together with up to 299,429,160 Warrants at an issue price of RM0.10 per Rights Share on the basis of one (1) Rights Share for every one (1) Focus Share held together with two (2) Warrants for every three (3) Rights Shares subscribed on the Entitlement Date
Rights Shares	:	Up to 449,143,740 new Focus Shares to be issued pursuant to the Rights Issue with Warrants
RM and sen	:	Ringgit Malaysia and sen respectively
RSF	:	Rights Subscription Form in relation to the Rights Issue with Warrants

DEFINITIONS (CONT'D)

SC	:	Securities Commission Malaysia
Undertaking	:	Irrevocable undertaking by Datuk Manan to subscribe for his entitlement/excess application of at least 100,000,000 Rights Shares to be issued together with at least 66,666,666 Warrants
Warrant(s)	:	Up to 299,429,160 free detachable warrants to be issued pursuant to the Rights Issue with Warrants
5D-WAMP	:	Five (5)-day volume weighted average market price

References to "we", "us", "our" and "ourselves" are to our Company and save where the context otherwise requires, our subsidiaries. All references to "you" in this Abridged Prospectus are to our Entitled Shareholders.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Abridged Prospectus to any statute is a reference to that statute as for the time being amended or re-enacted. Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise specified.

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CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name (Designation)	Age	Address	Nationality	Occupation
Datuk Manan Bin Haji Md Said *(Executive Chairman)*	59	Block 1-13-3A, Amaya Suajana Persiaran Golf Bandar Suajana Seksyen U2 40150 Shah Alam Selangor Darul Ehsan	Malaysian	Director
Ameezan Bin Jamal *(Executive Director)*	47	30 Jalan BU 12/2 Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan	Malaysian	Director
Tan Aik Heang *(Independent Non-Executive Director)*	47	5 Jalan Wan Mohd Salleh Green Town 30450 Ipoh Perak Darul Ridzuan	Malaysian	Director
Abdul Menon Bin Arsad @ Abdul Manan Bin Arshad *(Independent Non-Executive Director)*	67	No. 12, Jalan Ubin U8/19D Bukit Jelutong 40150 Shah Alam Selangor Darul Ehsan	Malaysian	Director/ Businessman
Chang Vun Lung *(Independent Non-Executive Director)*	38	No. 18, Jalan BS 9/5B Taman Bukit Serdang Seksyen 9 43300 Seri Kembangan Selangor Darul Ehsan	Malaysian	Director/ Management Consultant
Abd Hamid Bin Ibrahim *(Independent Non-Executive Director)*	66	No. 2, Jalan Setiaraya Bukit Damansara 50490 Kuala Lumpur Wilayah Persekutuan	Malaysian	Director

AUDIT COMMITTEE

Name	Designation	Directorship
Chang Vun Lung	Chairman	Independent Non-Executive Director
Tan Aik Heang	Member	Independent Non-Executive Director
Abdul Menon Bin Arsad @ Abdul Manan Bin Arshad	Member	Independent Non-Executive Director

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CORPORATE DIRECTORY (CONT'D)

COMPANY SECRETARIES	**Teo Soon Mei (MAICSA 7018590)** No. 9 Jalan OZ 17 Ozana Impian, Bukit Katil 75450 Melaka Telephone number: 06-232 6033 **Chua Siew Yin (MAICSA 7065531)** 8176 Blk D Rumah Awam Kesang Jaya 77000 Jasin, Melaka Telephone number: 06-232 6033
REGISTERED OFFICE	No. 4-1 Kompleks Niaga Melaka Perdana Jln KNMP 3, Bukit Katil 75450 Melaka Telephone number: 06-232 6033
HEAD/MANAGEMENT OFFICE	Lot 12.1, 12th Floor, Menara Lien Hoe No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort 47410 Petaling Jaya Selangor Darul Ehsan Telephone number: 03-7803 7333 Email address: info@focusdynamics.net Website: http://www.focusdynamics.net
PRINCIPAL BANKER	**CIMB Bank Berhad** UL Wisma Amanah Raya Berhad Jalan Semantan Damansara Heights 50490 Kuala Lumpur Telephone number: 03-2084 8888
AUDITORS	**Mustapha, Khoo & Co (AF 0599)** **Chartered Accountants** 30-4 & 32-4, Jalan Kuchai Maju 10 Kuchai Entrepreneurs Park Off Jalan Kuchai Lama 58200 Kuala Lumpur Telephone number: 03-7981 3337

CORPORATE DIRECTORY (CONT'D)

REPORTING ACCOUNTANTS	**Ecovis AHL (AF 001825)** No 9-3, Jalan 109F Plaza Danau 2 Taman Danau Desa 58100 Kuala Lumpur Telephone number: 03-7981 1799
SHARE REGISTRAR	**Tricor Investor Services Sdn Bhd** Level 17, The Gardens North Tower Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Telephone number: 03-2264 3883
SOLICITORS FOR THE RIGHTS ISSUE WITH WARRANTS	**Teh & Lee** A-3-3 & A-3-4 Northpoint Offices Mid Valley City No.1, Medan Syed Putra 59200 Kuala Lumpur Telephone number: 03-2283 2800
ADVISER FOR THE RIGHTS ISSUE WITH WARRANTS	**M&A Securities Sdn Bhd** Level 11, No. 45 & 47, The Boulevard Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Telephone number: 03-2284 2911
INDEPENDENT MARKET RESEARCHER	**Redmarch Sdn Bhd** C-22-18, Empire SOHO 1 Empire Damansara No. 2, Jalan PJU 8/8A, Damansara Perdana 47800 Petaling Jaya Selangor Darul Ehsan Telephone number: 03-4065 0085
STOCK EXCHANGE LISTING	ACE Market of Bursa Securities

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FOCUS DYNAMICS TECHNOLOGIES BERHAD
(Company No. 582924-P)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

No. 4-1
Kompleks Niaga Melaka Perdana
Jalan KNMP 3
Bukit Katil
75450 Melaka

15 October 2014

Directors:
Datuk Manan Bin Haji Md Said *(Executive Chairman)*
Ameezan Bin Jamal *(Executive Director)*
Tan Aik Heang *(Independent Non-Executive Director)*
Abdul Menon Bin Arsad @ Abdul Manan Bin Arshad *(Independent Non-Executive Director)*
Chang Vun Lung *(Independent Non-Executive Director)*
Abd Hamid Bin Ibrahim *(Independent Non-Executive Director)*

To: The Entitled Shareholders of Focus Dynamics Technologies Berhad

Dear Sir / Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 449,143,740 RIGHTS SHARES TOGETHER WITH UP TO 299,429,160 WARRANTS ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) FOCUS SHARE HELD TOGETHER WITH TWO (2) WARRANTS FOR EVERY THREE (3) RIGHTS SHARES SUBSCRIBED AT 5.00 P.M. ON 15 OCTOBER 2014 AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE PAYABLE IN FULL UPON ACCEPTANCE

1. INTRODUCTION

On 3 March 2014, M&A Securities, on our behalf, announced the Proposals including the issue price for the Rights Shares which has been fixed at RM0.10 per Rights Share, and the exercise price of the Warrants which has been fixed at RM0.10 per Warrant.

On 26 June 2014, M&A Securities had, on behalf of our Board, announced that our shareholders had, at an EGM held on even date, approved the Proposals.

A certified true extract of the ordinary resolution pertaining to the Rights Issue with Warrants, which was passed at the said EGM, is set out in **Appendix I** of this Abridged Prospectus.

On 11 June 2014, Bursa Securities had publicly reprimanded Focus and our Directors for failing to ensure that the Company's announcement dated 28 February 2012 on the quarterly report for the 17-months FPE 31 December 2011 (unaudited results) took into account the adjustment as stated in the Company's announcement dated 30 April 2012. Subsequent to the reprimand, our Company had taken the following measures to ensure the reasonable assessment and enquiries in approving the unaudited results of our Company in the future:

(i) All Directors of Focus and the relevant personnel of Focus had attended a training programme in relation to compliance with the ACE Market LR pertaining to the review of financial statements focusing on compliance with accounting standards; and

(ii) Limited review had been carried out on Focus' quarterly report by Focus' external auditors starting from 6-months FPE 30 June 2014.

Bursa Securities had vide its letter dated 9 May 2014 approved the following:

(a) Admission to the Official List and the listing of and quotation for up to 299,429,160 Warrants to be issued pursuant to the Rights Issue with Warrants.

(b) Listing of up to 748,572,900 new Focus Shares arising from the following:

  (i) up to 449,143,740 Rights Shares to be issued pursuant to the Rights Issue with Warrants.

  (ii) up to 299,429,160 new Focus Shares to be issued pursuant to the exercise of Warrants.

(c) Listing of such number of new Focus Shares representing up to 30% of the issued and paid-up ordinary share capital of Focus (excluding treasury shares) to be issued pursuant to the exercise of ESOS options.

The abovesaid Bursa Securities' approval-in-principle is subject to the following conditions:

	Conditions	**Status of Compliance**
(i)	Focus and M&A Securities must fully comply with the relevant provisions under the ACE Market LR pertaining to the implementation of the Rights Issue with Warrants.	To be complied
(ii)	Focus and M&A Securities to inform Bursa Securities upon the completion of the Rights Issue with Warrants.	To be complied
(iii)	Focus to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue with Warrants is completed.	To be complied
(iv)	Focus to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed (pursuant to the exercise of the new Warrants) as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied
(v)	Focus to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders in general meeting approving the Rights Issue with Warrants	Complied

The official listing of and quotation for the Rights Shares and Warrants to be issued pursuant to the Rights Issue with Warrants will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of the Entitled Shareholders/renouncees are ready for crediting and notices of allotment have been despatched to them.

On 29 September 2014, M&A Securities, on our behalf, announced that the Entitlement Date has been fixed at 5.00 p.m. on 15 October 2014.

No person is authorised to give any information or make any representation not contained herein in connection with the Rights Issue with Warrants and if given or made, such information or representation must not be relied upon as having been authorised by M&A Securities or us.

If you are in any doubt as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

2. DETAILS OF THE RIGHTS ISSUE WITH WARRANTS

2.1 Details of the Rights Issue with Warrants

The Rights Issue with Warrants involves a renounceable rights issue of up to 449,143,740 Rights Shares together with up to 299,429,160 Warrants at an issue price of RM0.10 per Rights Share on the basis of one (1) Rights Share for every one (1) existing Focus Shares held together with two (2) Warrants for every three (3) Rights Shares subscribed. The Rights Shares with Warrants will be offered to the Entitled Shareholders.

The Rights Issue with Warrants is renounceable in full or in part. Accordingly, Entitled Shareholders can subscribe for and/or renounce their entitlements to the Rights Shares in full or in part. The Rights Shares which are not taken up or invalidly taken up shall be made available for excess applications by the Entitled Shareholders and/or their renouncee(s). It is the intention of our Board to allocate the excess Rights Shares in a fair and equitable basis, more specified under Section 3.8 herein.

As at the LPD, Focus has:

(i) an issued and paid-up share capital of RM35,275,139 comprising 352,751,394 Focus Shares; and

(ii) 96,392,346 Existing Warrants.

Accordingly, up to 449,143,740 Rights Shares and up to 299,429,160 Warrants will be issued pursuant to the Rights Issue with Warrants, assuming all the Existing Warrants are exercised prior to the Entitlement Date and all Entitled Shareholders subscribe for their entitlements under the Rights Issue with Warrants in full.

The shareholders of our Company who renounce their entitlements to the Rights Shares will not be entitled to the Warrants and shall be deemed to have also renounced their entitlements to the Warrants. The shareholders of Focus who accept only part of the Rights Shares shall only be entitled to the Warrants in the proportion to their acceptance of the Rights Shares. The Warrants will be immediately detached from the Rights Shares upon issuance and will be separately traded on the ACE Market of Bursa Securities.

The Warrants shall only be issued to the Entitled Shareholders who subscribe for the Rights Shares pursuant to the Rights Issue with Warrants. Should the Entitled Shareholders renounce all or any part of their entitlements to the Rights Shares, they will not be entitled to the Warrants attached thereto. The renunciation of the Rights Shares by the Entitled

Shareholders will accordingly entail the renunciation of the Warrants to be issued together with the Rights Shares. Any Rights Shares with Warrants not taken up or allotted for any reasons, if any, will be made available for application under the excess Rights Shares with Warrants application.

As you are an Entitled Shareholder and the Rights Shares are prescribed securities, your CDS Account will be duly credited with the number of provisionally allotted Rights Shares with Warrants which you are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants. You will find enclosed in this Abridged Prospectus, a NPA notifying you of the crediting of such securities into your CDS Account and a RSF to enable you to subscribe for the Rights Shares with Warrants provisionally allotted to you, as well as to apply for excess Rights Shares with Warrants if you so choose to.
Any dealing in our securities will be subject to, *inter-alia*, the provisions of the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depositories) (Amendment) Act, 1998, the rules of Bursa Depository and any other relevant legislation. Accordingly, upon subscription, the Rights Shares with Warrants will be credited directly into the respective CDS Accounts of the successful applicants. No physical share or warrant certificates will be issued but notices will be despatched to the successful applicants.

2.2 Basis of determining the issue price of the Rights Shares and exercise price of the Warrants

(i) Rights Shares

Our Board had on 3 March 2014 fixed the issue price for the Rights Shares at RM0.10 per Rights Share after taking into consideration the following:

(a) the Focus Group's accumulated losses of RM13.50 million and RM18.30 million based on its audited financial statements for the FYE 31 December 2012 and unaudited financial statements for the FYE 31 December 2013, respectively;

(b) the Focus Group's LAT of RM4.63 million and RM4.94 million based on its audited financial statements for the FYE 31 December 2012 and unaudited financial statements for the FYE 31 December 2013; and

(c) the par value of the Focus Shares.

The issue price of RM0.10 per Rights Share represents a premium of 8.11% from the theoretical ex-rights price of Focus Shares upon completion of the Rights Issue with Warrants of RM0.0925 per Share calculated based on the 5D-WAMP of Focus Shares up to 28 February 2014 of RM0.08, being the market day immediately preceding price fixing date on 3 March 2014.

(ii) Warrants

Our Board had on 3 March 2014 fixed the exercise price for the Warrants at RM0.10 per Warrant after taking into consideration the following:

(a) the financial position of our Group as set out in Section 2.2(i)(a) and (b) above; and

(b) the par value of Focus Shares (after the Par Value Reduction) of RM0.10 each.

The exercise price of the Warrants at RM0.10 per Warrant represents a premium of 25.0% and 8.11% to the 5D-WAMP of Focus Shares up to 28 February 2014, being the market date immediately preceding price fixing date on 3 March 2014, of RM0.08 and the theoretical ex-rights price of Focus Shares of RM0.0925, respectively.

The Warrants are attached to the Rights Shares without any cost and will be issued in the proportion of two (2) Warrants for every three (3) Rights Shares subscribed by the Entitled Shareholders.

2.3 Ranking of the Rights Shares and new Focus Shares to be issued

The Rights Shares shall, upon allotment and issuance, rank *pari passu* among themselves.

The new Focus Shares to be issued pursuant to the Rights Issue with Warrants and exercise of the Warrants, if any, shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing issued and fully paid-up Focus Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of the allotment of the new Focus Shares.

2.4 Salient terms of the Warrants

Please refer to **Appendix II** of this Abridged Prospectus for the salient terms of the Warrants.

2.5 Undertaking by Director

The Rights Issue with Warrants will be implemented on a Minimum Subscription Basis. In determining the minimum amount of RM10.0 million to be raised from the Rights Issue with Warrants, our Board has taken into consideration factors which include among others, the funding requirements of our Company, including our Company's working capital requirements and the ability of our Company to raise financing. Our Board intends to raise minimum proceeds of RM10.0 million and the intended amount is earmarked for the level of funds required for working capital, capital expenditure, and the estimated expenses arising from the Proposals, as set out in Section 5 of this Abridged Prospectus.

In order to meet the Minimum Subscription Level, our Company had, on 3 March 2014, procured the irrevocable written Undertaking from Datuk Manan, our Executive Chairman, to subscribe in via excess application for at least 100,000,000 Rights Shares to be issued together with at least 66,666,666 Warrants, as disclosed in the table below:

						Maximum Scenario		Minimum Scenario	
	No. of Shares held as at the LPD ('000)	**%**	**No. of Shares entitled to under the Rights Issue with Warrants ('000)**	**%**	**Total of Rights Shares to be subscribed under the Undertaking ('000)**	**Shareholdings after the subscription of Rights Shares [(1)] ('000)**	**%**	**Shareholdings after the subscription of Rights Shares [(2)] ('000)**	**%**
Datuk Manan	2	*	2	#	100,000	5	^	100,002	22.09

Notes:

* *Negligible direct shareholding of 2,000 Focus Shares and 667 Existing Warrants.*

^ *Negligible direct shareholding of 5,334 Shares assuming that the 667 Existing Warrants are exercised and Datuk Manan subscribed for his entitlement for the Rights Issue with Warrants.*

Negligible entitlement of 2,000 Focus Shares.

(1) *Based on the Maximum Scenario assuming all Entitled Shareholders subscribe for the Rights Issue with Warrants.*
(2) *Based on the Minimum Scenario assuming that save for the Undertaking, none of the other Entitled Shareholders subscribe for the Rights Issue with Warrants.*

Pursuant to the Undertaking, Datuk Manan had confirmed that he has sufficient financial resources to take up the aforementioned 100,000,000 Rights Shares and such confirmation has been verified by M&A Securities.

However, should Datuk Manan exercise his Warrants, such that his respective resulting shareholdings in Focus increases above 33% or in the case where his shareholdings is between 33% to 50%, an increase by more than 2% in any six (6) months period, he will be obliged under the Code to undertake a mandatory offer for all the remaining Focus Shares not already held by him respectively after the exercise of the Warrants. In such an event, he will seek the relevant exemptions under the Code should he not intend to undertake such mandatory offer.

2.6 Details of other corporate exercises

As at the LPD, save for the Rights Issue with Warrants and save as disclosed below, our Board confirms that there is no other outstanding corporate exercise which we intend to undertake, which have been announced but pending completion:

(i) the disposal of property bearing the postal address of No. 2-16, Jalan Subang Utama 8, Taman Perindustrian Subang, Section 22, 40300 Shah Alam, Selangor Darul Ehsan by Focus Dynamics Drives Sdn Bhd, a wholly-owned subsidiary of Focus to Pan Asia Publications Sdn Bhd for a cash consideration of RM7,200,000 ("Disposal"). The Disposal was approved by the shareholders of Focus on 8 August 2014. Kindly refer to Appendix VIII, Section 4 for more information on the Disposal; and

(ii) the implementation of the ESOS announced on 3 March 2014 involving the issuance of up to 30% of the total issued and paid-up share capital of our Company at any point of time during the existence of the ESOS.

3. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT AND EXCESS APPLICATION

3.1 General

If you are an Entitled Shareholder, your CDS Account will be duly credited with the number of provisionally allotted Rights Shares with Warrants, which you are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such provisionally allotted Rights Shares with Warrants into your CDS Account and the RSF to enable you to subscribe for the Rights Shares with Warrants provisionally allotted to you, as well as to apply for excess Rights Shares with Warrants if you choose to do so.

3.2 NPA

The provisional allotted Rights Shares with Warrants are prescribed securities pursuant to Section 14(5) of the Securities Industry (Central Depositories) Act, 1991 and therefore, all dealings in the provisionally allotted Rights Shares with Warrants will be by book entries through CDS Accounts and will be governed by the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depositories) (Amendment) Act, 1998 and the Rules of Bursa Depository. Entitled Shareholders and/or their renouncees (if applicable) are required to have valid and subsisting CDS Accounts when making their applications.

3.3 Last date and time of acceptance and payment

The last date and time for acceptance and payment for the Rights Shares with Warrants is on 31 October 2014 at 5.00 p.m., or such later date and time as may be determined and announced by our Board at their absolute discretion.

3.4 Procedure for full acceptance and payment

Acceptance and payment for the Rights Shares with Warrants provisionally allotted to you as an Entitled Shareholder or your renouncee(s) (if applicable) must be made on the RSF enclosed with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not conform to the terms of this Abridged Prospectus, NPA or RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES WITH WARRANTS PROVISIONALLY ALLOTTED TO YOU AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE), EXCESS APPLICATION FOR THE RIGHTS ISSUE WITH WARRANTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU OR YOUR RENOUNCEE(S) (IF APPLICABLE) WISH TO SELL/TRANSFER ALL OR ANY PART OF YOUR/THEIR ENTITLEMENTS, ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF.

YOU AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

You or your renouncee(s) (if applicable) accepting the provisionally allotted Rights Shares are required to complete Part I(a) and Part II of the RSF in accordance with the notes and instructions provided therein. Each completed RSF together with the relevant payment must be despatched by **ORDINARY POST** or **DELIVERED BY HAND** using the envelope provided (at your own risk) to our Share Registrar at the following address:

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

so as to arrive not later than 5.00 p.m. on 31 October 2014, being the last time and date for acceptance and payment, or such extended time and date as may be determined and announced by our Board.

One (1) RSF can only be used for acceptance of provisionally allotted Rights Shares with Warrants standing to the credit of one (1) CDS Account. Separate RSFs must be used for the acceptance of provisionally allotted Rights Shares with Warrants standing to the credit of more than one (1) CDS Account. If successful, Rights Shares with Warrants subscribed by you or your renouncee(s) (if applicable) will be credited into the respective CDS Accounts where the provisionally allotted Rights Shares with Warrants are standing to the credit.

A reply envelope is enclosed with this Abridged Prospectus. To facilitate the processing of the RSFs by our Share Registrar, you are advised to use one (1) reply envelope for each completed RSF.

You and/or your renouncee(s) (if applicable) should take note that a trading board lot for the Rights Shares with Warrants will comprise 100 Rights Shares and 100 Warrants each respectively. Successful applicants of the Rights Shares will be given free attached Warrants on the basis of two (2) Warrants for every three (3) Rights Shares successfully subscribed for. The minimum number of securities that can be subscribed for or accepted is one (1) Rights Share. However, the Warrants will be issued in the proportion of two (2) Warrants for every three (3) Rights Shares subscribed. Fractions of a Rights Share and Warrant arising from the Rights Issue with Warrants will be dealt with by our Board as they may deem fit.

If acceptance and payment for the Rights Shares with Warrants provisionally allotted to you and/or your renouncee(s) (if applicable) is not received by the Share Registrar on 31 October 2014 by 5.00 p.m., being the last date and time for acceptance and payment, or such extended date and time as may be determined and announced by our Board at their discretion, you and/or your renouncee(s) (if applicable) will be deemed to have declined the provisional allotment made to you and/or your renouncee(s) (if applicable) and it will be cancelled.

Such Rights Shares with Warrants not taken up will be allotted to the applicants applying for excess Rights Shares with Warrants, if the Rights Shares with Warrants are not fully taken up by such applicants. Proof of time of postage shall not constitute proof of time of receipt by the Share Registrar. Our Board reserves the right not to accept or to accept in part only any application without providing any reasons.

You or your renouncee(s) (if applicable) who lose, misplace or for any other reasons require another copy of the RSF may obtain additional copies from your stockbrokers, Bursa Securities' website (http://www.bursamalaysia.com), our Share Registrar at the address stated above or our Registered Office.

EACH COMPLETED RSF MUST BE ACCOMPANIED BY REMITTANCE IN RM FOR THE FULL AMOUNT IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "FOCUS RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH THE NAME, ADDRESS AND CDS ACCOUNT NUMBER OF THE APPLICANT IN BLOCK LETTERS TO BE RECEIVED BY OUR SHARE REGISTRAR.

APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES WITH WARRANTS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO THEM OR THEIR RENOUNCEES (IF APPLICABLE) AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITARY WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE WITH WARRANTS.

APPLICANTS SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

WHERE AN APPLICATION IS NOT ACCEPTED OR ACCEPTED ONLY IN PART, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANTS WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE WITH WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITARY AT THE APPLICANTS' OWN RISK.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

3.5 Procedure for part acceptance

You can accept part of your provisionally allotted Rights Shares with Warrants. The minimum number of securities that can be subscribed for or accepted is one (1) Rights Share. However, the Warrants will be issued in the proportion of two (2) Warrants for every three (3) Rights Shares subscribed.

You must complete both Part I(a) of the RSF by specifying the number of the Rights Shares with Warrants which you are accepting and Part II of the RSF and deliver the completed RSF together with the relevant payment to our Share Registrar in the manner set out in Section 3.4 of this Abridged Prospectus.

The portion of the provisionally allotted Rights Shares with Warrants that have not been accepted shall be allotted to any other persons allowed under the laws, regulations or rules to accept the transfer of the provisional allotment of the Rights Shares with Warrants.

3.6 Procedure for sale/transfer of provisional allotment of Rights Shares with Warrants

As the provisionally allotted Rights Shares with Warrants are prescribed securities, you and/or your renounce(s) (if applicable) may sell/transfer all or part of your entitlement to the Rights Shares with Warrants to one (1) or more person(s) through your stockbrokers without first having to request for a split of the provisional allotted Rights Shares with Warrants standing to the credit of your CDS Accounts. To sell/transfer of all or part of your entitlement to the Rights Shares with Warrants, you and/or your renounce(s) (if applicable) may sell such entitlement in the open market or transfer to such persons as may be allowed pursuant to the rules of Bursa Depository.

In selling/transferring all or part of your provisionally allotted Rights Shares with Warrants, you and/or your renouncee(s) (if applicable) need not deliver any document including the RSF, to the stockbroker. However, you and/or your renouncee(s) (if applicable) must ensure that there is sufficient provisionally allotted Rights Shares with Warrants standing to the credit of your CDS Accounts that are available for settlement of the sale or transfer.

Purchasers or transferees of the provisionally allotted Rights Shares with Warrants may obtain a copy of this Abridged Prospectus and the RSF from their stockbrokers or from our Share Registrar, or at our Registered Office. This Abridged Prospectus and RSF are also available on Bursa Securities' website (http://www.bursamalaysia.com).

3.7 Procedure for acceptance by renouncees

Renouncees who wish to accept the provisionally allotted Rights Shares with Warrants must obtain a copy of the RSF from their stockbrokers, our Share Registrar, or at our Registered Office or from the Bursa Securities' website (http://www.bursamalaysia.com) and complete the RSF, submit the same together with the remittance in accordance with the notes and instructions printed therein.

The procedure for acceptance and payment applicable to the Entitled Shareholders as set out in Section 3.4 of this Abridged Prospectus also applies to renouncees who wish to accept the provisionally allotted Rights Shares with Warrants.

RENOUNCEES ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENT OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND THE RSF CAREFULLY.

3.8 Procedure for excess application

As an Entitled Shareholder, you and/or your renouncee(s) (if applicable) may apply for excess Rights Shares with Warrants in addition to the Right Shares with Warrants provisionally allotted to you and/or your renouncee(s) (if applicable) by completing Part I(b) of the RSF (in addition to Parts I(a) and II) and forward it (together with a **separate remittance** for the full amount payable in respect of the excess Rights Shares with Warrants applied for) to our Share Registrar at the address set out above, so as to arrive not later than 5.00 p.m. on 31 October 2014, being the last time and date for acceptance and payment, or such extended time and date as may be determined by our Board.

Payment for the excess Rights Shares with Warrants applied for should be made in the same manner set out in Section 3.4 of this Abridged Prospectus, except that the Banker's Draft(s), Cashier's Order(s), Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia crossed **"A/C PAYEE ONLY"** and made payable to **"FOCUS EXCESS RIGHTS ISSUE ACCOUNT"** and endorsed on the reverse side with the name, address and CDS Account Number of the applicant in block letters to be received by our Share Registrar.

Our Board reserves the right to allot the excess Rights Shares with Warrants applied for under Part I(b) of this RSF, in a fair and equitable basis and in such manner as they in their absolute discretion deem fit and expedient in the best interest of our Company and that the intention of our Board as set out below are achieved. It is the intention of our Board to allot the excess Rights Shares with Warrants in the following priority:

(i) firstly, to minimise the incidence of odd lots;

(ii) secondly, for allocation to Entitled Shareholders who have applied for excess Rights Shares with Warrants, on a pro-rata basis and in board lot, calculated based on their respective shareholdings as at the Entitlement date;

(iii) thirdly, for allocation to Entitled Shareholders who have applied for excess Rights Shares with Warrants, on a pro-rata basis based on the quantum of their respective excess Rights Shares with Warrants application; and

(iv) fourthly, for allocation to transferee(s); and/or renouncee(s) who have applied for excess Rights Shares with Warrants, on a pro-rata basis based on the quantum of their respective excess Rights Shares with Warrants application.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE EXCESS RIGHTS SHARES WITH WARRANTS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES WITH WARRANTS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO THE APPLICANTS AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS.

YOU SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS SHARES WITH WARRANTS APPLICATIONS, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST TO THE APPLICANTS WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITARY AT THE APPLICANTS' OWN RISK.

3.9 Form of issuance

Bursa Securities has already prescribed our Shares listed on the ACE Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares with Warrants are prescribed securities and as such, the Securities Industry (Central Depositories) Act, 1991, Securities Industry (Central Depositories) (Amendment) Act, 1998 and the rules of Bursa Depository shall apply in respect of the dealings in the said securities.

Failure to comply with the specific instructions or inaccuracy in the CDS Account number may result in the application being rejected.

No physical share or warrant certificates will be issued to you under the Rights Issue with Warrants. Instead, the Rights Shares with Warrants will be credited directly into your CDS Accounts. The notices of allotment will be issued and forwarded to you by ordinary post at your own risk to the address shown in the Record of Depositors within eight (8) Market Days from the last date for acceptance and payment of the Rights Issue with Warrants.

Any person who intends to subscribe for the Rights Shares with Warrants as a renouncee by purchasing the provisional allotment of Rights Shares with Warrants from an Entitled Shareholder will have his Rights Shares with Warrants credited directly as prescribed securities into his CDS Account.

The excess Rights Shares with Warrants, if allotted to the successful applicant who applies for excess Rights Shares with Warrants, will be credited directly as prescribed securities into his CDS Account.

3.10 Laws of foreign jurisdictions

This Abridged Prospectus, the NPA and the RSF have not been (and will not be) made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign jurisdiction. The Rights Issue with Warrants will not be made or offered in any foreign jurisdiction.

Foreign Entitled Shareholders or their renouncees (if applicable) may only accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue with Warrants only to the extent that it would be lawful to do so.

M&A Securities, our Company, our Board and officers and other experts would not, in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders or their renouncees (if applicable) are or may be subject to. Foreign Entitled Shareholders or their renouncees (if applicable) shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to. M&A Securities, our Company, our Board and officers and other experts shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders or renouncees (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

Accordingly, this Abridged Prospectus together with the accompanying documents will not be sent to the foreign Entitled Shareholders or their renouncees (if applicable) who do not have a registered address in Malaysia. However, such foreign Entitled Shareholders or their renouncees (if applicable) may collect the Abridged Prospectus including the accompanying documents from our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the aforesaid documents.

The foreign Entitled Shareholders or their renouncees (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such jurisdiction and we shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders or their renouncee(s) (if applicable) for any issue, transfer or other taxes or duties as such person may be required to pay. They will have no claims whatsoever against M&A Securities or us in respect of their rights and entitlements under the Rights Issue with Warrants. Such foreign Entitled Shareholders or their renouncee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue with Warrants.

By signing any of the forms accompanying this Abridged Prospectus, the NPA, and the RSF, the foreign Entitled Shareholders or their renouncees (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) M&A Securities, our Company and our Board and officers and other experts that:

(i) we would not, by acting on the acceptance or renunciation in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders or renouncees (if applicable) are or may be subject to;

(ii) they have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation;

(iii) they are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation, be in breach of the laws of any jurisdiction to which that person is or may be subject to;

(iv) they are aware that the Rights Shares with Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;

(v) they have respectively received a copy of this Abridged Prospectus and have had access to such financial and other information and have been afforded the opportunity to pose such questions to the representatives of our Company and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights Shares with Warrants; and

(vi) they have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares with Warrants, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares with Warrants.

Persons receiving this Abridged Prospectus, NPA and RSF (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any jurisdiction, where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this Abridged Prospectus, NPA and RSF are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant jurisdiction in connection herewith.

Any person who does forward this Abridged Prospectus, NPA and RSF to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Rights Shares with Warrants from any such application by foreign Entitled Shareholders or their renouncees (if applicable) in any jurisdiction other than Malaysia.

Our Company reserves the right, in its absolute discretion, to treat any acceptance of the Rights Shares with Warrants as invalid if it believes that such acceptance may violate any applicable legal or regulatory requirements in Malaysia.

4. RATIONALE FOR THE RIGHTS ISSUE WITH WARRANTS

After the implementation of the Rights Issue with Warrants, a major portion of the proceeds to be raised (RM6.4 million under the Minimum Scenario and RM33.0 million under the Maximum Scenario) from the Rights Issue with Warrants will be utilised for our working capital and capital expenditure for the F&B business, which is in conjunction with the Diversification. As such, the Rights Issue with Warrants is the most appropriate method of raising funds, as it will enable the Company to expand its F&B business without incurring interest costs as compared to other means of financing such as through bank borrowings or the issuance of debt instruments in order to meet the Company's funding requirement as set out in Section 5 below.

The Rights Issue with Warrants also achieves the following:

(a) To enable our Company to raise the necessary funds required for further growth without incurring additional interest cost as compared to bank borrowings;

(b) The Rights Issue with Warrants provides an opportunity for the existing shareholders to further participate in the equity of our Company and the future prospects and growth of our Company. The Undertaking allow Datuk Manan, our Executive Chairman to extend his support for the Rights Issue with Warrants which will facilitate our Company to raise the necessary funds for the purpose as mentioned in Section 5 below;

(c) The Warrants attached to the Rights Shares are expected to enhance the attractiveness of the Rights Shares. It provides the shareholders with the option to further participate in the equity of our Company at a pre-determined price and enable them to benefit from the future growth of our Company and any potential capital appreciation arising thereof;

(d) The Rights Issue with Warrants will strengthen our Company's financial position with enhanced shareholders' funds. These factors are expected to facilitate the continuous business expansion plans of our Company;

(e) The Rights Issue with Warrants will involve the issuance of new Focus Shares without diluting the existing shareholders' equity interest, assuming all Entitled Shareholders fully subscribe for their respective entitlements; and

(f) The Rights Issue with Warrants will also provide our Company with additional capital when the Warrants are exercised in the future. The exercise of the Warrants will allow our Company to raise fresh proceeds without incurring additional financing cost and minimise any potential cash outflow in respect of interest servicing.

The Warrants have been attached to the Rights Shares to provide the Entitled Shareholders added incentive to subscribe for the Rights Shares. The issuance of Warrants is expected to enhance the attractiveness of the Rights Issue with Warrants as well as to enable our Company to raise further proceeds as and when any of the Warrants are exercised in the future. In addition, the Warrants would also enable the Entitled Shareholders to benefit for the future growth of our Company.

5. UTILISATION OF PROCEEDS

Based on the issue price of RM0.10 per Rights Share, the Rights Issue with Warrants is expected to raise gross proceeds of RM10.0 million (under the Minimum Scenario) and RM44.914 million (under the Maximum Scenario).

The details of the utilisation of gross proceeds from the Rights Issue with Warrants are as follows:

Details of utilisation	Utilisation timeframe (from listing of Rights Shares)	Notes	Minimum Scenario	Maximum Scenario
			RM'000	RM'000
Repayment of bank borrowings	Within three (3) months	5.1	3,100	3,100
Expenses for the Proposals	Within one (1) month	5.2	500	500
Capital expenditure and working capital for the F&B business:				
(a) Capital expenditure for the F&B business	Within 24 months	5.3	6,000	26,000
(b) Working capital for the F&B business	Within 24 months	5.3	400	7,000

Details of utilisation	Utilisation timeframe (from listing of Rights Shares)	Notes	Minimum Scenario RM'000	Maximum Scenario RM'000
Future working capital/investments	-	5.4	-	8,314
Total			**10,000**	**44,914**

Notes:

5.1 Repayment of bank borrowings

Under both Minimum Scenario and Maximum Scenario, the Company shall utilise RM3.10 million of the total gross proceeds from the Rights Issue with Warrants for the repayment of bank borrowings which is expected to result in an annual interest savings of RM0.248 million based on the effective interest rate of 8.0% per annum. The total borrowings of the Focus Group are RM5.499 million as at the LPD and the amount to be repaid are set out below:

Type of bank borrowing	Total borrowings as at LPD (RM)	Details	Repayment amount (RM)
Term loan – acquisition of Max Wisdom	1,600,000	Term loan drawn for the acquisition of 51% equity interest in Max Wisdom completed on 7 June 2013	-
Term loan – working capital	1,365,483	Term loan drawn for working capital* for the F&B business	1,272,972
Hire purchase	706,700	Financing of motor vehicle	-
Overdraft	1,827,028	Overdraft facility drawn for working capital* for the F&B business	1,827,028
	5,499,211		**3,100,000**

Note:

* *working capital comprising expenses relating to maintenance and other operating costs associated with the running of our F&B outlets.*

5.2 Expenses for the Proposals

The following summarises the estimated expenses incidental to our Proposals to be borne by our Group as follows:

Estimated Listing Expenses	**RM'000**	**%**
Professional fees *	403	80.6
Fees payable to the authorities	65	13.0
Printing and advertising fees	30	6.0
Contingencies ^	2	0.4
Total	**500**	**100.0**

Notes:

* *Includes advisory fees for, amongst others, our Adviser, Solicitors, Reporting Accountants and Independent Market Researcher.*

^ *Other incidental or related expenses in connection with our Proposals.*

In the event that the actual expense is less than the allocated amount, the excess allocated amount shall be utilised as working capital for the Focus Group. If the actual expenses incurred are higher than the allocated amount, the deficit will be funded out of the portion allocated for working capital.

5.3 Working capital and capital expenditure for the F&B Business

The breakdown of the utilisation of working capital and capital expenditure for the F&B business of the Focus Group is as follows:

Description			**Minimum Scenario RM'000**	**Maximum Scenario RM'000**
(a)	Capital expenditure for the F&B business -Expenses relating to the opening of new F&B outlets including renovation cost, new kitchen equipment cost and furnishing:			
	(i)	Steam Room Restaurant	2,000	6,000
	(ii)	LAVO Restaurant & Wine Bar	4,000	20,000
			6,000	26,000
(b)	Working capital for the F&B business -Maintenance and other operating costs		400	7,000
Total			**6,400**	**33,000**

5.3.1 Opening of new F&B outlets:

As part of the management's on-going efforts to expand its F&B business, the Company plans to open additional F&B outlets for its "Steam Room Restaurant" and "LAVO Restaurant & Wine Bar" brands, of which the concept of both the restaurants are set out as follows:

Steam Room Restaurant ("Steam Room")

- Steam Room serves predominantly middle to high income families, office workers, as well as general shoppers in the malls where the outlets are operating in. Given the type of cuisine served, Steam Room caters mainly to Chinese customers.
- Steam Room is positioned as a wholesome restaurant serving home-style Chinese cuisine specifically comfort food. It is also positioned as an attractive and suitable venue to celebrate family events such as birthday parties, full moon celebrations, and other family gatherings.
- As Steam Room's outlets are all located in shopping malls, they are able to tap onto the malls shoppers which consist mainly of residents and office workers in the surrounding areas of the malls.

LAVO Restaurant & Wine Bar ("LAVO")

- LAVO is a restaurant and wine bar offering pork-free fusion food targeted at both middle-to-high income residents and workers in the vicinity and will be positioned as a trendy and hip venue with excellent food for casual dining, business lunches, and corporate and family celebrations.
- Besides walk-in diners, events and catering is expected to provide a significant revenue stream. LAVO will be designed specifically to cater to medium to large scale events and will provide the ideal capacity, ambience and facilities that corporations and event management companies seek.

Our Group currently owns four (4) Steam Room Restaurants located in shopping malls across Klang Valley, such as Sunway Giza Mall in Kota Damansara, Viva Home Mall in Jalan Loke Yew, 1 Mont' Kiara Mall in Mont Kiara and Paradigm Mall in Kelana Jaya.

Additional details on the Company's plans and its associated costs are set out below:

(i) Steam Room Restaurant

Based on the Minimum Scenario, the Company plans to open an additional two (2) new outlets in the Klang Valley area.

The management of Focus has estimated the set-up cost for each outlet to be approximately RM1.0 million, which includes cost for renovation, furniture and fittings, an operations office and kitchen.

Under the Maximum Scenario, the Company plans to open up to six (6) outlets, of which three (3) outlets shall be at the Klang Valley area and the remaining three (3) in Johor Bahru, Ipoh and Penang. The cost for the opening of six (6) outlets is RM6.0 million.

The Company has identified a few locations for the opening of new Steam Room Restaurant in Klang Valley area, such as Cheras Leisure Mall, Berjaya Times Square, One Utama Shopping Mall, Pavilion Mall etc. However, the exact locations for the expansion have yet to be confirmed at this juncture.

The floor area for each outlet is expected to be between 3,000 to 3,500 square feet ("sq ft") with a seating capacity of between 120 – 150 seats per outlet. Each outlet will also include a kitchen and shall be serviced by between 20-25 employees.

(ii) LAVO Restaurant & Wine Bar

Based on the Minimum Scenario, the Company plans to open one (1) new outlet in the Klang Valley area, which is the Company's first LAVO Restaurant & Wine Bar outlet located in Menara Lien Hoe in Tropicana Golf & Country Resort.

The management of Focus has estimated the set-up cost for the outlet to be approximately RM4.0 million, which includes cost for renovation, furniture and fittings, an operations office, kitchen and wine bar.

Under the Maximum Scenario, the Company plans to open up to five (5) outlets, all of which shall be at the Klang Valley area. The cost for the opening of five (5) outlets is RM20.0 million.

The Company has identified a few locations for the opening of new LAVO Restaurant & Wine Bar in Klang Valley area, such as The Gardens Mall, One Utama Shopping Mall, Pavilion Mall and Suria KLCC Mall etc. However, the exact locations for the expansion have yet to be confirmed at this juncture.

The floor area for the outlet is expected to be 15,000 sq ft with a seating capacity of between 100 - 120 seats. Each outlet will also include a kitchen, wine bar and shall be serviced by between 30-35 employees.

5.3.2 Maintenance and other operating costs

The Company has allocated RM0.4 million and RM7.0 million under the Minimum Scenario and Maximum Scenario, respectively for maintenance and other operating costs associated with the running of its F&B outlets. Additional breakdown for the planned utilisation is as follows:

Details	**Minimum Scenario RM'000**	**Maximum Scenario RM'000**
Sales and marketing expenses to promote the "Steam Room Restaurant" and "LAVO Restaurant & Wine Bar" brands, which shall include expenses for advertisements online, in newspapers and magazines	200	2,000
Refurbishment of four (4) existing Steam Room Restaurant outlets including:	-	1,000
- the purchase of new kitchen equipment; and		
- minor renovation works for the dining area		
Maintenance of existing and new outlets:		

Details	Minimum Scenario RM'000	Maximum Scenario RM'000
Maintenance of existing outlets:		
- payment for regular maintenance of air-conditioning systems	-	50
- upkeep of kitchen equipment	50	200
- upkeep of refrigeration systems	-	100
- purchase of new staff uniforms	-	5
- replacement of glassware and tableware	-	50
- maintenance or replacement of lighting and wiring	-	50
- maintenance or replacement of furniture	-	50
- maintenance of replacement of audio and visual system	-	10
- wetworks maintenance	-	50
- other maintenance such as fire extinguishes, POS systems, furniture and fitting of staff hostel, plants etc.	-	35
Maintenance of new outlets:		
- payment for regular maintenance of air-conditioning systems	-	300
- upkeep of kitchen equipment	150	2,000
- upkeep of refrigeration systems	-	200
- purchase of new staff uniforms	-	50
- replacement of glassware and tableware	-	80
- maintenance or replacement of lighting and wiring	-	150
- maintenance or replacement of furniture	-	150
- maintenance of replacement of audio and visual system	-	100
- wetworks maintenance	-	200
- other maintenance such as fire extinguishes, POS systems, furniture and fitting of staff hostel, plants etc.	-	170
	200	4,000
Total	**400**	**7,000**

5.4 Future working capital/investments

Under the Maximum Scenario for the Rights Issue with Warrants, the Company will raise gross proceeds of up to RM44.914 million, of which the utilisation for RM36.6 million has been identified.

At this juncture, the remaining RM8.314 million to be raised under the Maximum Scenario has been earmarked by the Board for future working capital use and/or for investment purposes. The future working capital use will include but not limited to purchase of raw materials, staff cost, rental and utilities etc. The future investment purposes will be including but not limited to the refurbishment and enhancement of the F&B outlets, opening of additional Steam Room Restaurant and LAVO Restaurant & Wine and venturing into other type of F&B business, which is yet to be determined at this juncture. However, the Board has not decided on the exact details for utilisation. Moving forward, our management is shall continue to explore investment opportunities within the F&B business. Pending utilisation, the RM8.314 million will be placed in interest-bearing fixed deposit accounts with licensed financial institution(s) or in short-term money market instruments.

The exact quantum of proceeds that may be raised by the Company from the exercise of the Warrants would depend on the actual number of the Warrants exercised and the final exercise price of the Warrants. The proceeds from the exercise of the Warrants will be received on an "as and when basis" over the tenure of the Warrants.

Based on the exercise price of RM0.10 per Warrant and assuming full exercise of the Warrants, the Company will raise gross proceeds of RM6.67 million (under the Minimum Scenario) and RM29.94 million (under the Maximum Scenario) from the full exercise of the Warrants. Any proceeds arising from the exercise of the Warrants in the future shall be utilised as an additional working capital expenditure, investment opportunities and/or business expansion for our Group. Pending full utilisation, we intend to place the proceeds from the Rights Issue with Warrants (including accrued interest, if any) or the balance thereof in interest-bearing deposit accounts with licensed financial institution(s) or in short-term money market instruments.

Pending utilisation of the proceeds from the Rights Issue with Warrants for the above purpose, the proceeds will be placed in deposits with financial institutions or short-term money market instruments. The interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as additional working capital of our Group.

The proceeds to be utilised above is expected to directly contribute positively to our Group's future earnings. This is further described in Section 8.3 of this Abridged Prospectus.

6. RISK FACTORS

In running our business activities, we face risks which may have potential impact to our Group's performance unless proper anticipation and mitigation measures are exercised.

In addition to other information contained in this Abridged Prospectus, you should carefully consider the following risk factors before subscribing for or investing in the Rights Issue with Warrants. There may be additional risk factors, which are not disclosed below, that are not presently known to us or that we currently deem to be less significant, which may materially and adversely affect our business, financial condition, results of operation and prospects.

6.1 Risks relating to our Group

We are exposed to certain risks in the manufacturing and electrical industry and F&B industry. These risks include, without limitation, the following:

(i) Risk on financial performance

As stated in Appendix III, Section 6 of this Abridged Prospectus, our Group recorded consecutive losses for the 17-month FPE 31 December 2011, FYE 31 December 2012, FYE 31 December 2013 and 6-month FPE 30 June 2014. Resulting from these losses, the shareholders' equity position of our Group deteriorated to RM18.2 million as at 30 June 2014 which represent 51.7% of our issued and paid-up capital.

Pursuant to Rule 8.04(2) of the ACE Market LR, where a listed issuer triggers any one (1) or more of the prescribed criteria stated in Guidance Note 3 of the ACE Market LR (which include *inter-alia*, the criteria that the shareholders' equity is 25% or less than the issued and paid-up capital), the listed issuer will be required to submit and obtain the approval of Bursa Securities a comprehensive regularisation plan within a 12 month period. Failure to comply with this obligation may result in the de-listing of the listed issuer. Should the financial performance of our Group continues to deteriorate, we may risk triggering the said prescribed criteria which can result in our Group being classified as an affected listed issuer pursuant to Guidance Note 3 of the ACE Market LR.

However, as stated in Section 7.5 of the Abridged Prospectus, our Group plans to implement a two (2)-pronged strategy to improve our earnings as summarised below:-

(i) exploring and investing into acquiring new energy efficiency products and solutions to meet the ever increasing demands of our customers to strengthen our core business in energy efficiency systems and solutions; and

(ii) expansion in the F&B business to open additional new outlets for both Steam Room Restaurant and LAVO Restaurant & Wine Bar.

Notwithstanding the above, there can be no assurance that our Group will be able to improve our future financial performance.

(ii) Business risks

Our business is subject to certain risks inherent in the manufacturing industry, particularly in the electric and electronics sub-sector. These risks include the supply and cost of raw material, supply and cost of labour and changes in the general economy as well as business and credit conditions.

Our Group's risk is mitigated to a certain extent by its focus on a selected group of customers, such as specific business industry and institutions, which consider energy efficiency systems as essential in their daily operations. This selected group of customers includes government institutions and manufacturers. In addition, our Group had on 26 June 2014 diversified our principal activities to include F&B business plans to expand our F&B business in order to improve our earnings base and to reduce the reliance on our existing core business in manufacturing, trading of variable speed drives and instruments for the control of industrial machines, and automation systems implementation for energy resource based industries. The F&B industry is also exposed to business risks as follows:

(a) Inherent food safety risks in the production of food products

As a food service operator, our Group faces inherent risk of food contamination and product liability claims. In event that contamination and/or deterioration occur, its raw materials and food products will be unsafe for production and consumption. This could lead to delays in service delivery to our customers, loss in revenue, increase in food production cost, and/or compensation to customers for delays or medical issues caused. Additional costs may also be incurred in addressing customer complaints or in engaging legal services to defend our Group's reputation.

(b) Availability, quality and price fluctuations of food ingredients

Our Group sources food ingredients from third party suppliers and rely on them for the consistent supply of food ingredients that meet its quality requirements. Fluctuation in prices and/or disruptions in supply of these food ingredients will have an impact on business operations.

(c) Changes in consumer preferences

To a certain extent, our Group's continued success is dependent on its ability to anticipate and develop food products and services that appeal to the changing tastes and preferences of consumers. If consumer trends change and our Group is not able to anticipate it, demand for its food products and services may be adversely affected.

Although the management of our Group strives to mitigate these risks, no assurance can be given that any changes in these factors will not have a material effect on the businesses. Further, changes in the general economy and credit conditions could materially affect the financial prospects of our Group's business.

(iii) Competition

Our Group may face competition from international and domestic players in both the manufacturing and F&B industries and there may be no assurance that our Group will be able to maintain its existing market share in the future.

Notwithstanding the above, we expect that as an established company, we can continue to strive to remain highly competitive and expected to maintain and/or expand our market share for our products through our technical expertise and knowhow.

In addition, future success will depend significantly upon our ability to respond to changing market conditions and demand, and employ marketing strategies that will suitably position our Group's to fulfil the need of our target market.

(iv) Dependence on key personnel

Our Group believes that its continued success will depend significantly on the abilities and continued efforts of our Directors and senior management. With our Group's human resources strategies to retain competent personnel such as by encouraging participative management, providing competitive and performance based remuneration, adopting succession planning for key positions and providing employees with a variety of on-going training programs to upgrade their knowledge and capabilities, our Group's management has expanded and strengthened over the years. Thus, our Group is confident that it would not face difficulties when the younger members of our management team eventually take over from their seniors in the future. In addition, every effort is made to recruit and retain skilled personnel to ensure the continued growth of our Group. However, the loss of key members of the senior management team could adversely affect our Group's ability to compete in the industry.

(v) Political, economic and regulatory considerations

Our operations and financial performance may be adversely affected by unfavourable political, economic and regulatory developments. These factors include the level of inflation, interest rates, exchange rates and changes in political leadership, Government's fiscal and monetary regulatory policies, changes in laws and regulations, war, social unrest, and economic downturns. Implementation of the Goods and Services Tax ("GST") in 2015 may dampen consumer sentiment and have an adverse impact on demand in the manufacturing, electric and electronics and F&B industries.

Introduction of new laws or changes in the regulatory environment in the F&B industry may have an adverse effect on the business operations of our Group. Failure to comply with new and also existing rules and regulations may have a negative impact on business operations. There is also no assurance that existing licenses and permits issued will not be subjected to the imposition of further conditions or restrictions by the relevant authorities.

Whilst our Group strives to continue to take effective measures such as prudent financial management and efficient operating procedures, there is no assurance that adverse political, economic and regulatory factors will not materially affect our Group.

(vi) Operational risks

Our Group faces certain operational risks which include but are not limited to fire outbreaks, the disruption of electricity and water supply, any occurrence of which would affect our Group's business operations.

Our Group has taken precautionary steps to minimise the risk of fire outbreaks through the installation of fire hydrants, fire extinguishers and the dispersal of the storage of raw materials and finished products at various premises.

Our Group's production process requires a consistent supply of electricity and water. In this respect, our Group seeks to limit the risk by maintaining at least one (1) month's supply of necessary materials for production as a contingent measure. Our Group has also installed water storage tanks in various locations which could store up to a week's supply of water for our production process. However, there is no assurance that these operational risks will not materially affect our Group.

(vii) Environmental concern

Our Board believes that our Group's existing operations have presently complied with the relevant regulations governing environment concerns and matters within Malaysia. Notwithstanding the above, there is no assurance that the operations and performance of our Group will not be adversely affected should our Government change the relevant regulations which would result in our Group incurring additional costs for compliance thereof, including but not limited to varying its operating procedures and/or acquiring new production techniques or facilities.

6.2 Risks relating to the Rights Issue with Warrants

(i) No prior market for the Rights Shares and/or Warrants

There can be no assurance that there will be an active market for the Rights Shares and/or Warrants upon or subsequent to their listing on the ACE Market of Bursa Securities or, if developed, that such a market sustainable or adequately liquid during the tenure of the Rights Shares and/or Warrants.

The market price of the Rights Shares and Warrants, like all listed securities traded on Bursa Securities, is subject to fluctuations and will be influenced by, *inter-alia*, trades in substantial amount of the Rights Shares and Warrants on the ACE Market of Bursa Securities in the future, the market price and volatility of Focus Shares, announcements relating to the business of our Group, the financial performance of our Group, and exercise period of the Warrants.

In addition to the fundamentals of Focus, the future price performance of the Rights Shares and Warrants will also depend on various external factors such as the economic and political conditions of the country, sentiments and liquidity in the local stock market as well as the performance of regional and world bourses.

On the other hand, the market price of Focus Shares will be influenced by, *inter-alia*, the prevailing market sentiments, volatility of the stock market of the country, operating results of our Group and prospects of the industries in which our Group operates.

As each Rights Share will be issued at RM0.10, there can be no assurance that the market price of the Rights Shares, upon or subsequent to their listing, will remain at or above the issue price.

In addition, there can be no assurance that the exercise price of the Warrants will be less than the prevailing market price of Focus Shares during the tenure of the Rights Shares and Warrants respectively.

(ii) Delay in or abortion of the Rights Issue with Warrants

The Rights Issue with Warrants is exposed to the risk that it may be aborted or delayed on the occurrence of any one or more of the following events:

(a) *force majeure* events or events/circumstances, which are beyond the control of our Company and Adviser, arising prior to the implementation of the Rights Issue with Warrants; or

(b) our Director as set out in Section 2.5 above who has given the Undertaking to subscribe for the Rights Issue with Warrants may not fulfil or be able to fulfil his obligation.

In this respect, all monies raised in the Rights Issue with Warrants which are held in a trust account for our Company will be refunded free of interest within 14 days to the entitled shareholders in the event the Rights Issue with Warrants is aborted. Monies not repaid within 14 days will be returned with interest at the rate of 10% per annum or at such other rates as may be prescribed by the SC. Notwithstanding the above, our Company will exercise its best endeavour to ensure the successful implementation of the Rights Issue with Warrants. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or abortion of the Rights Issue with Warrants.

(iii) Forward-looking statements

Certain statements in this Abridged Prospectus are based on historical information, which may not be reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements are based on forecasts and assumptions made by our Group and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, *inter alia*, the risk factors as set out in this section. In light of these and other uncertainties, the inclusion of forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

The overview and prospects of the global economy, the Malaysia economy as well as the industries in which our Group operates in, namely the manufacturing and electrical industry and food industry in Malaysia is as follows:

7.1 Overview and prospects of the global economy

The global economy expanded at a modest pace of an estimated 3% in 2013, with uneven momentum across economies. In the advanced economies, growth remained on a path of gradual improvement. The pace of recovery, however, was modest as policy uncertainties and structural constraints continued to weigh on overall demand.

The gradual improvement in the global economy experienced in 2013 is anticipated to continue in 2014, which is forecasted to expand at 3.7%. Global growth is anticipated to be supported by a broader economic recovery in the advanced economies and sustained growth in the emerging economies. Continued improvements in the advanced economies are expected to have positive spillovers on the rest of the world, in particular on economies with extensive trade linkages. Nevertheless, the pace of recovery is projected to remain moderate, with global economic activity expanding below the average growth rate observed between the years 2000 and 2007.

A contributing factor underlying this trend is the remaining structural issues in the advanced economies, in particular the high structural unemployment and weak financing activity amid ongoing fiscal consolidation and deleveraging activity. In this environment, emerging economies are transitioning towards a more moderate pace of growth, due in part to the policy stance that has been adopted to address domestic risks such as strong credit growth and rising property prices. The emerging economies also face the challenge of managing external risks. In particular, the policy normalisation in the major advanced economies is anticipated to generate spillovers on the international financial markets given the significant inter-linkages in the international financial system. The primary concern is on the pace and magnitude of capital flow reversals and the risks of contagion for the small open economies, and the attendant impact of these developments on the momentum of the global recovery.

Notwithstanding the improved outlook, the global economy continues to face downside risks. A key concern is the continued economic slack in the advanced economies despite the recent improvement in growth. Unemployment rates remain elevated relative to pre-crisis levels in many advanced economies while spare capacity continues to be sizeable in several economies, reducing the prospect of higher investment growth.

(Source: Annual Report 2013, Bank Negara Malaysia)

7.2 Overview and prospects of the Malaysian economy

The Malaysian economy expanded by 4.7% in 2013, driven by the continued strong growth in domestic demand. Despite the weaker external environment in the first half of 2013, domestic demand remained resilient throughout the year, led by robust private sector activity. Private consumption was strong, supported mainly by favourable employment conditions and wage growth.

Private investment registered a strong growth in 2013, continuing the momentum from the previous year. Growth was underpinned by capital spending in the mining, services and manufacturing sectors. Although the Government's development expenditure declined during the year, growth in public investment remained positive as a result of the continued high capital spending by the public enterprises.

The Malaysian economy is expected to remain on a steady growth path in 2014, expanding between 4.5% and 5.5%. The growth momentum is projected to be supported by better performance in the external sector amid some moderation in domestic demand.

Domestic demand is anticipated to remain the key driver of growth, albeit at a more moderate pace, reflecting the continued public sector consolidation. Private investment is forecast to register robust growth for the fifth consecutive year, driven by the ongoing implementation of multi-year projects and the improvement in external demand. Private consumption is expected to be underpinned by healthy labour market conditions and sustained income growth. Nonetheless, household spending is expected to moderate towards its long-term trend growth, reflecting in part the impact of the higher inflation. Public consumption is projected to record lower growth, following the ongoing consolidation of the Government's fiscal position, while public investment is anticipated to register a higher growth, supported by both Government and public enterprise capital spending.

(Source: Annual Report 2013, Bank Negara Malaysia)

7.3 Overview and outlook on the manufacturing industry and the electric and electronics sub-sector

Growth is expected to be supported by expansion in all economic sectors. In tandem with strong domestic demand, the services and manufacturing sectors are expected to drive growth. Strong domestic consumption is expected to boost growth in the services sector, especially in wholesale and retail trade, accommodation and restaurants as well as strong expansion in the telecommunication, finance and business services subsectors.

The outlook for the manufacturing sector is expected to improve, given the continued recovery in manufacturing activity, particularly the electrical and electronics (E&E) subsector. The manufacturing sector will be largely supported by strong expansion in domestic-oriented industries. In line with the gradual pickup in the global economy and improving intra-regional trade, export-oriented industries such as E&E, chemicals and resource-based industries are likely to provide support to growth. Likewise, domestic-oriented industries such as construction related materials, transport equipment and food subsectors are also expected to remain resilient. The manufacturing sector is projected to grow 3.8% in 2014.

In the E&E subsector, output was sustained at 1.9% during the first eight months of 2013 (January – August 2012: 1%). The global semiconductor industry is showing signs of recovery as reflected in higher global chip sales and the book-to-bill ratio which continued to rise above 1 during the first half of 2013. In tandem with these developments, the output of Malaysian electronic products, in particular semiconductor devices as well as electronic valves, tubes and printed circuit boards grew favourably by 9.6% and 25.7%, respectively. In comparison, the slowdown of office and accounting machinery as well as computers and computer peripherals persisted, albeit decreasing moderately by 1.4%. The slowdown was partly due to higher output of ultrabooks and tablets, which cushioned the slower growth of personal computers (PC s).

The E&E subsector is expected to stage a mild recovery in the later part of 2013 following the anticipated stronger recovery of advanced economies and continued efforts by E&E manufacturers to diversify their product range to cater to various consumer preferences.

(Source: Economic Report 2013/2014 issued by the Ministry of Finance, Malaysia)

7.4 Overview and outlook on the food industry in Malaysia

Due to its ethnic mix, the Malaysian food service industry is very diverse and offers an array of options to consumers. The food service industry in Malaysia can be divided into the following sectors and sub-sectors:

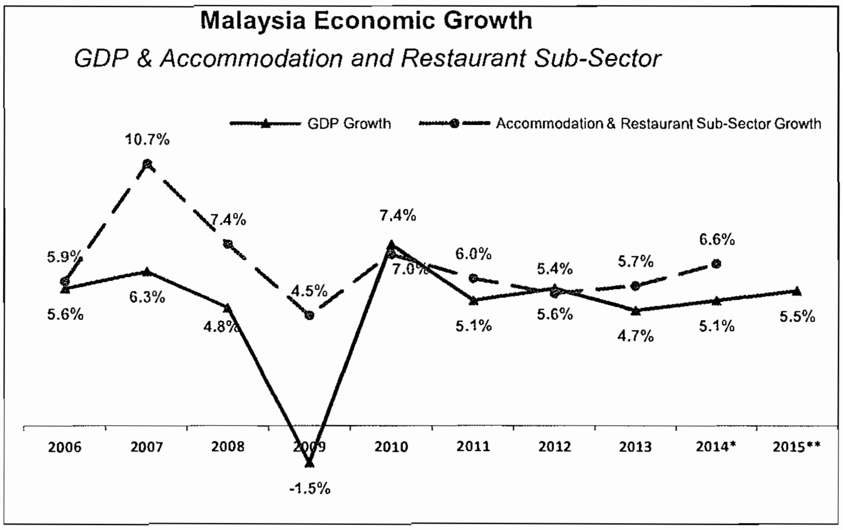
1. Food Services
    a. Restaurants
    b. Cafeterias & canteens
    c. Fast food restaurants
    d. Food stalls

2. Food Catering Services
    a. Event & food catering
    b. Other food service activities

3. Beverages Services
    a. Pubs, bars, discotheques, lounges & karaoke
    b. Coffee shops
    c. Other drinking places

Food Services is the largest sector and accounts for 80% of the food services industry, followed by Beverages Services with 10% and Food Catering Services with 10%. Although Fast Food Restaurants enjoyed the highest growth over the past few years, Restaurants sub-sector remained the largest sub-sector with 47% share of the market and will remain the dominant sub-sector at least for the next five years. The food service outlets under Marquee International and Max Wisdom will address the Restaurants, Event & Food Catering, and Pubs/Bars/Disco/Lounges/Karaoke sub-sectors which cumulatively accounts for 53% of the food service industry.

The food service industry in Malaysia is valued at RM45.2 billion in 2013. The industry has expanded by 5.7% in 2013 from the previous year 2012. Over the past five years, the food service industry has consistently outperformed GDP growth, largely due to an expanding middle class, rising popularity of dining out, and growing international and domestic tourism which is depicted in the chart below:



Note:* *Estimated. GDP growth is estimated at between 4.5% to 5.5%. (http://www.eiu.com/).*

*Note**:* *Forecasted. (http://www.eiu.com/) Forecast for Accommodation and Restaurant sub-sector was not available.*

Klang Valley is the main commercial, industrial, education and tourism hub of Malaysia. Large numbers of chained operators have chosen to expand within Klang Valley due to the critical scale offered by the densely populated urban consumer base with higher incomes, greater sophistication and a stronger culture of dining out compared to the rest of the country. Although Klang Valley accounts for only 28% of total food service establishments and 24% of total population in Malaysia, the region contributes approximately 44% of total revenue of the food service industry.

An expanding middle class, growing urbanisation and changing consumer lifestyle in favor of dining out are positive indicators that are expected to drive growth in the Malaysian food service industry. Although rising inflation may cause some consumers to scale back on dining out, the positive growth factors are expected to outweigh this and drive the industry forward. The food service industry is expected to grow at approximately 6% compound annual growth rate ("CAGR") over the next five years from 2013 to reach RM57.0 billion in 2017. Although the food service industry is susceptible to an economic slowdown, it has shown resilience in the past and its long term prospects remain positive.

(Source: Independent Market Assessment of the Malaysian Food Service Industry, Redmarch Sdn Bhd)

7.5 Future prospects of our Group

In the Budget 2013, the Green Technology Financing Scheme fund was increased by RM2 billion to RM3 billion and the application period extended for another three (3) years until 31 December 2015. Whilst under the Budget 2014, there will be an investment tax allowance for the purchase of green technology equipment and income tax exemption on the use of green technology services and systems. A Malaysian Green Foundation will be set up to enhance the use of green technology.

Our Group continues to expect energy efficiency systems and solutions to be the main contributor to our revenue, alongside with our F&B business. In view of the renewed awareness on cost efficiency in particular energy efficiency management and green technology initiatives, our Group is continuously working towards enhancing our products and services to propel into the immediate and future needs of energy efficiency management. In other words, our Company is always exploring and investing into acquiring new energy efficiency products and solutions to meet the ever increasing demands of the customers.

(a) Energy efficiency management segment

The energy efficiency management segment will play a critical role in competitiveness and economic growth with the increased government drive towards Green incentives and Green metrics under Key Performance Areas for the government. Our Group is optimistic that the growing demand will enhance our ability to weather the strong challenges ahead which we face, such as fast pace technological changes and advancement that might lead to quicker assets obsolescent as well as increasing competition.

As a mitigating factor to the challenges we face, our Board has following plans for the provision of energy efficiency systems and solution:

(i) constantly refreshing our existing range of products offered in order to remain competitive in terms of pricing and technical specs in order to maintain our product competitiveness; and

(ii) to widen the market coverage of our products by including Sabah and Sarawak as our new target market.

In view of the Government promotion and support in Green Technology, our Board is of the view that consumers are more likely to invest in these energy efficiency products in order to maximise the tax incentives granted by the authorities. As such, we expect to be able to benefit from the increased demand of the energy efficiency products by consumer.

(b) Manufacturing segment

In respect of the manufacturing segment, due to a lower demand for manufacturing sector and greater competitive pressures in this segment, our management is currently exploring options to mitigate its exposure to this segment, including an option to phase out this activity within next two (2) years.

(c) F&B segment

Our Group had on 12 October 2012 announced that the Focus Group is venturing into the F&B business and subsequently acquired 51% equity interest of Max Wisdom on 26 June 2013. Our Board takes note that the Proposals are aimed directly at improving our future revenue by enhancing our earnings and reduces the reliance on our existing core business. We had on 26 June 2014 completed the Diversification into F&B business which will result in a diversification of our revenue stream and earning base and hence, reducing our reliance on existing core business. Furthermore, the F&B business conducts most of its sales transaction in cash term, it provides a relatively low credit risk and a better cash flow position to our Company.

The food service industry has been growing at 6% CAGR over the last five (5) years and is expected maintain a similar growth path over next five (5) years, riding on an expanding middle class and growing domestic consumption. Moving forward, our Company intends to utilise major portions of the proceeds from Rights Issue with Warrants for the expansion in the F&B business to open additional new outlets for both Steam Room Restaurant and LAVO Restaurant & Wine Bar of which our Group believes that the Diversification and expansion into the food service industry will be beneficial to our Group's future prospects and will be adequate to improve our Group's financial condition.

8. FINANCIAL EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS

For illustration purpose, the effects of the Rights Issue with Warrants on the share capital, NA, NTA, gearing, earnings and dividends in our Group are as follows:

8.1 Share capital

The proforma effects of the Proposals on our issued and paid-up share capital are as follows:

	Minimum Scenario		**Maximum Scenario**	
	No. of Focus Shares	**RM**	**No. of Focus Shares**	**RM**
Existing issued and paid-up share capital as at the LPD	352,751,394	35,275,139	352,751,394	35,275,139
Assuming full exercise of all Existing Warrants	-	-	96,392,346	9,639,235
Enlarged share capital after the exercise of Existing Warrants	352,751,394	35,275,139	449,143,740	44,914,374
To be issued pursuant to the Rights	100,000,000	10,000,000	449,143,740	44,914,374

	Minimum Scenario		Maximum Scenario	
	No. of Focus Shares	**RM**	**No. of Focus Shares**	**RM**
Issue with Warrants				
Enlarged share capital after Rights Issue with Warrants	452,751,394	45,275,139	898,287,480	89,828,748
To be issued assuming full exercise of:				
- Existing Warrants	96,392,346	9,639,235	-	-
- Warrants	66,666,667	6,666,667	299,429,160	29,942,916
Enlarged share capital	**615,810,407**	**61,581,041**	**1,197,716,640**	**119,771,664**

8.2 NA, NTA and gearing

Based on our latest audited consolidated statement of financial position as at 31 December 2013 and on the assumption that the Rights Issue with Warrants had been effected on that date, the proforma effects of the Rights Issue with Warrants on our consolidated NA, NA per Share and gearing are set out in the ensuing tables below:

Minimum Scenario

		I	**II**
	Audited as at 31 December 2013	**After the Rights Issue with Warrants(2)**	**After I and assuming full exercise of Existing Warrants and Warrants(4)**
	RM'000	**RM'000**	**RM'000**
Share capital	35,275,140	45,275,140	61,581,042
Share premium	3,464,689	3,464,689	3,464,689
Warrant reserve	-	(3) -	-
Accumulated losses	(18,374,721)	(18,874,721)	(18,874,721)
Equity attributable to owners of the parent	20,365,108	29,865,108	46,171,010
Non-controlling interest	801,865	801,865	801,865
Total Equity	21,166,973	30,666,973	46,972,875
No. of Focus Shares	352,751,394	452,751,394	615,810,407
NA per Focus Share	0.06	0.07	0.08
Interest bearing fs	4,952,229	(1) 1,852,229	1,852,229
Gearing	0.23	0.06	0.04

Notes:

(1) Part of the proceeds from the Rights Issue with Warrants, RM3,100,000 will be utilised for the repayment of the entire term loan of a subsidiary, Focus Dynamics Drives Sdn Bhd of RM1.3 million drawn down for working capital for the F&B business and RM1.8 million for bank overdraft, for its working capital.

(2) After deducting estimated expenses in relation to the Proposals of RM500,000.

(3) No value has been apportioned to the Warrants as the Warrants do not have an intrinsic value and Focus is in an accumulated losses position as at 31 December 2013.

(4) Based on indicative exercise price of 2011/2016 Existing Warrants and Warrants of RM0.10 per warrant payable upon exercise of one (1) warrant into one (1) new Focus Share.

Maximum Scenario

		I	II	III
	Audited as at 31 December 2013	After full exercise of Existing Warrants (1)	After I and the Rights Issue with Warrants(3)	After II and assuming full exercise of the Warrants(5)
	RM'000	RM'000	RM'000	RM'000
Share capital	35,275,140	44,914,375	89,828,749	119,771,665
Share premium	3,464,689	3,464,689	3,464,689	3,464,689
Warrant reserve	-	-	(4) -	(4) -
Retained earnings	(18,374,721)	(18,374,721)	(18,874,721)	(18,874,721)
Equity attributable to owners of the parent	20,365,108	30,004,343	74,418,717	104,361,633
Non-controlling interest	801,865	801,865	801,865	801,865
Total Equity	21,166,973	30,806,208	75,220,582	105,163,498
No. of Focus Shares	352,751,394	449,143,740	898,287,480	1,197,716,640
NA per Focus Share	0.06	0.07	0.08	0.09
Interest bearing borrowings	4,952,229	4,952,229	(2) 1,852,229	1,852,229
Gearing	0.23	0.16	0.02	0.02

Notes:

(1) *Based on the exercise price of the Existing Warrants of RM0.10 each.*

(2) *Part of the proceeds from the Rights Issue with Warrants, RM3,100,000 will be utilised for the repayment of the entire term loan of a subsidiary, Focus Dynamics Drives Sdn Bhd of RM1.3 million drawn down for working capital for the F&B business and RM1.8 million for bank overdraft, for its working capital.*

(3) *After deducting estimated expenses in relation to the Proposals of RM500,000.*

(4) *No value has been apportioned to the Warrants as the Warrants do not have an intrinsic value and Focus is in an accumulated losses position as at 31 December 2013.*

(5) *Based on exercise price of the Warrants of RM0.10 per Warrant payable upon exercise of one (1) Warrant into one (1) new Focus Share.*

8.3 Earnings and EPS

The Rights Issue with Warrants is not expected to have any material effect on Focus's consolidated earnings for the current FYE 31 December 2014. The Rights Issue with Warrants is expected to contribute to the future earnings of our Group due to the availability of additional funds for investment and working capital to our Group.

Under the Rights Issue with Warrants, our Company shall raise proceeds of between RM10.0 million and RM44.9 million under the Minimum Scenario and Maximum Scenario, respectively. From the total proceeds raised, between RM6.4 million (Minimum Scenario) and RM33.0 million (Maximum Scenario) shall be utilised as for the F&B business, which is in conjunction with our Diversification. Additional information for the utilisation of the proceeds from Rights Issue with Warrants for the F&B business is set up in Section 5 of this Abridged Prospectus.

The remaining RM8.314 million to be raised under the Maximum Scenario has been earmarked by the Board for future working capital use and/or for investment purposes, however it has yet to be determined at this juncture. Pending utilisation, the RM8.314 million will be placed in interest-bearing fixed deposit accounts with licensed financial institution(s) or in short-term money market instruments.

8.4 Dividend

The Rights Issue with Warrants is not expected to affect the dividend policy of our Company as future dividend payable by our Company would be dependent on *inter-alia*, the future profitability and cashflow position of our Group.

9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

9.1 Working capital

Our Board is of the opinion that after taking into consideration the proceeds of the Rights Issue with Warrants, cash in hand, cashflow generated from our operations and available banking facilities, our Group will have adequate working capital to meet our business requirements due within a period of twelve (12) months from the date of this Abridged Prospectus.

9.2 Borrowings

As at the LPD, our Group have total outstanding bank borrowings as follows:

	Floating rate interest bearing borrowings RM ('000)	Non-floating rate interest bearing borrowings RM ('000)
Short-term borrowings	2,465	214
Long-term borrowings	2,328	492
Total	**4,793**	**706**

Our Group has no borrowing in foreign currencies as at the LPD.

As at the LPD, there has not been any default on payments of either interest or principal sums by our Group, in respect of any borrowings during the FYE 31 December 2013 and for the subsequent financial period up to the LPD.

9.3 Material commitments

Save as disclosed below, as at the LPD, there is no material commitment, incurred or known to be incurred, which may have a material impact on the results or financial position of our Group:

	As at the LPD
Non-cancellable operating lease commitments for management office and F&B outlets:	
Not later than one (1) year	926,030
Between one (1) to five (5) years	1,852,061
Later than five (5) years	-
Total	**2,778,091**

	As at the LPD
Capital commitments for F&B outlet renovation and investment in properties:	
Not later than one (1) year	1,201,134
Between one (1) to five (5) years	2,978,170
Later than five (5) years	96,070
Total	**4,275,374**

9.4. Contingent liabilities

Save as disclosed below, to the best knowledge of our Board, there are no contingent liabilities, incurred or known to be incurred, which upon becoming enforceable, may have a substantial impact in the ability of Focus to meet its obligations as and when they fall due:

Details		**RM'000**
(i)	Corporate Guarantee for Focus Dynamics Drives Sdn Bhd (a subsidiary of Focus) to Public Bank Berhad on acquisition of Max Wisdom and on working capital purpose	2,436

10. TERMS AND CONDITIONS

The issuance of the Rights Shares with Warrants pursuant to the Rights Issue with Warrants is governed by the terms and conditions as set out in this Abridged Prospectus, the Deed Poll, the NPA and RSF enclosed herewith.

11. FURTHER INFORMATION

You are requested to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of the Board of
FOCUS DYNAMICS TECHNOLOGIES BERHAD

DATUK MANAN BIN HAJI MD SAID
EXECUTIVE CHAIRMAN

CERTIFIED EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT OUR EGM HELD ON 26 JUNE 2014
(Prepared for inclusion in this Abridged Prospectus)

FOCUS DYNAMICS TECHNOLOGIES BERHAD

(Company No. 582924-P)
(Incorporated in Malaysia)

AN EXTRACT OF THE MINUTES OF THE EXTRAORDINARY GENERAL MEETING HELD AT MACHANG ROOM, LEVEL 2, HOTEL EQUATORIAL MELAKA, BANDAR HILIR, 75000 MELAKA ON THURSDAY, 26 JUNE 2014 AT 10.45 A.M..

EGM 4 : ORDINARY RESOLUTION 1
PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 449,143,740 NEW ORDINARY SHARES OF RM0.10 EACH IN FOCUS ("RIGHTS SHARES") TOGETHER WITH UP TO 299,429,160 NEW FREE DETACHABLE WARRANTS ("WARRANTS") AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE ON THE BASIS OF THREE (3) RIGHTS SHARES TOGETHER WITH TWO (2) WARRANTS FOR EVERY THREE (3) EXISTING ORDINARY SHARES OF RM0.10 HELD IN FOCUS ("FOCUS SHARES") ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("ENTITLEMENT DATE") ("PROPOSED RIGHTS ISSUE WITH WARRANTS")

The Chairman informed the Meeting that the full text of the motion was set out in the Notice of this Meeting. With the permission of the Meeting, the motion was taken as read.

On the proposed by Ms. Ong Eng Eng, the shareholder and seconded by Ms. Yu Ying Xi, the proxy holder, the following motion was put to vote at the meeting by the show of hands and declared carried by the Chairman with RESOLVED:-

*"**THAT** subject to the passing of Ordinary Resolution 2, Ordinary Resolution 9, Special Resolution and subject further to all the approvals from relevant authorities being obtained where necessary, approval be and is hereby given for Focus to undertake the Proposed Rights Issue with Warrants as follows:*

(a) To provisionally issue and allot by way of renounceable rights issue of up to 449,143,740 Rights Shares together with up to 299,429,160 free Warrants at an issue price of RM0.10 per Rights Share on the basis of three (3) Rights Shares together with two (2) Warrants for every three (3) Focus Shares held to the entitled shareholders of the Company whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date;

(b) To issue and allot the Warrants based on the principal terms of which are set out in Section 2.1 of the Circular to Shareholders dated 4 June 2014 and upon the terms and conditions of a deed poll to be executed by Focus ("Deed Poll");

(c) To issue and allot such number of new Focus Shares arising from the exercise of the Warrants during the tenure of the Warrants; and

(d) To issue and allot such additional Warrants as maybe required or permitted to be issued as a result of any adjustment under the provisions of the Deed Poll;

FOCUS DYNAMICS TECHNOLOGIES BERHAD
(Company No. 582924-T)

(An Extract of the Minutes of the Extraordinary General Meeting held on 26 June, 2014 – Cont'd)

THAT *the issue price of the Rights Shares shall be fixed at RM0.10 for each Rights Share and the exercise price of the Warrants shall be fixed at RM0.10 for each Warrant;*

THAT *the Directors be and are hereby authorised to allocate the excess Rights Shares in a fair and equitable manner on a basis to be determined by the Directors in their absolute discretion;*

THAT *the Directors be and are hereby authorised to deal with all or any of the fractional entitlement of the Rights Shares and Warrants arising from the Proposed Rights Issue with Warrants, which are not validly taken up or which are not allotted for any reason whatsoever, in such manner as the Directors may in their absolute discretion deem fit and in the best interest of the Company;*

THAT *all the Rights Shares and the new Focus Shares to be issued pursuant to the exercise of the Warrants, shall upon issue and allotment, rank pari passu in all respects with the then existing Focus Shares except that they will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is before the date of allotment of the Rights Shares and the new Focus Shares to be issued pursuant to the exercise of the Warrants (as the case may be);*

THAT *the proceeds from the Proposed Rights Issue with Warrants will be utilised for such purposes as set out in Section 2.1.6 of the Circular to Shareholders dated 4 June 2014 and the Directors be authorised with full power to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Directors may deem fit, necessary or expedient, subject to (where applicable) the approval of the relevant authorities;*

THAT *the Directors be and are hereby authorised to enter into and execute the Deed Poll constituting the Warrants and to do all acts, deeds and things as they may deem fit and expedient in order to implement, finalise and give effect to the Deed Poll;*

AND THAT *the Directors be and are hereby authorised with full power to make any modifications, variations and/or amendments in any manner as may be in the best interest of the Company or as may be required by the relevant authority/authorities to give effect to the Proposed Rights Issue with Warrants, and to take all such steps as they may deem necessary or expedient in the best interest of the Company to implement, finalise and give full effect to the Proposed Rights Issue with Warrants."*

CERTIFIED TRUE COPY

DATUK MANAN BIN HAJI MD. SAID
Chairman

TEO SOON MEI (MAICSA 7018590)
Company Secretary

Dated: 7 OCT 2014

SALIENT TERMS OF THE WARRANTS

Terms		Details
Number of Warrants	:	Up to 299,429,160 Warrants to be issued for free to the Entitled Shareholders/renouncees who subscribe for the Rights Issue with Warrants, to subscribe for up to 299,429,160 new Focus Shares.
Detachability	:	The Warrants which are to be issued pursuant to Rights Issue with Warrants are immediately detachable upon allotment and issue of the Rights Shares. The Warrants will be traded separately.
Issue Price	:	The Warrants which are to be issued pursuant to Rights Issue with Warrants are to be issued free to the Entitled Shareholders and renouncees who subscribe for the Rights Shares.
Exercise Price	:	The exercise price of the Warrants is RM0.10 per Warrant. The exercise price and the number of outstanding Warrants shall however be subject to the adjustments in accordance with the terms and provisions of the Deed Poll during the Exercise Period.
Exercise Period	:	The Warrants may be exercised any time during the tenure of the Warrants of five (5) years including and commencing from the issue date of the Warrants. Warrants not exercised during the Exercise Period will thereafter become lapse and void.
Exercise Rights	:	Each Warrant entitles the registered holder to subscribe for one (1) new Focus Share at the Exercise Price during the Exercise Period and shall be subject to adjustments in accordance with the Deed Poll.
Expiry Date	:	A date being five (5) years from and including the date of issue of the Warrants, provided that if such day falls on a day which is not a market day, then on the preceding market day.
Mode of Exercise	:	The holders of the Warrants shall pay cash by way of banker's draft or cashier's order or money order or postal order drawn on a bank or post office in Malaysia for the aggregate Exercise Price payable when exercising the Warrants and subscribing for new Focus Shares.
Deed Poll	:	The Warrants are constituted by the Deed Poll.
Board Lot	:	The Warrants are tradeable upon listing in board lots of 100 units carrying rights to subscribe for 100 new Focus Shares at any time during the Exercise Period or such other number of units as may be prescribed by Bursa Securities.
Status of New Focus Shares to be issued pursuant to the exercise of the Warrants	:	All the new Focus Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment and issue, rank *pari passu* in all respects with the then existing Focus Shares except that they will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is before the date of allotment of the said new Focus Shares.
Rights in the Event of Winding Up, Liquidation, Compromise and/or Arrangement	:	Where a resolution has been passed for a members' voluntary winding-up of the Company or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one or more companies, then:

Terms		Details
		(a) for the purpose of such a winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the Warrant holders, or some persons designated by them for such purposes by a Special Resolution, will be a party, the terms of such winding-up, compromise or arrangement will be binding on all the Warrant holders; and (b) in any other case, every Warrant holder will be entitled to elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the Exercise Rights represented by that Warrant to the extent specified in the exercise forms and be entitled to receive out of the assets of the Company which would be available in liquidation if he had on such date been the holder of the new shares to which he would have become entitled pursuant to such exercise and the liquidator of the Company will give effect to such election accordingly.
Listing	:	Approval has been obtained from Bursa Securities for the admission of the Warrants to the Official List of the ACE Market of Bursa Securities as well as for the listing of and quotation for the Warrants and new Focus Shares to be issued arising from the exercise of the Warrants.
Adjustment in the Exercise Price and/or the number of Warrants held by warrant holders in event of alteration to the share capital	:	Subject to the provision in the Deed Poll, the Exercise Price and the number of Warrants held by each Warrant holder shall be adjusted by the Board in consultation with the adviser and certification of the external auditors of Focus, in the event of alteration to the share capital of our Company. Any adjustment to the Exercise Price will be rounded down to the nearest one (1) Sen and in no event shall any adjustment (otherwise than upon the consolidation of ordinary shares into shares of a larger par value) involve an increase in the Exercise Price or result in the Exercise Price falling below the par value of the ordinary shares for the time being
Modification	:	Save as expressly provided in the Deed Poll, no modification, amendment or addition may be made to the provisions of the Deed Poll without the sanction of a special resolution by the Warrant Holders, other than any modification to the Deed Poll which is not materially prejudicial to the interests of the Warrant Holders or if in the opinion of our Company and the approved adviser, is to correct a manifest error or to comply with the rules of Bursa Malaysia Depository Sdn Bhd, or the Securities Industry (Central Depositories) Act, 1991 or Bursa Securities or mandatory provisions of Malaysian law. Any modification to the Deed Poll may be effected only by a further deed poll executed by our Company and expressed to be supplemental to the Deed Poll, and only if the requirements of the relevant provision of the Deed Poll have been complied with.
Further Issues	:	Subject to the provision in the Deed Poll, our Company is free to issue shares to shareholders either for cash or as a bonus distribution and further subscription rights upon such terms and conditions as our Company sees fit but the Warrant holders will not have any participating rights in such issue unless otherwise resolved by our Company in general meeting.
Governing Law	:	Laws of Malaysia.

INFORMATION ON OUR COMPANY

1. HISTORY AND BUSINESS

Focus was incorporated in Malaysia on 14 June 2002 under the Act under the name of Focus Dynamics Technologies Sdn Bhd. Subsequently, on 13 August 2002, we converted into a public limited company and assumed our present name.

We were listed on the MESDAQ (currently known as ACE Market) Market of Bursa Securities on 10 February 2006.

We are principally an investment holding company while the principal activities of our subsidiaries are set out in Section 5 of this Appendix.

2. SHARE CAPITAL

As at the LPD, our authorised and issued and paid-up share capital are as follows:

Type	No. of Shares	Par value RM	Total RM
Authorised	2,500,000,000	0.10	250,000,000
Issued and fully paid-up	352,751,394	0.10	35,275,139

Changes in Issued and Paid-Up Share Capital

The changes in our Company's issued and paid-up share capital since incorporation are as follows:

Date of allotment	No. of Shares allotted	Par Value (RM)	Consideration	Cumulative issued and paid-up share capital (RM)
14.06.2002	2	1.00	Cash (Subscriber shares)	2.00
01.08.2002	20	0.10	Share split (1:10)	2.00
23.06.2005	26,298,870	0.10	Issued pursuant to the acquisition of Focus Dynamics Centre Sdn Bhd at par	2,629,889.00
03.02.2006	11,500,000	0.10	Public issue	3,779,889.00
03.02.2006	37,798,890	0.10	Bonus issue (1:1)	7,559,778.00
16.07.2007	18,899,445	0.10	Bonus issue (1:4)	9,449,722.50
06.11.2007	9,449,700	0.10	Private placement	10,394,692.50
08.10.2009	15,000,000	0.10	Private placement	11,894,692.50

Date of allotment	No. of Shares allotted	Par Value (RM)	Consideration	Cumulative issued and paid-up share capital (RM)
21.01.2010	16,100,000	0.10	Private placement	13,504,692.50
15.12.2010	11,894,600	0.10	Private placement	14,694,152.50
07.06.2011	144,588,519	0.10	Right issue with warrants (1:1)	29,153,004.40
22.03.2012	29,153,000	0.10	Private placement	32,068,304.40
04.09.2012	50	0.10	Exercise of warrants	32,068,309.40
24.12.2013	32,068,300	0.10	Private placement	35,275,139.40

3. SUBSTANTIAL SHAREHOLDERS

Based on our register of substantial shareholders as at the LPD, we do not have any substantial shareholders. However, under the Minimum Scenario, assuming that Datuk Manan subscribes for 100,000,000 Rights Shares pursuant to the Undertaking and none of the other Entitled Shareholders subscribe for the Rights Issue with Warrants, Datuk Manan will have an equity interest of 22.08% in Focus immediately after the Rights Issue with Warrants.

4. BOARD OF DIRECTORS

The age, profession, designation, nationalities and addresses of our Board are set out under the Corporate Directory on page (vi) of this Abridged Prospectus.

As at the LPD, save for Datuk Manan, who holds 2,000 Focus Shares, none of our Board have any interest in Focus. Hence, the Rights Issue of Warrants will have no effect on the shareholdings of our Board save for that which is detailed in Section 3 above.

5. SUBSIDIARY AND ASSOCIATED COMPANIES

Our subsidiaries as at the LPD are as follows:

Subsidiaries	Date / Country of incorporation	Issued and paid-up capital	Effective ownership (%)	Principal Activities
Focus Dynamics Centre Sdn Bhd	02.03.1999/ Malaysia	RM1,800,000	100.0	Marketing, distribution and sale of industrial machines and processes, providing a range of support services covering project management services, maintenance support, engineering conceptualisation, system

Subsidiaries	Date / Country of incorporation	Issued and paid-up capital	Effective ownership (%)	Principal Activities
				audit, energy saving services and other support services in relation to its business and products
Focus Dynamics Drives Sdn Bhd	03.08.2001/ Malaysia	RM500,000	100.0	Manufacture, research and development of variable speed drives, and supply and trading of instruments for the control of industrial machines and processes
DPC Industrial Systems Sdn Bhd	23.11.1994/ Malaysia	RM300,000	100.0	Trading of industrial equipment, designing, installation and implementation of automation system for the energy resource based industry and providing other related products and services
Marquee International Holding Sdn Bhd	28.08.2012/ Malaysia	RM2	100.0	Investment holding
Subsidiaries of Marquee International Holding Sdn Bhd				
Marquee International Sdn Bhd	12.08.2002/ Malaysia	RM100,000	100.0	Operate and manage F&B outlets
Max Wisdom Sdn Bhd	1.11.2010/ Malaysia	RM1,000,000	100.0	Engage in the business as a food restaurant retail chain

Our associated companies as at the LPD are as follows:

Associated companies	Date / Country of incorporation	Issued and paid-up capital	Effective ownership (%)	Principal Activities
Tae Lim Construction Sdn Bhd (formerly known as Focus L&N M&E JV Sdn Bhd)	13.02.2008/ Malaysia	RM500,000	40.0	Electrical and mechanical engineering

6. PROFIT AND DIVIDEND RECORDS

The profit and dividend records based on our Group's audited consolidated financial statements for the 17-month FPE 31 December 2011, FYE 31 December 2012, FYE 31 December 2013 and the unaudited consolidated financial statements for the six (6) months FPE 30 June 2014 are as follows:

	<----------------Audited----------------- >			<--------Unaudited----- >	
	17-month FPE 31 December 2011 (RM'000)	FYE 31 December 2012 (RM'000)	FYE 31 December 2013 (RM'000)	Six (6) months FPE 30 June 2013 (RM'000)	Six (6) months FPE 30 June 2014 (RM'000)
Revenue	10,649	6,796	8,747	2,998	5,751
Gross profit	2,174	912	3,438	535	3,244
Other income	310	210	1,163	33	57
Finance costs	449	166	201	28	159
LBT	(7,950)	(4,608)	(4,800)	(2,128)	(2,901)
Taxation expense	(2)	(26)	(216)	(36)	(38)
LAT	(7,952)	(4,633)	(5,016)	(2,164)	(2,939)
LBITDA	(6,908)	(3,390)	(3,313)	(1,618)	(1,933)
Gross profit margin (%)	20.42	13.42	39.30	17.85	56.41
LAT margin (%)	(74.67)	(68.17)	(57.35)	(72.18)	(51.10)
LBT margin (%)	(74.65)	(67.80)	(54.88)	(70.98)	(50.44)
Number of shares in issue ('000)	291,530	320,683	352,751	320,683	352,751
LPS (sen)	(4.0)	(1.5)	(1.5)	(0.67)	(0.83)
Diluted (LPS) (sen)	N/A	N/A	N/A	N/A	N/A
Dividend per share (sen)	N/A	N/A	N/A	N/A	N/A
Borrowings	5,663	635	4,952	5,552	5,071
Shareholders' funds	22,464	22,120	21,167	20,901	18,227
Current ratio (times)	4.37	3.30	1.93	1.92	1.66
Gearing ratio (times)	0.25	0.03	0.23	0.27	0.28
Receivable turnover (days)	176	290	183	541	293
Payable turnover (days)	63	104	38	69	95
Inventory turnover (days)	46	63	39	159	56

Note:

N/A *Not available*

Commentary on Financial Performance

17-month FPE 31 December 2011 (audited)

In the 17-month FPE 31 December 2011, our Group recorded total revenue of RM10.65 million or an annualised revenue of RM7.52 million, as compared to RM12.05 million in the preceding year. This represents a decline of RM1.4 million or RM4.53 million (on an annualised basis) compared to the total revenue of RM12.05 million for the FYE 31 July 2010, respectively. The decrease in revenue was due to a reduction in revenue from customers in the manufacturing sector and electrical industry from RM2.68 million to RM0.66 million (on an annualised basis). To mitigate the low revenue, our Group had in turn concentrate on providing its sales of energy efficiency systems to the palm oil industry.

Our Group recorded LBT of RM7.95 million or an annualised LBT of RM5.61 million in FPE 31 December 2011 as compared to the LBT of RM1.23 million recorded in the previous financial year. This represents an increase in LBT of RM6.72 million or RM4.38 million (on an annualised basis), respectively. The increase in LBT was due to the impairment of product development expenditure cost of RM0.55 million, higher finance costs of RM0.45 million and impairment of trade receivable of RM5.26 million. The trade receivable was impaired due to the long outstanding nature of the trade receivables and our Board was of the opinion that the trade receivable was not recoverable. Our Board's decision on the impairment of the trade receivable was done after considering the following:

(i) The low probability of recoverability given that the long overdue nature of the debts;
(ii) After demand letters to the trade debtors are duly sent; and
(iii) After legal actions were initiated against the trade debtors for compensation.

FYE 31 December 2012 (audited)

In the FYE 31 December 2012, our Group recorded total revenue of RM6.80 million, as compared to previous 17-month FPE 31 December 2011 annualised revenue of RM7.52 million. The decrease in revenue was due to a decrease of trading sales from RM0.97 million (on an annualised basis) to RM0.12 million for export resulting from a further reduction in sales of energy efficient systems to the manufacturing sector. During the year, there was a decrease in manufacturing activities resulting from product obsolescence in one of Focus' subsidiary, Focus Dynamics Drives Sdn Bhd.

LBT for FYE 31 December 2012 had decreased to RM4.61 million. The significant decrease in LBT for FYE 31 December 2012 was due to the provision for impairment of the trade receivables for 17-months FPE 31 December 2011 of RM5.26 million.

FYE 31 December 2013 (audited)

In FYE 31 December 2013, our Group achieved revenue of RM8.75 million as against RM6.80 million achieved in the previous year. The increase in revenue was due to the contribution by Max Wisdom, the newly acquired subsidiary which is engaged in the F&B business.

Our Group posted a LBT of RM4.80 million for the FYE 31 December 2013 as compared to RM4.61 million recorded in 2012. This was due to impairment of trade receivable amounting to RM0.32 million by DPC Industrial Systems Sdn Bhd ("DPC"), the wholly-owned subsidiary of Focus and impairment of goodwill amounting to RM0.5 million by Focus on the investment in DPC. The trade receivable was impaired due to the long outstanding nature of the trade receivables and our Board was of the opinion that the trade receivable was not recoverable. Our Board's decision on the impairment of the trade receivable was done after considering the low probability of recoverability given that the long overdue nature of the debts and after demand letters to the trade debtors are duly sent. The impairment of goodwill was provided for as the forecasted net present value of future earnings/cash flows of DPC was lower than the carrying value of goodwill.

6 months FPE 30 June 2014 (unaudited)

Our Group's revenue for the 6 months FPE 30 June 2014 was RM5.75 million representing an improvement of RM2.75 million as compared to revenue of RM3.00 million for the 6 months FPE 30 June 2013. The continued improvement in revenue is contributed by our F&B business division.

Notwithstanding the improvement in revenue, our Group posted a LBT of RM2.90 million for the 6 months FPE 30 June 2014, as opposed to LBT of RM2.13 million for the 6 months FPE 30 June 2013. The increase in LBT was due to higher operating expenses (RM6.06 million) due to the increase in rental, staff cost and overhead cost for our F&B business and interest expenses (RM0.16 million) in relation to the additional loan drawdown to finance our F&B business. During the 6 months FPE 30 June 2014, a revaluation deficit of RM0.38 million was charged to the income statements arising from the revaluation of land and building, being the property bearing the postal address of No. 2-16, Jalan Subang Utama 8, Taman Perindustrian Subang, Section 22, 40300 Shah Alam, Selangor Darul Ehsan held by Focus Dynamics Drives Sdn Bhd.

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7. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of Focus Shares as traded on Bursa Securities for the past twelve (12) months are as follows:

	Low (RM)	High (RM)
2013		
October	0.070	0.080
November	0.070	0.080
December	0.070	0.090
2014		
January	0.075	0.085
February	0.075	0.085
March	0.070	0.080
April	0.070	0.095
May	0.075	0.090
June	0.070	0.080
July	0.075	0.085
August	0.075	0.095
September	0.075	0.145

The last transacted price of Focus Shares on 28 February 2014 being the date immediately prior to the announcement of the Proposals was RM0.08 per Share.

The last transacted price of Focus Shares on 25 September 2014, being the LPD was RM0.125 per share.

The last transacted price of Focus Shares on 10 October 2014, being the market day prior to the ex-date of the Rights Issue with Warrants was RM0.10 per share.

(Source: Bursa Securities)

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PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON

(Prepared for inclusion in this Abridged Prospectus)

ECOVIS AHL

ECOVIS AHL
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58100 Kuala Lumpur, Malaysia

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Phone : +603 7981 1799
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The Board of Directors
FOCUS DYNAMICS TECHNOLOGIES BERHAD
No. 4-1
Kompleks Niaga Melaka Perdana
Jalan KNMP 3, Bukit Katil
75450 Melaka

25 SEP 2014

Dear Sirs

FOCUS DYNAMICS TECHNOLOGIES BERHAD ("FOCUS" OR "THE COMPANY") AND ITS SUBSIDIARIES ("FOCUS GROUP" OR "THE GROUP")

REPORTING ACCOUNTANT'S REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

Abridged Prospectus for the renounceable rights issue of up to 449,143,740 new ordinary shares of RM0.10 each in Focus together with up to 299,429,160 free detachable warrants at an issue price of RM0.10 per Rights Share on the basis of three (3) Rights Shares for every three (3) existing ordinary shares of RM0.10 each held in Focus together with two (2) Warrants for every three (3) Rights Shares subscribed at an entitlement date to be determined later referred to as "Proposed Rights Issue with Warrants"

Report on the Compilation of Pro Forma Consolidated Statements of Financial Position

We have completed our assurance engagement to report on the compilation of pro forma consolidated statements of financial position of the Group as at 31 December 2013 (which we have stamped for the purpose of identification), which have been compiled by the Board of Directors ("Directors") on the basis described in notes to the pro forma consolidated statements of financial position, as set out in the Abridged Prospectus in relation to the Proposed Rights Issue with Warrants. The pro forma consolidated statements of financial position have been prepared to provide information on how the consolidated statement of financial position of the Group as at 31 December 2013 might have been affected had the abovementioned Proposed Rights Issue with Warrants been completed on that date.

The pro forma consolidated statements of financial position, because of its nature, may not be reflective of Focus Group's actual financial position. Furthermore, such information does not purport to predict the future financial position of Focus Group.

ECOVIS® AHL

Report on the Compilation of Pro Forma Consolidated Statements of Financial Position (cont'd)

Directors' Responsibilities

It is the sole responsibility of the Directors to compile the pro forma consolidated statements of financial position as at 31 December 2013 on the basis described in notes to the pro forma consolidated statements of financial position, as required by the Prospectus Guidelines – Abridged Prospectus issued by the Securities Commission Malaysia ("Abridged Prospectus Guidelines").

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by the Abridged Prospectus Guidelines on the proper compilation of the pro forma consolidated statements of financial position as at 31 December 2013 and to report that opinion to you.

In providing this opinion, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma consolidated statements of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated statements of financial position.

Basis of Opinion

We conducted our work in accordance with Malaysian Approved Standards on Assurance Engagements - (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma consolidated statements of financial position on the basis described in notes to the pro forma consolidated statements of financial position.

A reasonable assurance engagement to report on whether the pro forma consolidated statements of financial position have been compiled, in all material respects, on the basis described in notes to the pro forma consolidated statements of financial position, involves performing procedures to assess whether the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

(i) the related pro forma adjustments give appropriate effect to the pro forma consolidated statements of financial position; and
(ii) the pro forma consolidated statements of financial position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the pro forma consolidated statements of financial position have been compiled, and other relevant engagement circumstances. The engagement also involves evaluating the overall presentation of the pro forma consolidated statements of financial position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

ECOVIS® AHL

Report on the Compilation of Pro Forma Consolidated Statements of Financial Position (cont'd)

Opinion

In our opinion:

(i) the pro forma consolidated statements of financial position of Focus Group as at 31 December 2013, which have been prepared by the Directors of Focus, have been properly prepared on the basis stated in the accompanying notes to the pro forma consolidated statements of financial position using the audited financial statements of Focus Group as at 31 December 2013, which were prepared in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards, and in a manner consistent with both the format of the consolidated statement of financial position and the accounting policies of Focus; and

(ii) the adjustments made to the information used in the preparation of the pro forma consolidated statements of financial position are appropriate for the purposes of preparing the pro forma consolidated statements of financial position.

Other Matters

This letter is issued for the sole purpose of inclusion in the Abridged Prospectus in accordance with the Abridged Prospectus Guidelines. Our work had been carried out in accordance with Malaysian Approved Standards on Assurance Engagements and accordingly should not be relied upon as if it had been carried out in accordance with standards and practices in other jurisdictions. Therefore, this letter is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the Proposed Rights Issue with Warrants described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this letter in connection with any type of transaction.

Yours faithfully,

Ecovis AHL
Firm No.: AF 001825
Chartered Accountants

Chua Kah Chun
Approval No.: 2696/09/15 (J))
Chartered Accountant

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH REPORTING ACCOUNTANTS' LETTER THEREON

FOCUS DYNAMICS TECHNOLOGIES BERHAD ("FOCUS" OR "THE COMPANY) AND ITS SUBSIDIARIES ("FOCUS GROUP" OR "THE GROUP")
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

The pro forma consolidated statements of financial position of Focus Group as at 31 December 2013 as set out below have been prepared solely for illustrative purposes and to show the effects of the transactions referred to in the notes:

SCENARIO 1: MINIMUM SCENARIO

		Pro Forma I	Pro Forma II
	Audited Consolidated Statement of Financial Position as at 31 December 2013	After the Proposed Rights Issue with Warrants	After Pro Forma I and assuming full exercise of Existing Warrants and Warrants (4)
	RM	RM	RM
NON-CURRENT ASSETS			
Property, plant and equipment	15,206,741	15,206,741	15,206,741
Goodwill on consolidation	2,331,544	2,331,544	2,331,544
	17,538,285	17,538,285	17,538,285
CURRENT ASSETS			
Inventories	941,044	941,044	941,044
Trade and other receivables	6,299,594	6,299,594	6,299,594
Tax recoverable	214,129	214,129	214,129
Deposits with licensed banks	2,068,618	2,068,618	2,068,618
Cash in hand and at banks	3,427,371	9,827,371	26,133,273
	12,950,756	19,350,756	35,656,658
TOTAL ASSETS	30,489,041	36,889,041	53,194,943
EQUITY			
Share capital	35,275,140	45,275,140	61,581,042
Share premium	3,464,689	3,464,689	3,464,689
Warrant reserve	-	(3) -	(3) -
Accumulated losses	(18,374,721)	(2) (18,874,721)	(2) (18,874,721)
Equity attributable to owners of the parent	20,365,108	29,865,108	46,171,010
Non-controlling interests	801,865	801,865	801,865
TOTAL EQUITY	21,166,973	30,666,973	46,972,875

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH REPORTING ACCOUNTANTS' LETTER THEREON

FOCUS DYNAMICS TECHNOLOGIES BERHAD ("FOCUS" OR "THE COMPANY) AND ITS SUBSIDIARIES ("FOCUS GROUP" OR "THE GROUP") PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

SCENARIO 1: MINIMUM SCENARIO (continued)

		Pro Forma I	Pro Forma II
	Audited Consolidated Statement of Financial Position as at 31 December 2013	**After the Proposed Rights Issue with Warrants**	**After Pro Forma I and assuming full exercise of Existing Warrants and Warrants (4)**
	RM	**RM**	**RM**
NON-CURRENT LIABILITY			
Borrowings	2,420,919	1,073,427	1,073,427
Deferred tax liabilities	207,692	207,692	207,692
	2,628,611	1,281,119	1,281,119
CURRENT LIABILITIES			
Trade and other payables	4,003,640	4,003,640	4,003,640
Provisions for warranty and maintenance costs	381	381	381
Amount due to associates	5,055	5,055	5,055
Amount due to directors	153,071	153,071	153,071
Borrowings	2,531,310	778,802	778,802
	6,693,457	4,940,949	4,940,949
TOTAL LIABILITIES	9,322,068	6,222,068	6,222,068
TOTAL EQUITY AND LIABILITIES	30,489,041	36,889,041	53,194,943
Number of ordinary shares (unit)	352,751,394	452,751,394	615,810,407
Net assets	21,166,973	30,666,973	46,972,875
Net assets per ordinary share of Focus	0.06	0.07	0.08
Total borrowings	4,952,229	(1) 1,852,229	(1) 1,852,229
Gearing (times)	0.23	0.06	0.04

Notes:

(1) Part of the proceeds from the Rights Issue, RM3,100,000 will be utilised for the repayment of the entire term loan of a subsidiary, Focus Dynamics Drives Sdn Bhd and a portion of the bank overdraft of the Company.

(2) After deducting estimated expenses in relation to the Proposals of RM500,000.

(3) No value has been apportioned to the Warrants as Focus is in accumulated losses position as at 31 December 2013.

(4) Based on indicative exercise price of 2011/2016 Existing Warrants and Warrants of RM0.10 per warrant payable upon exercise of one (1) warrant into one (1) new Focus share.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH REPORTING ACCOUNTANTS' LETTER THEREON

FOCUS DYNAMICS TECHNOLOGIES BERHAD ("FOCUS" OR "THE COMPANY) AND ITS SUBSIDIARIES ("FOCUS GROUP" OR "THE GROUP") PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

SCENARIO 2: MAXIMUM SCENARIO

		Pro Forma I	Pro Forma II	Pro Forma III
	Audited Consolidated Statement of Financial Position as at 31 December 2013	**After full exercise of Existing Warrants**	**After Pro Forma I and Proposed Rights Issue with Warrants**	**After Pro Forma II and assuming full exercise of the Warrants [(4)]**
	RM	**RM**	**RM**	**RM**
NON-CURRENT ASSETS				
Property, plant and equipment	15,206,741	15,206,741	15,206,741	15,206,741
Goodwill on consolidation	2,331,544	2,331,544	2,331,544	2,331,544
	17,538,285	17,538,285	17,538,285	17,538,285
CURRENT ASSETS				
Inventories	941,044	941,044	941,044	941,044
Trade and other receivables	6,299,594	6,299,594	6,299,594	6,299,594
Tax recoverable	214,129	214,129	214,129	214,129
Deposits with licensed banks	2,068,618	2,068,618	2,068,618	2,068,618
Cash in hand and at banks	3,427,371	13,066,606	54,380,980	84,323,896
	12,950,756	22,589,991	63,904,365	93,847,281
TOTAL ASSETS	30,489,041	40,128,276	81,442,650	111,385,566
EQUITY				
Share capital	35,275,140	44,914,375	89,828,749	119,771,665
Share premium	3,464,689	3,464,689	3,464,689	3,464,689
Warrant reserve	-	-	(3) -	(3) -
Accumulated losses	(18,374,721)	(18,374,721)	(2) (18,874,721)	(2) (18,874,721)
Equity attributable to owners of the parent	20,365,108	30,004,343	74,418,717	104,361,633
Non-controlling interests	801,865	801,865	801,865	801,865
TOTAL EQUITY	21,166,973	30,806,208	75,220,582	105,163,498

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH REPORTING ACCOUNTANTS' LETTER THEREON

FOCUS DYNAMICS TECHNOLOGIES BERHAD ("FOCUS" OR "THE COMPANY) AND ITS SUBSIDIARIES ("FOCUS GROUP" OR "THE GROUP") PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

SCENARIO 2: MAXIMUM SCENARIO (continued)

		Pro Forma I	Pro Forma II	Pro Forma III
	Audited Consolidated Statement of Financial Position as at 31 December 2013	After full exercise of Existing Warrants	After Pro Forma I and Proposed Rights Issue with Warrants	After Pro Forma II and assuming full exercise of the Warrants (4)
	RM	RM	RM	RM
NON-CURRENT LIABILITY				
Borrowings	2,420,919	2,420,919	1,073,427	1,073,427
Deferred tax liabilities	207,692	207,692	207,692	207,692
	2,628,611	2,628,611	1,281,119	1,281,119
CURRENT LIABILITIES				
Trade and other payables	4,003,640	4,003,640	4,003,640	4,003,640
Provisions for warranty and maintenance costs	381	381	381	381
Amount due to associates	5,055	5,055	5,055	5,055
Amount due to directors	153,071	153,071	153,071	153,071
Borrowings	2,531,310	2,531,310	778,802	778,802
	6,693,457	6,693,457	4,940,949	4,940,949
TOTAL LIABILITIES	9,322,068	9,322,068	6,222,068	6,222,068
TOTAL EQUITY AND LIABILITIES	30,489,041	40,128,276	81,442,650	111,385,566
Number of ordinary shares (unit)	352,751,394	449,143,740	898,287,480	1,197,716,640
Net assets	21,166,973	30,806,208	75,220,582	105,163,498
Net assets per ordinary share of Focus	0.06	0.07	0.08	0.09
Total borrowings	4,952,229	4,952,229	(1) 1,852,229	(1) 1,852,229
Gearing (times)	0.23	0.16	0.02	0.02

Notes:

(1) Part of the proceeds from the Rights Issue, RM3,100,000 will be utilised for the repayment of the entire term loan of a subsidiary, Focus Dynamics Drives Sdn Bhd and a portion of the bank overdraft of the Company.

(2) After deducting estimated expenses in relation to the Proposals of RM500,000.

(3) No value has been apportioned to the Warrants as Focus is in accumulated losses position as a 31 December 2013.

(4) Based on indicative exercise price of the Warrants of RM0.10 per warrant payable upon exercise of one (1) warrant into one (1) new Focus share.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH REPORTING ACCOUNTANTS' LETTER THEREON

FOCUS DYNAMICS TECHNOLOGIES BERHAD ("FOCUS" OR "THE COMPANY) AND ITS SUBSIDIARIES ("FOCUS GROUP" OR "THE GROUP")
Notes to the Pro Forma Consolidated Statements of Financial Position as at 31 December 2013

1. Basis of preparation

1.1 The Pro Forma Consolidated Statements of Financial Position of Focus Group as at 31 December 2013, for which the Board of Focus are solely responsible, have been prepared for illustrative purposes only, to show the effects on the Pro Forma Consolidated Statements of Financial Position of Focus Group as at 31 December 2013 had the Proposals as described in Section 2 below had been effected on that date, and should be read in conjunction with the notes accompanying thereto.

1.2 The Pro Forma Consolidated Statements of Financial Position of the Focus Group has been prepared based on the audited consolidated statement of financial position of the Focus Group as at 31 December 2013.

1.3 The Pro Forma Consolidated Statements of Financial Position has been prepared by the Board in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and in a manner consistent with both the format of the financial statements and the accounting policies of Focus Group as disclosed in its audited financial statements for the financial year ended 31 December 2013.

1.4 The audited financial statements of the Focus Group for the financial year ended 31 December 2013 were reported by the auditors without any qualification.

2. The Proposals

The Proposals undertaken by Focus Group comprise the following:

2.1 Renounceable Rights Issue of up to 449,143,740 new ordinary shares of RM0.10 each in Focus ("Rights Shares") together with up to 299,429,160 free detachable warrants ("Warrants") at an issue price of RM0.10 per Rights Share on the basis of three (3) Rights Shares for every three (3) existing ordinary shares of RM0.10 each held in Focus together with two (2) Warrants for every three (3) Rights Shares subscribed ("Proposed Rights Issue with Warrants");

2.2 Diversification of the business of Focus Group into the food and beverage (F&B) business;

2.3 Establishment and implementation of an employees' share option scheme ("ESOS") for eligible employees and directors of Focus Group;

2.4 Increase in the authorised share capital of the Company from RM100,000,000 comprising 1,000,000,000 Focus shares to RM250,000,000 comprising 2,500,000,000 Focus shares; and

2.5 Amendments to the Memorandum and Articles of Association of the Company for the proposed increase in the authorised share capital of the Company.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH REPORTING ACCOUNTANTS' LETTER THEREON

FOCUS DYNAMICS TECHNOLOGIES BERHAD ("FOCUS" OR "THE COMPANY) AND ITS SUBSIDIARIES ("FOCUS GROUP" OR "THE GROUP")
Notes to the Pro Forma Consolidated Statements of Financial Position as at 31 December 2013

3. Scenario 1: Minimum Scenario

The minimum scenario has been prepared assuming Datuk Manan bin Haji Md. Said, who has provided an irrevocable written undertaking to subscribe for up to 100,000,000 of Rights Shares under the Proposed Rights Issue with Warrants via excess application, executes his undertaking to meet the minimum required funding of RM10,000,000.

3.1 Pro Forma I – After the Proposed Rights Issue with Warrants

The pro forma consolidated statements of financial position state the effects of the following:

- the Proposed Rights Issue with Warrants is subscribed by Datuk Manan bin Haji Md. Said, who has provided an irrevocable written undertaking to subscribe for up to 100,000,000 of the rights issue under the Proposed Rights Issue with Warrants via excess application, to raise a fund of RM10,000,000;
- the Board estimates that expenses to be incurred for the Proposals will be approximately RM500,000 and these expenses will be charged against accumulated losses;
- based on the issue price of RM0.10 per Rights Share, the Proposed Rights Issue with Warrants is expected to raise cash proceeds of RM10,000,000, which will be used firstly to repay the estimated expenses incurred for the Proposals amounting to RM500,000, and subsequently to repay bank borrowings with RM3,100,000 and to fund working capital and capital expenditure for the Food & Beverage ("F&B") business with RM6,400,000; and
- no value has been apportioned to both Existing Warrants and Warrants to be issued pursuant to the Proposed Rights Issue with Warrants exercise as the Group does not have sufficient share premium balance and is also in accumulated losses position.

Upon completion of the Proposed Rights Issue with Warrants, the issued and paid-up share capital of Focus will increase to RM45,275,140. There is no impact on share premium and no creation of warrant reserve.

3.2 Pro Forma II – After Pro Forma I and assuming full exercise of Existing Warrants and Warrants

The pro forma consolidated statements of financial position are stated after Pro Forma I and incorporating the effects of the full exercise of 96,392,346 Existing Warrants and 66,666,667 Warrants to be issued under the Proposed Rights Issue with Warrants, both at an exercise price of RM0.10 per warrant.

The full exercise of the both the Existing Warrants and Warrants will generate total gross cash proceeds of RM16,305,902 for capital expenditure, investment opportunities and working capital purposes. Pursuant to the exercise of 163,059,013 warrants, 163,059,013 new Focus shares will be issued and this will increase the issued and paid-up share capital account by RM16,305,902 with no additional expenses incurred. There is no impact on share premium and no creation of warrant reserve.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH REPORTING ACCOUNTANTS' LETTER THEREON

FOCUS DYNAMICS TECHNOLOGIES BERHAD ("FOCUS" OR "THE COMPANY) AND ITS SUBSIDIARIES ("FOCUS GROUP" OR "THE GROUP")
Notes to the Pro Forma Consolidated Statements of Financial Position as at 31 December 2013

4. Scenario II: Maximum Scenario

The maximum scenario has been prepared assuming all the shareholders of Focus and their renouncees subscribe in full their entitlement pursuant to the Proposed Rights Issue with Warrants.

4.1 Pro Forma I – After full exercise of Existing Warrants

The pro forma consolidated statements of financial position are stated after the full exercise of 96,392,346 Existing Warrants at an exercise price of RM0.10 per warrant. Upon completion of the full exercise of Existing Warrants, the issued and paid-up share capital of Focus will increase to RM44,914,375. There is no impact on share premium and no creation of warrant reserve.

4.2 Pro Forma II – After Pro Forma I and Proposed Rights Issue with Warrants

The pro forma consolidated statements of financial position are stated after the effects of the following:

- the Proposed Rights Issue with Warrants is subscribed in full by all shareholders of Focus and their renouncees, totaling 449,143,740 Focus ordinary shares;
- the Board estimates that expenses to be incurred for the Proposals will be approximately RM500,000 and these expenses will be charged against accumulated losses;
- based on the issue price of RM0.10 per Rights Share, the Proposed Rights Issue with Warrants is expected to raise a cash proceed of RM44,914,374, which will be used firstly to repay the estimated expenses incurred for the Proposals amounting to RM500,000, and subsequently to repay bank borrowings with RM3,100,000, to fund working capital and capital expenditure for the Food & Beverage (F&B) business with RM33,000,000 and the remainder of RM8,314,374 to serve as funds for future working capital or investments; and
- no value has been apportioned to both Existing Warrants and Warrants to be issued pursuant to the Proposed Rights Issue with Warrants exercise as the Group does not have sufficient share premium balances and is also in accumulated losses position.

Upon completion of the Proposed Rights Issue with Warrants, the issued and paid-up share capital of Focus will be increased to RM89,828,749. There is no impact on share premium and no creation of warrant reserve.

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH REPORTING ACCOUNTANTS' LETTER THEREON

FOCUS DYNAMICS TECHNOLOGIES BERHAD ("FOCUS" OR "THE COMPANY) AND ITS SUBSIDIARIES ("FOCUS GROUP" OR "THE GROUP")
Notes to the Pro Forma Consolidated Statements of Financial Position as at 31 December 2013

4. Scenario II: Maximum Scenario

4.3 Pro Forma III – After Pro Forma II and assuming full exercise of the Warrants

The pro forma consolidated statements of financial position are stated after Pro Forma II and incorporating the effects of the full exercise of 299,429,160 Warrants at an exercise price of RM0.10 per warrant.

Upon the completion of the full exercise of the Warrants, the exercise will generate total gross cash proceeds of RM29,942,916 for capital expenditure, investment opportunities and working capital purposes. Pursuant to the exercise of 299,429,160 warrants, 299,429,160 new Focus shares will be issued and this will increase the issued and paid-up share capital account by RM29,942,916 with no additional expenses incurred. There is no impact on share premium and no creation of warrant reserve.

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH REPORTING ACCOUNTANTS' LETTER THEREON

FOCUS DYNAMICS TECHNOLOGIES BERHAD ("FOCUS" OR "THE COMPANY) AND ITS SUBSIDIARIES ("FOCUS GROUP" OR "THE GROUP")
Notes to the Pro Forma Consolidated Statements of Financial Position as at 31 December 2013

5. Effects on the pro forma consolidated statements of financial position

5.1 SCENARIO I: MINIMUM SCENARIO

a) Movement in cash in hand and at banks

	RM
Balance at 31 December 2013	3,427,371
Effects of Pro Forma I	
- proceeds from issuance of Rights Shares with Warrants	10,000,000
- payment of estimated expenses incurred for the Proposals	(500,000)
- repayment of bank borrowings	(3,100,000)
Pro Forma I	9,827,371
Effects of Pro Forma II	
- proceeds from full exercise of Existing Warrants	9,639,235
- proceeds from full exercise of Warrants	6,666,667
Pro Forma II	26,133,273

b) Movement in share capital

	RM
Balance at 31 December 2013	35,275,140
Effect of Pro Forma I	
- issuance of Rights Shares with Warrants	10,000,000
Pro Forma I	45,275,140
Effects of Pro Forma II	
- full exercise of Existing Warrants	9,639,235
- full exercise of Warrants	6,666,667
Pro Forma II	61,581,042

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH REPORTING ACCOUNTANTS' LETTER THEREON

FOCUS DYNAMICS TECHNOLOGIES BERHAD ("FOCUS" OR "THE COMPANY) AND ITS SUBSIDIARIES ("FOCUS GROUP" OR "THE GROUP")
Notes to the Pro Forma Consolidated Statements of Financial Position as at 31 December 2013

5. Effects on the pro forma consolidated statements of financial position (continued)

5.1 SCENARIO I: MINIMUM SCENARIO (continued)

c) Movement in accumulated losses

	RM
Balance at 31 December 2013	(18,374,721)
Effect of Pro Forma I	
- estimated expenses incurred for the Proposals	(500,000)
Pro Forma I and II	(18,874,721)

d) Movement in bank borrowings

	RM
Balance at 31 December 2013	
(a) Term loans	2,548,708
(b) Bank overdraft	1,500,000
(c) Hire purchase liabilities	903,521
	4,952,229
Effect of Pro Forma I	
- repayment of bank borrowings with proceeds from issuance of Rights Shares with Warrants for:	
(a) Term loans	(1,775,796)
(b) Bank overdraft	(1,324,204)
	(3,100,000)
Balance after Pro Forma I	
(a) Term loan	772,912
(b) Bank overdraft	175,796
(c) Hire purchase liabilities	903,521
Pro Forma I and II	1,852,229

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH REPORTING ACCOUNTANTS' LETTER THEREON

FOCUS DYNAMICS TECHNOLOGIES BERHAD ("FOCUS" OR "THE COMPANY) AND ITS SUBSIDIARIES ("FOCUS GROUP" OR "THE GROUP")
Notes to the Pro Forma Consolidated Statements of Financial Position as at 31 December 2013

5. Effects on the pro forma consolidated statements of financial position (continued)

5.2 SCENARIO II: MAXIMUM SCENARIO

a) Movement in cash in hand and at banks

	RM
Balance at 31 December 2013	3,427,371
Effects of Pro Forma I	
- proceeds from full exercise of Existing Warrants	9,639,235
Pro Forma I	13,066,606
Effects of Pro Forma II	
- proceeds from issuance of Rights Shares with Warrants	44,914,374
- payment of estimated expenses incurred for the Proposals	(500,000)
- repayment of bank borrowings	(3,100,000)
Pro Forma II	54,380,980
Effects of Pro Forma III	
- proceeds from full exercise of Warrants	29,942,916
Pro Forma III	84,323,896

b) Movement in share capital

	RM
Balance at 31 December 2013	35,275,140
Effect of Pro Forma I	
- issuance of shares from full exercise of Existing Warrants	9,639,235
Pro Forma I	44,914,375
Effect of Pro Forma II	
- issuance of Rights Shares with Warrants	44,914,374
Pro Forma II	89,828,749
Effect of Pro Forma III	
- full exercise of Warrants	29,942,916
Pro Forma III	119,771,665

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH REPORTING ACCOUNTANTS' LETTER THEREON

FOCUS DYNAMICS TECHNOLOGIES BERHAD ("FOCUS" OR "THE COMPANY) AND ITS SUBSIDIARIES ("FOCUS GROUP" OR "THE GROUP")
Notes to the Pro Forma Consolidated Statements of Financial Position as at 31 December 2013

5. Effects on the pro forma consolidated statements of financial position (continued)

5.2 SCENARIO II: MAXIMUM SCENARIO (continued)

c) Movement in accumulated losses

	RM
Balance at 31 December 2013	(18,374,721)
Effect of Pro Forma II	
- estimated expenses incurred for the Proposals	(500,000)
Pro Forma II and III	(18,874,721)

d) Movement in bank borrowings

	RM
Balance at 31 December 2013	
(a) Term loans	2,548,708
(b) Bank overdraft	1,500,000
(c) Hire purchase liabilities	903,521
	4,952,229
Effect of Pro Forma II	
- repayment of bank borrowings with proceeds from issuance of Rights Shares with Warrants for:	
(a) Term loans	(1,775,796)
(b) Bank overdraft	(1,324,204)
	(3,100,000)
Balance after Pro Forma II	
(a) Term loan	772,912
(b) Bank overdraft	175,796
(c) Hire purchase liabilities	903,521
Pro Forma II and III	1,852,229

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Company No. 582924-P

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH REPORTING ACCOUNTANTS' LETTER THEREON

FOCUS DYNAMICS TECHNOLOGIES BERHAD ("FOCUS" OR "THE COMPANY) AND ITS SUBSIDIARIES ("FOCUS GROUP" OR "THE GROUP")
Notes to the Pro Forma Consolidated Statements of Financial Position as at 31 December 2013

APPROVAL BY BOARD OF DIRECTORS

Approved and adopted by the Board of Focus Dynamics Technologies Berhad Group in accordance with a resolution of the Board,

Name: Ameezan bin Jamal
Title : Director.
Date : 25 SEP 2014

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON

CERTIFIED TRUE COPY

....

ON BOON KAI
Partner
Mustapha, Khoo & Co
AF 0599
Chartered Accountants

FOCUS DYNAMICS TECHNOLOGIES BERHAD
(Incorporated in Malaysia)

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

A201413/Minli/Nadia

Company No. 582924-P

FOCUS DYNAMICS TECHNOLOGIES BERHAD
(Incorporated in Malaysia)

CONTENTS

A201413/Minli/Nadia

FOCUS DYNAMICS TECHNOLOGIES BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of its subsidiary companies and associate are as stated in Note 8 and 9 in the notes to the financial statements respectively.

There have been no significant changes in the nature of the principal activities of the Company, its subsidiaries and associate during the financial year.

FINANCIAL RESULTS

	Group	Company
	RM	RM
Loss after taxation for the financial year	(5,016,112)	(568,724)
Attributable to:		
Owners of the Company	(4,873,824)	(568,724)
Non-controlling interests	(142,288)	-
	(5,016,112)	(568,724)

DIVIDENDS

No dividends have been paid since the end of the previous financial year and the directors do not recommend the payment of any final dividend for the current financial year.

DIRECTORS

The directors who served since the date of the last report and at the date of this report are:-

Datuk Manan Bin Haji Md. Said
Tan Aik Heang
Abdul Menon Bin Arsad @ Abdul Manan Bin Arshad
Ameezan Bin Jamal
Chang Vun Lung

FOCUS DYNAMICS TECHNOLOGIES BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company or its subsidiaries is a party, with the object or objects of enabling the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

No director has, since the end of the previous financial year, receive or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the financial statements or the fixed salary of a full-time employee of the Company) 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.

DIRECTORS' INTEREST

According to the register of directors' shareholdings, the interest of directors in office at the end of the financial year in the ordinary shares and warrants of the Company are as follows:-

	Number of ordinary shares of RM0.10 each			
	As at 01/01/13	Bought	Sold	As at 31/12/13
The Company				
Direct Interest				
Datuk Manan Bin Haji Md. Said	2,000	-	-	2,000

	Number of warrants			
	As at 01/01/13	Bought	Sold	As at 31/12/13
The Company				
Direct Interest				
Datuk Manan Bin Haji Md. Said	667	-	-	667

By virtue of the above shareholdings, the director is deemed to have interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

The other directors holding office at the end of the financial year did not have any interest in the ordinary shares of the Company or its related corporations.

FOCUS DYNAMICS TECHNOLOGIES BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and fully paid-up ordinary share capital from 320,683,094 ordinary shares of RM0.10 each to 352,751,394 ordinary shares of RM0.10 each by way of private placement with the listing of 32,068,300 ordinary shares of RM0.10 each at an issue price of RM0.10 each on 24 December 2013.

The new ordinary shares issued during the financial year will rank pari passu in all respects with the existing ordinary shares of the Company.

The Company has not issued any debentures during the financial year.

WARRANTS

Details of the warrants are set out in Note 16 to the financial statements.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

(a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and are satisfied that all known bad debts had been written off and adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount that they might be expected so to realise.

FOCUS DYNAMICS TECHNOLOGIES BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS – CONT'D

At the date of this report, the directors are not aware of any circumstances:

(a) which would render the amount of bad debts written off, or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company, inadequate to any substantial extent; or

(b) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

(b) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year except for as disclosed in the notes to the financial statements.

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 substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

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 of the Group and of the Company which would render any amount stated in the financial statements of the Group and of the Company misleading.

In the opinion of the directors:-

(i) the results of the Group and of the Company's operations during the financial year was not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) 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 which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

FOCUS DYNAMICS TECHNOLOGIES BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 40 to the financial statements.

EVENTS AFTER THE REPORTING DATE

Details of events after the reporting date are disclosed in Note 41 to the financial statements.

AUDITORS

The auditors, Mustapha, Khoo & Co., have indicated their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution.

Datuk Manan Bin Haji Md. Said
Director

Ameezan Bin Jamal
Director

Kuala Lumpur
Dated: 28 APR 2014

Company No. 582924-P

FOCUS DYNAMICS TECHNOLOGIES BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
Pursuant to Section 169 (15) of the Companies Act, 1965

We, Datuk Manan Bin Haji Md. Said and Ameezan Bin Jamal, being two of the directors of FOCUS DYNAMICS TECHNOLOGIES BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements as set out on pages 11 to 98 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 16 has been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution.

Datuk Manan Bin Haji Md. Said
Director

Ameezan Bin Jamal
Director

Kuala Lumpur
Dated: 2 8 APR 2014

FOCUS DYNAMICS TECHNOLOGIES BERHAD
(Incorporated in Malaysia)

STATUTORY DECLARATION
Pursuant to Section 169 (16) of the Companies Act, 1965

I, Chieng Siong Kuong, being the officer primarily responsible for the financial management of FOCUS DYNAMICS TECHNOLOGIES BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 11 to 98 and the supplementary information as set out in Note 16 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed)
at Kuala Lumpur in the)
Federal Territory on this)
2 8 APR 2014

Chieng Siong Kuong
Officer

Before me,

PESURUHJAYA SUMPAH
No: W494
LEONG SEE KEONG
MALAYSIA

Commissioner of Oaths

84, Tingkat Bawah, Jalan Tuba,
Off Jalan Kampung Attap,
50460 Kuala Lumpur

Company No. 582924-P

MUSTAPHA, KHOO & CO (AF: 0599)
Chartered Accountants
30-4 & 32-4, Jalan Kuchai Maju 10, Kuchai Entrepreneurs Park,
Off Jalan Kuchai Lama, 58200 Kuala Lumpur, Malaysia.
Tel : 603-7981 3337 (4 lines) Fax : 603-7982 5708
E-mail : info@mustaphakhoo.com / mksk_kl@yahoo.com Website : www.mustaphakhoo.com

PrimeGlobal
An Association of Independent Accounting Firms

Company No: 582924-P

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
FOCUS DYNAMICS TECHNOLOGIES BERHAD
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of FOCUS DYNAMICS TECHNOLOGIES BERHAD, which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 11 to 98.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PJ Office : No. 23B, Jalan SS 21/60, Damansara Utama, 47400 Petaling Jaya, Selangor, Malaysia.
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Malaysian Institute of Accountants
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A Member Firm of MIA

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PrimeGlobal
An Association of Independent Accounting Firms

Company No: 582924-P

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
FOCUS DYNAMICS TECHNOLOGIES BERHAD
(Incorporated in Malaysia)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicate in Note 8 to the financial statements.
c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
d) The audit reports on the accounts of the subsidiaries were not subject to any qualification, other than as disclosed in Note 8 to the financial statements, and did not contain any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 16 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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Company No: 582924-P

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
FOCUS DYNAMICS TECHNOLOGIES BERHAD
(Incorporated in Malaysia)

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Mustapha, Khoo & Co
No: AF 0599
Chartered Accountants

On Boon Kai
No.636/04/15 (J)
Partner of the Firm

Kuala Lumpur
Dated: 2 8 APR 2014

PJ Office : No. 23B, Jalan SS 21/60, Damansara Utama, 47400 Petaling Jaya, Selangor, Malaysia.
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Malaysian Institute of Accountants
(Established under the Accountants Act 1967)
A Member Firm of MIA

FOCUS DYNAMICS TECHNOLOGIES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

		Group	
ASSETS	Note	2013 RM	2012 RM
NON-CURRENT ASSETS			
Property, plant and equipment	5	15,206,741	11,337,063
Goodwill on consolidation	6	2,331,544	2,209,793
Products development expenditure	7	-	-
Investment in an associate	9	-	-
		17,538,285	13,546,856
CURRENT ASSETS			
Inventories	10	941,044	1,170,207
Trade and other receivables	11	6,299,594	6,814,909
Tax recoverable		214,129	455,441
Deposits with licensed banks	13	2,068,618	4,160,002
Cash in hand and at banks	14	3,427,371	442,442
		12,950,756	13,043,001
TOTAL ASSETS		30,489,041	26,589,857
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	35,275,140	32,068,310
Reserves	16	(14,910,032)	(9,947,966)
Equity attributable to owners of the parent		20,365,108	22,120,344
Non-controlling interests		801,865	-
TOTAL EQUITY		21,166,973	22,120,344
NON-CURRENT LIABILITIES			
Borrowings	17	2,420,919	517,800
Deferred tax liabilities	18	207,692	-
		2,628,611	517,800

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

FOCUS DYNAMICS TECHNOLOGIES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION (CONT'D)
AS AT 31 DECEMBER 2013

		Group	
	Note	2013	2012
		RM	RM
CURRENT LIABILITIES			
Trade and other payables	19	4,003,640	3,804,636
Provision for warranty and maintenance costs	20	381	1,424
Amount due to associates	21	5,055	5,055
Amount due to directors	22	153,071	20,136
Provision for taxation		-	2,505
Borrowings	17	2,531,310	117,957
		6,693,457	3,951,713
TOTAL LIABILITIES		9,322,068	4,469,513
TOTAL EQUITY AND LIABILITIES		30,489,041	26,589,857

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

FOCUS DYNAMICS TECHNOLOGIES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION (CONT'D)
AS AT 31 DECEMBER 2013

		Company	
ASSETS	Note	2013	2012
		RM	RM
NON-CURRENT ASSET			
Investment in subsidiaries	8	3,200,002	3,200,002
		3,200,002	3,200,002
CURRENT ASSETS			
Trade and other receivables	11	68,312	57,288
Amount due from subsidiaries	12	27,496,900	27,128,542
Deposits with licensed banks	13	1,053,346	2,041,450
Cash in hand and at banks	14	3,166,467	35,869
		31,785,025	29,263,149
TOTAL ASSETS		34,985,027	32,463,151
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	35,275,140	32,068,310
Reserves	16	(1,365,706)	(708,740)
Total equity		33,909,434	31,359,570
CURRENT LIABILITIES			
Trade and other payables	19	1,075,593	1,101,076
Provision for taxation		-	2,505
		1,075,593	1,103,581
TOTAL LIABILITIES		1,075,593	1,103,581
TOTAL EQUITY AND LIABILITIES		34,985,027	32,463,151

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

FOCUS DYNAMICS TECHNOLOGIES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Revenue	23	8,747,197	6,795,636	-	-
Cost of sales	24	(5,309,488)	(5,883,177)	-	-
Gross profit		3,437,709	912,459	-	-
Other income	25	1,163,343	210,070	49,441	96,924
Total income		4,601,052	1,122,529	49,441	96,924
Administrative and operating expenses	26	(9,137,937)	(5,331,595)	(622,671)	(417,065)
Sales and marketing expenses		(62,299)	(206,178)	-	-
Loss from operations		(4,599,184)	(4,415,244)	(573,230)	(320,141)
Finance costs	27	(201,183)	(166,097)	-	-
Share of results in associate		-	(26,214)	-	-
Loss before taxation		(4,800,367)	(4,607,555)	(573,230)	(320,141)
Taxation	28	(215,745)	(25,619)	4,506	-
Net loss for the year after taxation		(5,016,112)	(4,633,174)	(568,724)	(320,141)

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

FOCUS DYNAMICS TECHNOLOGIES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2013

		Group		Company	
	Note	2013	2012	2013	2012
		RM	RM	RM	RM
Net loss for the year after taxation		(5,016,112)	(4,633,174)	(568,724)	(320,141)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the year		(5,016,112)	(4,633,174)	(568,724)	(320,141)
Loss attributable to:					
Owners of the Company		(4,873,824)	(4,633,174)	(568,724)	(320,141)
Non-controlling interests		(142,288)	-	-	-
		(5,016,112)	(4,633,174)	(568,724)	(320,141)
Total comprehensive loss attributable to:					
Owners of the Company		(4,873,824)	(4,633,174)	(568,724)	(320,141)
Non-controlling interests		(142,288)	-	-	-
		(5,016,112)	(4,633,174)	(568,724)	(320,141)
Basic/Diluted loss per ordinary share (sen)	29	(1.5)	(1.5)		

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

FOCUS DYNAMICS TECHNOLOGIES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

		Non-distributable		Distributable			
Group	Share capital RM	Share premium RM	Warrants reserve RM	Accumulated loss RM	Attributable to owners of the Company RM	Non controlling interests RM	Total equity RM
As at 1 January 2012	29,153,005	1,603,420	574,972	(8,867,723)	22,463,674	-	22,463,674
Issue of shares	2,915,305	1,457,658	-	-	4,372,963	-	4,372,963
Shares issue expenses	-	(83,119)	-	-	(83,119)	-	(83,119)
Lapsed warrants	-	574,972	(574,972)	-	-	-	-
Total comprehensive loss for the year	-	-	-	(4,633,174)	(4,633,174)	-	(4,633,174)
As at 31 December 2012	32,068,310	3,552,931	-	(13,500,897)	22,120,344	-	22,120,344
Issue of shares	3,206,830	-	-	-	3,206,830	-	3,206,830
Shares issue expenses	-	(88,242)	-	-	(88,242)	-	(88,242)
Acquisition of a subsidiary	-	-	-	-	-	944,153	944,153
Total comprehensive loss for the year	-	-	-	(4,873,824)	(4,873,824)	(142,288)	(5,016,112)
As at 31 December 2013	35,275,140	3,464,689	-	(18,374,721)	20,365,108	801,865	21,166,973

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

FOCUS DYNAMICS TECHNOLOGIES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2013

		Non-distributable		Distributable	
Company	Share capital RM	Share premium RM	Warrants reserve RM	Accumulated loss RM	Total RM
As at 1 January 2012	29,153,005	1,603,420	574,972	(3,941,530)	27,389,867
Issue of shares	2,915,305	1,457,658	-	-	4,372,963
Shares issue expenses	-	(83,119)	-	-	(83,119)
Lapsed warrants	-	574,972	(574,972)	-	-
Total comprehensive loss for the year	-	-	-	(320,141)	(320,141)
As at 31 December 2012	32,068,310	3,552,931	-	(4,261,671)	31,359,570
Issue of shares	3,206,830	-	-	-	3,206,830
Shares issue expenses	-	(88,242)	-	-	(88,242)
Total comprehensive loss for the year	-	-	-	(568,724)	(568,724)
As at 31 December 2013	35,275,140	3,464,689	-	(4,830,395)	33,909,434

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

FOCUS DYNAMICS TECHNOLOGIES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers		10,561,295	10,575,158	-	-
Cash paid to suppliers and employees		(12,463,654)	(10,168,628)	(1,027,536)	(7,506,113)
Cash (used in) / generated from operating activities		(1,902,359)	406,530	(1,027,536)	(7,506,113)
Interest paid		(160,298)	(129,408)	-	-
Interest received		67,477	177,280	49,441	96,924
Tax paid		(217,420)	-	-	-
Tax refunded		127,245	85,037	2,001	37,642
Net cash (used in) / from operating activities		(2,085,355)	539,439	(976,094)	(7,371,547)
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of a subsidiary	30	(2,257,702)	-	-	-
Purchase of property, plant and equipment (Note A)		(812,611)	(1,937,989)	-	-
Fixed deposits pledged		(1,008,702)	-	-	-
Investment in subsidiary		-	-	-	(2)
Proceed from disposal of property, plant and equipment		21,249	20,000	-	-
Net cash used in investing activities		(4,057,766)	(1,917,989)	-	(2)

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

FOCUS DYNAMICS TECHNOLOGIES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Payment of shares issue expenses		(88,242)	(83,119)	(88,242)	(83,119)
Proceed from issuance of shares		3,206,830	4,372,963	3,206,830	4,372,963
Payment of hire purchase interest		(40,885)	(36,689)	-	-
Repayment of term loans		(303,945)	(4,905,052)	-	-
Term loan drawdown		1,920,000	-	-	-
Repayment of hire purchase liabilities		(165,794)	(122,256)	-	-
Net cash from / (used in) financing activities		4,527,964	(774,153)	3,118,588	4,289,844
Net (decrease) / increase in cash and cash equivalents		(1,615,157)	(2,152,703)	2,142,494	(3,081,705)
Cash and cash equivalents at the beginning of the year		4,602,444	6,755,147	2,077,319	5,159,024
Cash and cash equivalents at the end of the year	31	2,987,287	4,602,444	4,219,813	2,077,319

Notes to the Cash Flow Statement

A. Purchase of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM812,611 (2012: RM1,937,989) by cash payments.

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

FOCUS DYNAMICS TECHNOLOGIES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

1. CORPORATE INFORMATION

The principal activity of the Company is investment holding.

The principal activities of its subsidiary companies and associate are as stated in Note 8 and 9 in the notes to the financial statements respectively.

There have been no significant changes in the nature of the principal activities of the Company, its subsidiaries and associate during the financial year.

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

The address of the Company's registered office is located at No. 4-1, Komplek Niaga Melaka Perdana, Jalan KNMP 3, Bukit Katil, 75450 Melaka.

The principal place of business of the Company is located at Lot 12.1, 12th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor.

2. DATE OF AUTHORISATION OF ISSUE

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 April 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as otherwise disclosed in the significant accounting policies.

3. SIGNIFICANT ACCOUNTING POLICIES – CONT'D

(a) Basis of preparation – Cont'd

(i) Adoption of New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Int and Amendments to IC Int

The Group and the Company had adopted the following new and revised MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that are mandatory for the current financial year:-

New MFRSs	
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
Revised MFRSs	
MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures
Amendments/Improvements to MFRSs	
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 7	Financial Instruments: Disclosures
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 101	Presentation of Financial Statements
MFRS 116	Property, Plant and Equipment
MFRS 132	Financial Instruments: Presentation
MFRS 134	Interim Financial Reporting
New IC Int	
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to IC Int	
IC Int 2	Members' Shares in Co-operative Entities & Similar Instruments

3. SIGNIFICANT ACCOUNTING POLICIES – CONT'D

(a) Basis of preparation – Cont'd

(i) Adoption of New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Int and Amendments to IC Int – Cont'd

The adoption of the above new and revised MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int do not have any effect on the financial statements of the Group and of the Company except for those as discussed below:-

MFRS 10 Consolidated Financial Statements and MFRS 127 Separate Financial Statements (Revised)

MFRS 10 replaces the consolidation part of the former MFRS 127 Consolidated and Separate Financial Statements. The revised MFRS 127 will deal only with accounting for investment in subsidiaries, joint controlled entities and associates in the separate financial statements of an investor and require the entity to account for such investments either at cost, or in accordance with MFRS 139 Financial Instruments: Recognition and Measurement.

MFRS 10 brings about convergence between MFRS 127 and IC Int 12 Consolidation-Special Purpose Entities, which interprets the requirements of MFRS 10 in relation to special purpose entities. MFRS 10 introduces a new single control model to identify a parent-subsidiary relationship by specifying that "an investor controls an investee when the investor 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". It provides guidance on situations when control is difficult to assess such as those involving potential voting rights, or in circumstances involving agency relationships, or where the investor has control over specific assets of the entity, or where the investee entity is designed in such a manner where voting rights are not the dominant factor in determining control.

The Group and the Company adopted MFRS 10 in the current financial year. The adoption of MFRS 10 has no significant impact to the financial statements of the Group and of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES – CONT'D

(a) Basis of preparation – Cont'd

(i) Adoption of New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Int and Amendments to IC Int – Cont'd

MFRS 11 Joint Arrangements

MFRS 11 supersedes the former MFRS 131 Interests in Joint Ventures. Under MFRS 11, an entity accounts for its interest in a jointly controlled entity based on the type of joint arrangement, as determined based on an assessment of its rights and obligations arising from the arrangement. There are two types of joint arrangement namely joint venture or joint operation as specified in this new standard. A joint venture recognises its interest in the joint venture as an investment and account for it using the equity method. The proportionate consolidation method is disallowed in such joint arrangement. A joint operator accounts for the assets, liabilities, revenue and expenses related to its interest directly.

The Group and the Company adopted MFRS 11 in the current financial year. The adoption of MFRS 11 has no significant impact to the financial statements of the Group and of the Company.

MFRS 12 Disclosures of Interests in Other Entities

MFRS 12 is a single disclosure standard for interests in subsidiaries, jointly controlled entities, associates and unconsolidated structured entities. The disclosure requirements in this MFRS are aimed at providing standardised and comparable information that enable users of financial statements to evaluate the nature of, and risks associated with, the entity's interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows. The requirements in MFRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries.

3. SIGNIFICANT ACCOUNTING POLICIES – CONT'D

(a) Basis of preparation – Cont'd

(i) Adoption of New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Int and Amendments to IC Int – Cont'd

MFRS 13 Fair Value Measurement

MFRS 13 defines fair value and sets out a framework for measuring fair value, and the disclosure requirements about fair value. This standard is intended to address the inconsistencies in the requirements for measuring fair value across different accounting standards. As defined in this standard, 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. As a result of the guidance in MFRS 13, the Group and the Company reassessed their policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair values measurement of liabilities.

Application of MFRS 13 has not materially impacted the fair value measurements of the Group and of the Company. MFRS 13 requires more extensive disclosures. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

Amendments to MFRS 101 Presentation of Financial Statements

The amendment to MFRS 101 introduces a grouping of items presented in other comprehensive income. Items that will be reclassified to profit or loss at future point in time have to be presented separately from items that will not be reclassified.

This amendment also clarifies the differences between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntary provides comparative information beyond the minimum required comparative period. The amendment clarify that the opening statement of financial position presented as a result of retrospective restatement or reclassification of items in financial statements does not have to be accompanied by comparative information in the related notes. As a result, the Group has not included comparative information in respect of the opening statement of financial position as at 1 January 2012.

3. SIGNIFICANT ACCOUNTING POLICIES – CONT'D

(a) Basis of preparation – Cont'd

(i) Adoption of New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Int and Amendments to IC Int – Cont'd

Amendments to MFRS 101 Presentation of Financial Statements – Cont'd

The amendment also introduces new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendment, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'.

The above amendment affects presentation only and has no impact on the Group's and the Company's financial position or performance.

MFRS 128 Investments in Associates and Joint Ventures (Revised)

MFRS 128 (Revised) incorporates the requirements for accounting for joint ventures into the same accounting standard as that for accounting for investments in associates, as the equity method was applicable for both investments in joint ventures and associates. However, the revised standard exempts the investor from applying equity accounting where the investment in the associates or joint venture is held indirectly via venture capital organizations or mutual funds, unit trusts and similar entities. In such cases, the entity shall measure the investments at fair value through profit or loss, in accordance with MFRS 139 Financial Instruments: Recognition and Measurements.

The adoption of this standard has no significant impact to the financial statements of the Group and of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES – CONT'D

(a) Basis of preparation – Cont'd

(i) Adoption of New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Int and Amendments to IC Int – Cont'd

Amendments to MFRS 1 First-Time Adoption of Malaysia Financial Reporting Standards

Amendment to MFRS 1 requires first-time adopters to apply the requirements of MFRS 139 Financial Instruments: Recognition and Measurement and MFRS 120 Accounting for Government Grants and Disclosure of Government Assistance, prospectively to government loans existing at the date of transition to MFRSs and shall not recognize the corresponding benefit of the government loan at below-market rate of interest as a government grant. Entities may choose to apply the requirements of MFRS 139 Financial Instruments: Recognition and Measurements and MFRS 120 to any government loans originated before the date of transition to MFRSs retrospectively provided that the information needed to do so had been obtained at the time of initially accounting for that loan. The exception would give the first-time adopters relief from retrospective measurement of government loans with a below-market rate of interest. Amendment to MFRS 1 also clarifies that an entity that has applied MFRSs or IFRSs in a previous reporting period, but whose most recent previous annual financial statements did not contain an explicit and unreserved statement, of compliance with MFRSs or IFRSs, has the option to apply this MFRS 1 or apply MFRSs retrospectively in accordance with MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors as if it had never stopped applying MFRSs or IFRSs.

The adoption of this amendment has no significant impact to the financial statements of the Groups and of the Company.

Amendments to MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 7 address disclosure to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognized financial assets and recognize financial liabilities, on the entity's financial position.

The adoption of these amendments has no significant impact to the financial statements of the Group and of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES – CONT'D

(a) Basis of preparation – Cont'd

(i) Adoption of New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Int and Amendments to IC Int – Cont'd

Amendments to MFRS 116 Property, Plant and Equipment

Amendment to MFRS 116 clarifies that items such as spare parts, stand-by equipment and servicing equipment are recognized as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

The adoption of this amendment has no significant impact to the financial statements of the Group and of the Company.

Amendments to MFRS 10 Consolidated Financial Statements, MFRS 11 Joint Arrangements and MFRS 12 Disclosure of Interests in Other Entities

Amendments to MFRS 10 clarify that the date of initial application is the beginning of the annual reporting period for which this MFRS is applied for the first time. Consequently, an entity is not required to make adjustments to the previous accounting if the consolidation conclusion reached upon the application of MFRS 10 is the same as previous accounting or the entity had disposed of its interests in investees during a comparative period. When applying MFRS 10, these amendments also limit the requirement to present quantitative information required by Paragraph 28(f) of MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors to the annual period immediately preceding the date of initial application. A similar relief is also provided in MFRS 11 and MFRS 12. Additionally, entities would no longer be required to provide disclosures for unconsolidated structure entities in periods prior to the first annual period that MFRS 12 is applied.

If, upon applying MFRS 10, an entity conclude that it shall consolidated an investee that was not previously consolidated and that control was obtained before the effective date revised versions of these standards issued by the Malaysian Accounting Standards Board in November 2011, these amendments also clarify that an entity can apply the earlier versions of MFRS 3 Business Combinations and MFRS 127.

These amendments are not expected to have any significant impact on the financial performance and position of the Group and of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES – CONT'D

(a) Basis of preparation – Cont'd

(i) Adoption of New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Int and Amendments to IC Int – Cont'd

Amendments to MFRS 132 Financial Instruments: Presentation

Amendment to MFRS 132 clarifies that income tax relating to distributions to holders of an equity instrument and to transactions costs of an equity transaction shall be accounted for in accordance with MFRS 112 Income Taxes.

The adoption of this amendment has no significant impact to the financial statements of the Group and of the Company.

Amendments to MFRS 134 Interim Financial Reporting

To be consistent with the requirements in MFRS 8 Operating Segments, the amendment to MFRS 134 clarifies that an entity shall disclose the total assets and liabilities for a particular reportable segment only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

The adoption of this amendment has no significant impact to the financial statements of the Group and of the Company.

(ii) New MFRSs, Amendments/Improvements to MFRSs and New IC Int that are issued, but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and for the Company:-

FOCUS DYNAMICS TECHNOLOGIES BERHAD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

3. SIGNIFICANT ACCOUNTING POLICIES – CONT'D

(a) Basis of preparation – Cont'd

(ii) New MFRSs, Amendments/Improvements to MFRSs and New IC Int that are issued, but not yet effective and have not been early adopted – Cont'd

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 9	Financial Instruments	Deferred to a date to be announced by Malaysian Accounting Standards Board ("MASB")
Amendments/Improvements to MFRSs		
MFRS 7	Financial Instruments: Disclosures	Deferred to a date to be announced by MASB
MFRS 10	Consolidated Financial Statements	1 January 2014
MFRS 12	Disclosure of Interests in Other Entities	1 January 2014
MFRS 127	Separate Financial Statements	1 January 2014
MFRS 132	Financial Instruments: Presentation	1 January 2014
MFRS 136	Impairment of Assets	1 January 2014
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2014
MFRS 119	Employee Benefits	1 July 2014
Amendments to MFRSs contained in the document entitled *"Annual Improvements to MFRSs 2010 - 2012 Cycle"*		
MFRS 2	Share-based Payment	1 July 2014
MFRS 3	Business Combinations	1 July 2014
MFRS 8	Operation Segments	1 July 2014
MFRS 13	Fair Value Measurement	1 July 2014
MFRS 16	Property, Plant and Equipment	1 July 2014
MFRS 24	Related Party Disclosures	1 July 2014
MFRS 38	Intangible Assets	1 July 2014

3. SIGNIFICANT ACCOUNTING POLICIES – CONT'D

(a) Basis of preparation – Cont'd

(ii) New MFRSs, Amendments/Improvements to MFRSs and New IC Int that are issued, but not yet effective and have not been early adopted – Cont'd

		Effective for financial periods beginning on or after
Amendments to MFRSs contained in the document entitled *"Annual Improvements to MFRSs 2011 - 2013 Cycle"*		
MFRS 1	First-time Adoption of Financial Reporting Standards	1 July 2014
MFRS 3	Business Combinations	1 July 2014
MFRS 13	Fair Value Measurement	1 July 2014
MFRS 140	Investment Property	1 July 2014
New IC Int		
IC Int 21	Levies	1 January 2014

A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs and new IC Int are summarised below. Due to the complexity of these new standards, the financial effects of their adoption are currently still being assessed by the Group and by the Company.

MFRS 9 Financial Instruments

MFRS 9 specifies how an entity should classify and measure financial assets and financial liabilities.

This standard requires all financial assets to be classified based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial asset. Financial assets are to be initially measured at fair value. Subsequent to initial recognition, depending on the business model under which these assets are acquired, they will be measured at either fair value or at amortised cost.

3. SIGNIFICANT ACCOUNTING POLICIES – CONT'D

(a) Basis of preparation – Cont'd

(ii) New MFRSs, Amendments/Improvements to MFRSs and New IC Int that are issued, but not yet effective and have not been early adopted – Cont'd

MFRS 9 Financial Instruments – Cont'd

In respect of the financial liabilities, the requirements are generally similar to the former MFRS 139. However, this standard requires that for financial liabilities designated as fair value through profit or loss, changes in fair value attributable to the credit risk of that liability are to be presented in other comprehensive income, whereas the remaining amount of the change in fair value will be presented in the profit or loss.

Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosure of Interests in Other Entities and MFRS 127 Separate Financial Statements

Amendments to MFRS 10 introduce an exception to the principle that all subsidiaries shall be consolidated. The amendments define an investment entity and require a parent that is an investment entity to measure its investment in particular subsidiaries at fair value through profit or loss in accordance with MFRS 139 Financial Instruments: Recognition and Measurement instead of consolidating those subsidiaries in its consolidated financial statements. Consequently, new disclosure requirements related to investment entities are introduced in amendments to MFRS 12 and MFRS 127.

In addition, amendments to MFRS 127 also clarify that if a parent is required, in accordance with paragraph 31 of MFRS 10, to measure its investment in a subsidiary at fair value through profit or loss in accordance with MFRS 139, it shall also account for its investment in that subsidiary in the same way in its separate financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES – CONT'D

(a) Basis of preparation – Cont'd

(ii) New MFRSs, Amendments/Improvements to MFRSs and New IC Int that are issued, but not yet effective and have not been early adopted – Cont'd

Amendments to MFRS 132 Financial Instruments: Presentation

Amendment to MFRS 132 does not change the current offsetting model in MFRS 132. The amendment clarifies the meaning of 'currently has a legally enforceable right of set-off', that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. The amendment clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.

Amendments to MFRS 136 Impairment of Assets

Amendment to MFRS 136 clarifies that disclosure of the recoverable amount (based on fair value less costs of disposal) of an asset or cash generating unit is required to be disclosed only when an impairment loss is recognised or reversed. In addition, there are new disclosure requirements about fair value measurement when impairment or reversal of impairment is recognised.

Amendments to MFRS 139 Financial Instruments: Recognition and Measurement

Amendment to MFRS 139 provides relief from discontinuing hedge accounting in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. As a result of the amendment, continuation of hedge accounting is permitted if as a consequence of laws or regulations, the parties to hedging instrument agree to have one or more clearing counterparties replace their original counterparty and the changes to the terms arising from the novation are consistent with the terms that would have existed if the novated derivative were originally cleared with the central counterparty.

3. SIGNIFICANT ACCOUNTING POLICIES – CONT'D

(a) Basis of preparation – Cont'd

(ii) New MFRSs, Amendments/Improvements to MFRSs and New IC Int that are issued, but not yet effective and have not been early adopted – Cont'd

IC Int 21 Levies

IC Int 21 addresses the accounting for a liability to pay a government levy (other than income taxes and fine or other penalties that imposed for breaches of the legislation) if that liability is within the scope of MFRS 137 Provisions, Contingent Liabilities and Contingent Assets. This interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers the payment of the levy, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is recognised progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specific minimum threshold is reached.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all its subsidiary companies, after the elimination of all material intercompany transactions, balances and unrealised gains and losses. The financial statements of subsidiary companies are included in the consolidated financial statements from the date that control effectively commences until the date such control effectively ceases.

The financial statements of subsidiary companies are prepared for the same reporting period as the Company. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

3. SIGNIFICANT ACCOUNTING POLICIES – CONT'D

(b) Basis of consolidation – Cont'd

Acquisitions of subsidiaries are accounted for using the acquisition method of accounting. This method involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income for the year segregated between non-controlling interests and the owners of the Company.

The Group treats all changes in its ownership interest in a subsidiary that do not result in loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(c) Property, plant and equipment

Property, plant and equipment are initially stated at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

3. SIGNIFICANT ACCOUNTING POLICIES – CONT'D

(c) Property, plant and equipment – Cont'd

The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to profit or loss during the financial year in which they are incurred. Costs include expenditure that is directly attributable to the acquisition of the property, plant and equipment.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(d).

Depreciation of property, plant and equipment other than freehold land and capital work in progress which are not depreciated, is provided on the straight-line method calculated so as to write off the cost of each asset to its residual value over its estimated useful life. The principal rates used are as follows:

Freehold building	2%
Plant and machinery	25%
Equipment and kitchen utensils	10%
Furniture and fittings	10% - 25%
Office equipment	10% - 25%
Motor vehicles	20%
Computers	10% - 33%
Signboard	10% - 15%
Electrical fittings	10%
Renovation	20%

The residual values, useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted if appropriate, at each reporting date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES – CONT'D

(d) Impairment of assets

(i) Financial assets

All financial assets are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respects of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respects of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through the profit or loss.

If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES – CONT'D

(d) Impairment of assets – Cont'd

(ii) Other assets

The carrying amount of other assets are reviewed at the end of each reporting year to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respects of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior financial years are assessed at the end of each reporting year for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment loss are credited to profit or loss in the financial year in which the reversals are recognised.

3. SIGNIFICANT ACCOUNTING POLICIES – CONT'D

(e) Intangible assets

(i) Goodwill on consolidation

Goodwill on consolidation represents the excess of the cost of acquisition of subsidiaries over the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities at the date of acquisition.

Goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent year.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Research and development expenditures

Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as an expense when incurred.

Expenditure incurred on development activities, where research findings are applied to a plan or design for the production of new or substantially improved products or processes is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the asset under development so that it will be available for use or sale, its intention to complete and its ability to use or sell the developed asset, it can be demonstrated how the asset will generate future economic benefits, the availability of adequate technical, financial and other resources to complete the asset under development and the ability to measure reliably the expenditure attributable to the asset under development.

Other development expenditures which do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent financial year. Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(d).

3. SIGNIFICANT ACCOUNTING POLICIES – CONT'D

(e) Intangible assets – Cont'd

(ii) Research and development expenditures – Cont'd

Capitalised development expenditure is amortised and recognised as an expense from the point at which the asset is ready for use on a systematic basis so as to reflect the pattern in which the related economic benefits are recognised over a period not exceeding 10 years.

(f) Subsidiary companies

Subsidiaries are entities, included unincorporated entities, in which the Group has a long-term equity interest and which are controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Investment in subsidiary companies in the separate financial statements of the Company are stated at cost less any impairment losses, unless the investment is held for sale or distribution.

The policy for the recognition and measurement of impairment losses is in accordance with Note 3(d).

(g) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting less any impairment losses, unless it is classified as held for sale or distribution. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity accounted associate, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred.

3. SIGNIFICANT ACCOUNTING POLICIES – CONT'D

(g) Associates – Cont'd

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

In the Company's separate financial statements, investments in associates are stated at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(d).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(h) Inventories

Inventories comprise raw materials, work-in-progress, finished goods, food and beverages and are stated at the lower of cost and net realisable value with first-in, first-out being the main basis for cost. The cost of raw materials, food and beverages comprises the purchase price plus the cost of bringing the inventories to the present condition and location. The cost of finished goods and work-in-progress comprises raw materials, direct labour, sub-contractor fees, other direct costs and an appropriate proportion of overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

(i) Cash and cash equivalents

Cash and cash equivalents for the purposes of the cash flow statements comprise cash in hand and at banks, demand deposits, deposits with financial institutions, bank overdrafts, and short term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

3. SIGNIFICANT ACCOUNTING POLICIES – CONT'D

(j) Equity instruments

Ordinary shares are recorded at nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

Dividends to shareholders are recognised in equity in the financial year in which the dividends are approved by the shareholders.

(k) Assets acquired under hire purchase and finance lease arrangements

Assets acquired under hire purchase and finance lease arrangements which transfer substantially all the risks and rewards of ownership to the Group are included in property, plant and equipment and capital element of the hire purchase commitment is shown as hire purchase creditor.

Assets acquired under hire purchase and finance lease arrangements are depreciated over the useful lives of equivalent owned assets.

Finance charges are recognised as an expense in profit or loss over the period of the agreements to give a constant periodic rate of charge on the outstanding liability at the end of each financial year.

(l) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES – CONT'D

(m) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are completed, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

(n) Income tax

Income tax for the financial year comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income for the financial year, using the tax rates that have been enacted or substantially enacted at the end of the reporting year, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the end of the reporting year.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES – CONT'D

(n) Income tax – Cont'd

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(o) Provisions for warranty and maintenance costs

The Group recognises the estimated liability to repair or replace products when the underlying products or services are sold. This provision is calculated based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(p) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of returns, rebates and discounts and after eliminating sales within the Group.

(i) Sale of goods

Revenue from trading, project and manufacturing activities are recognised in profit or loss when significant risks and rewards of ownership of goods have been transferred to the buyer.

(ii) Interest income

Interest income is recognised in profit or loss as it accrues, taking into account the effective yield on the assets unless collectability is in doubt in which case it is recognised on receipt basis.

(iii)Dividend income

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

3. SIGNIFICANT ACCOUNTING POLICIES – CONT'D

(q) Employee benefits

(i) Short Term Employee Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when employees render services that increase their entitlement to future compensated absences. Non-accumulating compensated absences, such as sick and medical leaves are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as the additional amount expected to be paid as a result of the unused entitlements that have accumulated at the reporting date.

(ii) Defined Contribution Plan

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in profit or loss as incurred.

(r) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Group's functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES – CONT'D

(r) Foreign currencies – Cont'd

(ii) Foreign currency transactions

Transactions in foreign currencies are converted into Ringgit Malaysia of the respective operating entities at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of the reporting year are translated into Ringgit Malaysia of the respective operating entities at rates of exchange ruling at that date unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the year in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

The principal closing rates used in the translation of foreign currency amounts were as follows:

	2013	2012
	RM	RM
1 USD	3.28	3.06
1 GBP	5.41	4.94
1 EURO	4.53	4.04
1 SGD	2.59	2.50

(s) Contingent liabilities and contingent assets

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

3. SIGNIFICANT ACCOUNTING POLICIES – CONT'D

(s) Contingent liabilities and contingent assets – Cont'd

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(t) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

(ii) Financial instrument categories and subsequent measurement

(i) Financial assets

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling it in the near future.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

3. SIGNIFICANT ACCOUNTING POLICIES – CONT'D

(t) Financial instruments – Cont'd

(ii) Financial instrument categories and subsequent measurement – Cont'd

(i) Financial assets – Cont'd

(a) Financial assets at fair value through profit or loss – Cont'd

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(c) Held to maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

3. SIGNIFICANT ACCOUNTING POLICIES – CONT'D

(t) Financial instruments – Cont'd

(ii) Financial instrument categories and subsequent measurement – Cont'd

(i) Financial assets – Cont'd

(c) Held to maturity investments – Cont'd

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

(d) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

All financial assets are subject to review for impairment (see Note 3(d)(i)).

3. SIGNIFICANT ACCOUNTING POLICIES – CONT'D

(t) Financial instruments – Cont'd

(ii) Financial instrument categories and subsequent measurement – Cont'd

(ii) Financial liabilities

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

(b) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtain less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES – CONT'D

(t) Financial instruments – Cont'd

(iii) Derecognition – Cont'd

A financial liability or part of it is derecognised when, and only when the obligation specified in the contract is discharge or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(u) Operating segments

Operating segments are defined as components of the Group that:

(a) engages in business activities from which it may earn revenues and incur expenses (including revenue and expenses relating to transactions with other components of the Group);

(b) whose operating results are regularly reviewed by the Group's chief operating decision maker in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) to which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments.

3. SIGNIFICANT ACCOUNTING POLICIES – CONT'D

(u) Operating segments – Cont'd

(b) The absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount of:

(i) the combined reported profit of all operating segments that did not report a loss; and

(ii) the combined reported loss of all operating segments that reported a loss.

(c) Its assets are 10% or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least 75% of the Group's revenue. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that affect the application of the Group's accounting policies and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are outlined below:-

(i) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on the straight-line basis over the assets' useful lives. The management estimates the range of useful lives of these property, plant and equipment, except freehold building to be 3 to 10 years. However, any changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets. Therefore, future depreciation charges could be revised.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS – CONT'D

(ii) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which the goodwill is allocated. Estimating value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Changes in assumptions could significantly affect the results of the Group's tests for impairment of goodwill.

(iii) Impairment of assets other than goodwill

The Group assesses impairment of an asset whenever the events or changes in circumstances indicated that the carrying amount of the asset may not be recoverable. Recoverable amount is measured at the higher of the fair value less cost to sell for the asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from the asset discounted at an appropriate discount rate.

In determining the recoverable amount of an asset, the management is required to make an estimate of the expected future cash flows based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(iv) Impairment of receivables

The Group makes impairment of receivables based on an assessment of the recoverability of the receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses historical bad debt, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgment to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences will impact the carrying value of receivables.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS – CONT'D

(v) Allowance for slow moving inventories

The Group writes down its obsolete or slow moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyse sales trend and current economic trends when making a judgment to evaluate the adequacy of the write down for obsolete or slow moving inventories.

(vi) Income taxes

There are certain transactions and calculations for which the ultimate tax determination may be different from the initial estimate. Tax liabilities are recognised based on the Group's understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination may be different from the initial estimate.

(vii) Deferred tax asset

Deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. This involves judgment regarding the future financial performance of the particular entity in which the deferred tax asset has been recognised.

FOCUS DYNAMICS TECHNOLOGIES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

5. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Freehold building RM	Plant and machinery RM	Equipment and kitchen utensils RM	Furniture and fittings RM	Office equipment RM	Motor vehicles RM	Computers RM	Signboard RM	Electrical fittings RM	Renovation RM	Capital work in progress RM	Total RM
Net carrying amount as at 1 January 2012	2,288,354	5,470,804	67	-	366,907	17,298	1,726,665	1,394	3	-	365,512	-	10,237,004
Addition	-	-	-	-	10,280	4,978	30,000	1,290,698	-	-	43,410	558,623	1,937,989
Reclassification	-	(29,751)	-	-	-	-	-	-	-	-	-	-	(29,751)
Written off	-	-	(2)	-	(382)	(1,946)	-	(2)	-	-	(32,276)	-	(34,608)
Disposal	-	-	-	-	-	-	(1)	-	-	-	-	-	(1)
Depreciation charge	-	-	(18)	-	(95,974)	(7,652)	(381,308)	(196,997)	-	-	(91,621)	-	(773,570)
Net carrying amount as at 31 December 2012	2,288,354	5,441,053	47	-	280,831	12,678	1,375,356	1,095,093	3	-	285,025	558,623	11,337,063
Addition	-	-	-	29,500	185,531	4,729	-	9,608	-	-	-	583,243	812,611
Written off	-	-	(29)	-	(666)	(2)	-	(2)	-	-	-	-	(699)
Disposal	-	-	-	-	(1,364)	-	-	-	-	-	-	-	(1,364)
Acquisition of a new subsidiary	-	-	-	1,097,826	1,354,716	45,228	609,334	97,840	53,104	206,877	880,867	-	4,345,792
Depreciation charge	-	(99,753)	(18)	(61,581)	(209,643)	(10,171)	(458,131)	(282,266)	(6,705)	(12,065)	(146,329)	-	(1,286,662)
Net carrying amount as at 31 December 2013	2,288,354	5,341,300	-	1,065,745	1,609,405	52,462	1,526,559	920,273	46,402	194,812	1,019,563	1,141,866	15,206,741
Net carrying amount as at 31 December 2012													
Cost	2,288,354	5,441,053	95,683	-	425,335	68,250	1,983,086	1,351,982	5,550	-	385,868	558,623	12,603,784
Accumulated depreciation	-	-	(95,636)	-	(144,504)	(55,572)	(607,730)	(256,889)	(5,547)	-	(100,843)	-	(1,266,721)
Net carrying amount	2,288,354	5,441,053	47	-	280,831	12,678	1,375,356	1,095,093	3	-	285,025	558,623	11,337,063
Net carrying amount as at 31 December 2013													
Cost	2,288,354	5,441,053	-	1,251,274	2,145,001	122,894	2,722,263	1,443,070	72,603	241,300	1,395,223	1,141,866	18,264,901
Accumulated depreciation	-	(99,753)	-	(185,529)	(535,596)	(70,432)	(1,195,704)	(522,797)	(26,201)	(46,488)	(375,660)	-	(3,058,160)
Net carrying amount	2,288,354	5,341,300	-	1,065,745	1,609,405	52,462	1,526,559	920,273	46,402	194,812	1,019,563	1,141,866	15,206,741

The freehold land and building of the Group has been pledged to a licensed bank as security for loan facilities granted to the Group as stated in Note 17.

5. PROPERTY, PLANT AND EQUIPMENT – CONT'D

The net carrying amount of property, plant and equipment acquired under hire purchase arrangements are as follows:

	Group	
	2013	2012
	RM	RM
Motor vehicles	1,485,307	1,327,114

6. GOODWILL ON CONSOLIDATION

	Group	
	2013	2012
	RM	RM
Net carrying amount as at beginning of the year	2,209,793	2,209,793
Acquisition of a new subsidiary	617,311	-
	2,827,104	2,209,793
Accumulated impairment losses	(495,560)	-
As at end of the year	2,331,544	2,209,793
Net carrying amount as at end of the year		
Cost	2,827,104	2,209,793
Accumulated impairment losses	(495,560)	-
Net carrying amount	2,331,544	2,209,793

a) Goodwill acquired in a business combination is allocated to the Cash Generating Unit ("CGU") that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:-

	Group	
	2013	2012
	RM	RM
Energy efficiency	1,714,233	2,209,793
Food restaurant retail chain	617,311	-
	2,331,544	2,209,793

The Group tests goodwill for impairment annually or more frequently if there are indications that goodwill might be impaired.

6. GOODWILL ON CONSOLIDATION – CONT'D

b) Key assumptions used in value-in-use calculations:

The Group undertakes an annual test for impairment of its Cash Generating Unit ("CGU").

The recoverable amount of CGU is determined based on the value-in-use calculations derived from after-tax cash flow projections which were based on financial budgets approved by the management covering a five years period. The Group prepares cash flow forecasts derived from the most recent financial budget and extrapolates it into the next five years. These computations were derived from the assumption that the CGU will have an increase in business and profitability. The business growth is expected to derive from the expansion of customer base.

	Energy efficiency	Food restaurant retail chain
Discount rate	5.65%	8.60%
Gross margin	17.00%	74.00%
Revenue growth rate	5.00%	6.00%

7. PRODUCTS DEVELOPMENT EXPENDITURE

	Group 2013 RM	2012 RM
Net carrying amount as at beginning of the year	-	545,835
Amortisation charge	-	(278,042)
Impairment losses	-	(267,793)
As at end of the year	-	-

7. PRODUCTS DEVELOPMENT EXPENDITURE – CONT'D

	Group 2013 RM	Group 2012 RM
Net carrying amount as at end of the year		
Cost	2,780,418	2,780,418
Accumulated amortisation	(1,966,789)	(1,966,789)
Accumulated impairment losses	(813,629)	(813,629)
Net carrying amount	-	-

8. INVESTMENT IN SUBSIDIARIES

	Company 2013 RM	Company 2012 RM
Unquoted investments, at cost	6,482,774	6,482,774
Less: Accumulated impairment losses	(3,282,772)	(3,282,772)
	3,200,002	3,200,002

Details of the subsidiary companies are as follows:-

Name	Group's effective interest (%) 2013	Group's effective interest (%) 2012	Principal activities
Focus Dynamics Centre Sdn. Bhd.* + *(Incorporated in Malaysia)*	100	100	Marketing, distribution and sale of industrial machines and processes, providing a range of support services covering project management services, maintenance support, engineering conceptualisation, system audit, energy saving services and other support services in relation to the Company's business and products.

8. INVESTMENT IN SUBSIDIARIES – CONT'D

Details of the subsidiary companies are as follows – Cont'd:-

Name	Group's effective interest (%) 2013	2012	Principal activities
Focus Dynamics Drives Sdn. Bhd. * + *(Incorporated in Malaysia)*	100	100	Manufacture, research and development of variable speed drives and, supply and trading of instruments for the control of industrial machines and processes.
DPC Industrial Systems Sdn. Bhd. * *(Incorporated in Malaysia)*	100	100	Trading of industrial equipment, designing, installation and implementation of automation system for the energy resource based industry and providing other related products and services.
Marquee International Holding Sdn. Bhd. @ + *(Incorporated in Malaysia)*	100	100	Investment holding.
Subsidiaries of Marquee International Holding Sdn. Bhd.			
Marquee International Sdn. Bhd. @ + *(Incorporated in Malaysia)*	100	100	Operate and manage food and beverage outlets.
Max Wisdom Sdn. Bhd. @ *(Incorporated in Malaysia)*	51	-	Engage in the business as a food restaurant retail chain.

8. INVESTMENT IN SUBSIDIARIES – CONT'D

* Audited by Mustapha, Khoo & Co.

@ Audited by another professional firm of accountants.

+ The auditors' report of the financial statements of the subsidiary contains an emphasis of matter on uncertainties over its ability to continue as a going concern.

On 26 June 2013, Marquee International Holding Sdn. Bhd., a wholly-owned subsidiary of the Company acquired 510,000 ordinary shares of RM1.00 each fully paid up capital of Max Wisdom Sdn. Bhd. ("MWSB"), representing 51% of the equity interest in MWSB for a total purchase consideration of RM1,600,000. Following the acquisition, MWSB became a subsidiary of the Group.

The subsidiary of the Group that has material non-controlling interests ("NCI") is as follow:-

	Max Wisdom Sdn. Bhd.	Total
2013	RM	RM
NCI percentage of ownership interest and voting interest	49%	
Carrying amount of NCI	801,865	801,865
Loss allocated to NCI	(142,288)	(142,288)
2012		
NCI percentage of ownership interest and voting interest	-	
Carrying amount of NCI	-	-
Loss allocated to NCI	-	-

The loss allocated to NCI is not disclosed for financial year 2012 as Max Wisdom Sdn. Bhd. has only been acquired by the Group during the financial year.

8. INVESTMENT IN SUBSIDIARIES – CONT'D

The summarised financial information before intra-group elimination of the subsidiary that have material NCI as at the end of each reporting period is as follow:-

	Max Wisdom Sdn. Bhd.	Total
2013		
Assets and liabilities	RM	RM
Non-current assets	4,073,446	4,073,446
Current assets	1,842,000	1,842,000
Non-current liabilities	(882,924)	(882,924)
Current liabilities	(3,396,072)	(3,396,072)
Net assets	1,636,450	1,636,450
Results		
Revenue	3,960,366	3,960,366
Loss for the financial year	(290,383)	(290,383)
Total comprehensive loss	(290,383)	(290,383)
Cash flows from operating activities	1,665,456	1,665,456
Cash flows from investing activities	(1,943,715)	(1,943,715)
Cash flows from financing activities	(331,995)	(331,995)
Net change in cash and cash equivalents	(610,254)	(610,254)
2012		
Assets and liabilities		
Non-current assets	-	-
Current assets	-	-
Non-current liabilities	-	-
Current liabilities	-	-
Net assets	-	-
	-	-
Results		
Revenue	-	-
Loss for the financial year	-	-
Total comprehensive loss	-	-

8. INVESTMENT IN SUBSIDIARIES – CONT'D

	Max Wisdom Sdn. Bhd. RM	Total RM
Results - Cont'd		
Cash flows from operating activities	-	-
Cash flows from investing activities	-	-
Cash flows from financing activities	-	-
Net change in cash and cash equivalents	-	-

The loss allocated to NCI is not disclosed for financial year 2012 as Max Wisdom Sdn. Bhd. has only been acquired by the Group during the financial year.

9. INVESTMENT IN AN ASSOCIATE

	Group 2013 RM	Group 2012 RM
Unquoted investment, at cost	200,000	200,000
Group's share of post-acquisition reserves	(200,000)	(200,000)
	-	-

Details of the associate company is as follow:-

Name	Group's effective interest (%) 2013	Group's effective interest (%) 2012	Principal activities
Associate of Focus Dynamics Drives Sdn. Bhd.			
Tae Lim Construction Sdn. Bhd. * *(Incorporated in Malaysia)*	40	40	Electrical and mechanical engineering.

The associate is audited by Mustapha, Khoo & Co.

* The investment in Tae Lim Construction Sdn. Bhd. was accounted for in the financial statements under the equity method.

However, we are unable to ascertain the financial effect on the financial statements of the Group had equity method of accounting been applied as the management accounts and audited financial statements are not available.

10. INVENTORIES

	Group	
	2013	2012
At cost:	RM	RM
Raw materials	199,728	261,831
Work-in-progress	544,320	860,780
Finished goods	89,893	47,596
Food and beverages	107,103	-
	941,044	1,170,207

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Trade receivables	11,418,663	12,112,999	-	-
Less: Impairment losses	(7,038,905)	(6,716,574)	-	-
	4,379,758	5,396,425	-	-
Other receivables, deposits and prepayments	1,980,489	1,418,484	68,312	57,288
Less: Impairment losses	(60,653)	-	-	-
	1,919,836	1,418,484	68,312	57,288
Trade and other receivables	6,299,594	6,814,909	68,312	57,288

The Group's normal trade credit terms ranges from 30 to 150 days (2012: 30 to 150 days). Other credit terms are assessed and approved on a case by case basis.

12. AMOUNT DUE FROM SUBSIDIARIES

Amount due from subsidiaries are non-trade in nature which are unsecured, interest free and repayable on demand.

FOCUS DYNAMICS TECHNOLOGIES BERHAD (582924-P)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
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13. DEPOSITS WITH LICENSED BANKS

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Short-term deposits with licensed bank	6,570	2,118,552	-	-
Fixed deposits with licensed bank	2,062,048	2,041,450	1,053,346	2,041,450
	2,068,618	4,160,002	1,053,346	2,041,450

The range of interest rates and maturities of deposits as at end of the year were as follows:-

	Range of interest rates		Range of maturities	
	2013	2012	2013	2012
	%	%	Days	Days
Group				
Short-term deposits with licensed bank	3.06	3.06	-	-
Fixed deposits with licensed bank	2.95 - 3.15	-	30 - 365	-
Company				
Fixed deposits with licensed bank	3.15	3.15	30	30

The fixed deposits amounting to RM1,008,702 (2012: RM nil) are pledged to a licensed commercial bank for banking facilities granted to the Group.

14. CASH IN HAND AND AT BANKS

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Cash in hand	8,845	1,612	-	-
Cash at banks	3,418,526	440,830	3,166,467	35,869
	3,427,371	442,442	3,166,467	35,869

15. SHARE CAPITAL

	Number of shares		Amount	
	2013	2012	2013	2012
Authorised ordinary shares of RM0.10 each	Units	Units	RM	RM
As at beginning and end of the year	1,000,000,000	1,000,000,000	100,000,000	100,000,000

	Number of shares		Amount	
	2013	2012	2013	2012
Issued and fully paid ordinary shares of RM0.10 each	Units	Units	RM	RM
As at beginning of the year	320,683,094	291,530,044	32,068,310	29,153,005
Issued during the year	32,068,300	29,153,050	3,206,830	2,915,305
As at end of the year	352,751,394	320,683,094	35,275,140	32,068,310

During the financial year, the Company increased its issued and fully paid-up ordinary share capital from 320,683,094 ordinary shares of RM0.10 each to 352,751,394 ordinary shares of RM0.10 each by way of private placement with the listing of 32,068,300 ordinary shares of RM0.10 each at an issue price of RM0.10 each on 24 December 2013.

16. RESERVES

	Group		**Company**	
	2013	2012	2013	2012
	RM	RM	RM	RM
Non-distributable reserves:				
Share premium	3,464,689	3,552,931	3,464,689	3,552,931
Distributable reserve:				
Accumulated loss	(18,374,721)	(13,500,897)	(4,830,395)	(4,261,671)
	(14,910,032)	(9,947,966)	(1,365,706)	(708,740)

(a) Supplementary information on realised and unrealised profits or losses

The following analysis of realised and unrealised accumulated loss of the Group and of the Company at 31 December 2013 and 31 December 2012 is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

16. RESERVES – CONT'D

(a) Supplementary information on realised and unrealised profits or losses – Cont'd

The accumulated loss as at the end of the reporting year may be analysed as follows:

	Group		**Company**	
	2013	2012	2013	2012
	RM	RM	RM	RM
Total accumulated loss of Focus Dynamics Technologies Berhad and its subsidiaries:				
- Realised	(18,101,528)	(13,304,610)	(4,830,395)	(4,261,671)
- Unrealised	(73,193)	3,713	-	-
Total share of accumulated loss from associates:				
- Realised	(200,000)	(200,000)	-	-
- Unrealised	-	-	-	-
Total accumulated loss as per statement of financial position	(18,374,721)	(13,500,897)	(4,830,395)	(4,261,671)

(b) Warrants reserve

(i) WARRANTS 2011/2016

On 7 June 2011, the Warrants 2011/2016 were issued for free pursuant to the renounceable Rights Issue.

Warrants 2011/2016 are listed on Bursa Malaysia Securities Berhad. Each new warrant entitles its registered holder, at any time from the date of its issue up to and including 6 June 2016, to subscribe for one new ordinary share of RM0.10 each in the Company at an exercise price of RM0.10 per share which is subject to adjustments under the terms set out in the Deed Poll dated 15 April 2011 constituting the Warrants 2011/2016.

No value has been apportioned to the Warrants as the Company is having an accumulated loss in its statement of financial position.

16. RESERVES - CONT'D

(b) Warrants reserve – Cont'd

(i) WARRANTS 2011/2016 – Cont'd

Issue Date	Expiry Date	Exercise Price per Warrant RM	Number of warrants 2011/2016 As at 01/01/13	Issued	Exercised	As at 31/12/13
07/06/11	06/06/16	0.10	96,392,346	-	-	96,392,346

17. BORROWINGS

	Group 2013 RM	2012 RM
Current		
Secured		
Term loans	754,708	5,854
Bank overdraft	1,500,000	-
Unsecured		
Hire purchase	276,602	112,103
	2,531,310	117,957
Non-current		
Secured		
Term loans	1,794,000	-
Unsecured		
Hire purchase	626,919	517,800
	2,420,919	517,800
TOTAL BORROWINGS	4,952,229	635,757

17. BORROWINGS – CONT'D

The term loans I and II bear effective interest at a rate of 5.65% (2012: 5.65%) per annum and secured against:-

(a) facilities agreement;
(b) a registered open all monies first party charged on the freehold land and building (Note 5); and
(c) a Corporate Guarantee from the Company.

The term loan III and the bank overdraft bear effective interest at a rate of 8.60% and 8.60% (2012: nil% and nil%) per annum and secured by way of:-

(a) Fixed deposits as described in Note 13 of the Notes to the Financial Statements;
(b) Joint and several guarantee by a Max Wisdom Sdn. Bhd.'s director and it's past director; and
(c) Fixed and floating charge over all present and future assets of Max Wisdom Sdn. Bhd.

Hire purchase creditors are payable as follows:

	Group	
	2013	2012
Hire purchase liabilities	RM	RM
Minimum hire purchase payments:-		
Not later than 1 year	314,012	141,660
Later than 1 year and not later than 5 years	677,427	585,569
	991,439	727,229
Future finance charges on hire purchase	(87,918)	(97,326)
Present value of hire purchase liabilities	903,521	629,903
Present value of hire purchase liabilities:-		
Not later than 1 year	276,602	112,103
Later than 1 year and not later than 5 years	626,919	517,800
	903,521	629,903

Hire purchase liabilities of the Group are subject to interest rates ranging from 2.60% to 4.80% (2012: 2.60% to 3.01%) per annum.

18. DEFERRED TAX LIABILITIES

	Group	
	2013	2012
	RM	RM
As at beginning of the year	-	-
Acquisition of a new subsidiary	133,778	-
Recognised in the profit or loss (Note 28)	73,914	-
As at end of the year	207,692	-

	Group	
The components of deferred tax liabilities are as follows:-	2013	2012
	RM	RM
Tax effect of the excess of property, plant and equipment's net carrying amount over its tax written down value	210,123	-
Tax effect of unutilised capital allowances	(2,431)	-
	207,692	-

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Trade payables	559,390	1,670,953	-	-
Other payables and accruals	3,444,250	2,133,683	1,075,593	1,101,076
	4,003,640	3,804,636	1,075,593	1,101,076

The normal credit period granted to the Group ranges from 30 to 90 days (2012: 30 to 90 days).

Included in current financial year's other payables and accruals is an amount of RM845,964 (2012: RM893,964) owing to the previous directors of the Company. This amount is unsecured, interest free and repayable on demand.

20. PROVISION FOR WARRANTY AND MAINTENANCE COSTS

	Group	
	2013	2012
	RM	RM
As at beginning of the year	1,424	4,816
Charge to profit or loss	(1,043)	(3,392)
As at end of the year	381	1,424

The Group gives warranties on certain products and undertakes to replace defective items. A provision has been recognised at the year end for expected warranty claims based on past experience of the level of returns.

21. AMOUNT DUE TO AN ASSOCIATE

Amount due to an associate is unsecured, interest free and repayable on demand and consist of:

	Group	
	2013	2012
	RM	RM
Trade	-	-
Non-Trade	5,055	5,055
	5,055	5,055

22. AMOUNT DUE TO DIRECTORS

Amount due to directors are unsecured, interest free and repayable on demand.

23. REVENUE

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Food and beverages	3,960,366	-	-	-
Manufacturing	19,078	71,223	-	-
Project	4,630,112	6,605,939	-	-
Trading	137,641	118,474	-	-
	8,747,197	6,795,636	-	-

24. COST OF SALES

	Group 2013 RM	Group 2012 RM
Included in the above are the following expenses:-		
Amortisation of products development expenditure	-	278,042
Depreciation of property, plant and equipment	18	18
Rental of motor vehicles	9,423	8,555
Provisions for warranty and maintenance costs	(1,043)	(3,392)

25. OTHER INCOME

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Fixed deposits interest	49,429	96,900	49,429	96,900
Gain on disposal of property, plant and equipment	20,000	19,999	-	-
Gain on foreign exchange - realised	131	-	-	-
Gain on foreign exchange - unrealised	-	321	-	-
Interest income	18,048	80,380	12	24
Management fee	40,970	-	-	-
Others	1,000,501	12,470	-	-
Rental of equipment	34,264	-	-	-
	1,163,343	210,070	49,441	96,924

26. ADMINISTRATIVE AND OPERATING EXPENSES

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Included in the above are the following expenses:-				
Auditors' remuneration				
- Current year	51,500	27,700	5,800	3,000
- Over provision in prior year	(476)	(1,050)	-	-
Depreciation of property, plant and equipment	1,286,644	773,552	-	-
Directors' remuneration			-	-
- Allowance	84,587	66,800	84,587	61,800
- Bonus	16,000	7,000	8,000	2,000
- EPF	23,760	22,896	-	-
- Fee	339,483	174,500	125,548	82,500
- Salary and other emoluments	266,000	190,800	-	-
- Socso	1,240	1,240	-	-
Hostel rental	13,500	18,300	-	-
Impairment loss on goodwill	495,560	-	-	-
Impairment loss on other receivables	60,653	-	-	-
Impairment loss on products development expenditure	-	267,793	-	-
Impairment loss on trade receivables	322,331	-	-	-
Incorporation fees	-	2,400	-	-
Inventories written off	66,960	249,649	-	-
Loss on disposal of property, plant and equipment	115	-	-	-
Loss on foreign exchange - realised	-	12,046	-	-
Loss on foreign exchange - unrealised	322	-	-	-
Property, plant and equipment written off	699	34,608	-	-
Rental of premises	1,505,215	853,200	-	-
Rental of signboard	5,903	-	-	-

27. FINANCE COSTS

	Group	
	2013	2012
	RM	RM
Bank overdraft interest	60,907	-
Hire purchase interest	40,885	36,689
Term loans interest	99,391	129,408
	201,183	166,097

28. TAXATION

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Provision for the financial year	18,800	-	-	-
Under / (Over) provision of tax in prior years	123,031	25,619	(4,506)	-
Deferred taxation (Note 18)				
- Origination and reversal of temporary differences	82,936	-	-	-
- Over provision in prior years	(9,022)	-	-	-
	215,745	25,619	(4,506)	-

A reconciliation of income tax expenses applicable to loss before taxation at the statutory income tax rate to income tax expenses at the effective income tax rate of the Group and of the Company are as follows:

28. TAXATION – CONT'D

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Loss before taxation	(4,800,367)	(4,607,555)	(573,230)	(320,141)
Tax at Malaysian statutory income tax rate of 25%	(1,200,092)	(1,151,889)	(143,308)	(80,036)
Income not subject to tax	(7,618)	(20,089)	-	-
Expenses not deductible for tax purposes	648,614	626,109	143,308	80,036
Tax exempt income under pioneer status	-	(130,225)	-	-
Deferred tax assets not recognised during the year	719,515	676,094	-	-
Utilisation of deferred tax assets not recognised	(58,683)	-	-	-
Under / (Over) provision of tax in prior years	123,031	25,619	(4,506)	-
Over provision of deferred tax in prior years	(9,022)	-	-	-
Tax expense for the financial year	215,745	25,619	(4,506)	-

A wholly owned subsidiary, DPC Industrial Systems Sdn. Bhd., has been granted Pioneer Status under the Promotion of Investments Act, 1986. The approved Pioneer status is granted for the period from 21 January 2008 to 20 January 2013.

The Group has unabsorbed capital allowances and unutilized tax losses available for set-off against future taxable profits.

	Group	
	2013	2012
	RM	RM
Unabsorbed capital allowances	505,500	1,655,000
Unabsorbed tax losses	14,472,200	12,439,500
	14,977,700	14,094,500

29. LOSS PER ORDINARY SHARE

Group

a) Basic

Basic loss per ordinary share is calculated by dividing the net loss for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	2013 RM	2012 RM
Loss attributable to ordinary equity holders of the Company	(4,873,824)	(4,633,174)
Weighted average number of ordinary shares in issue	321,385,961	315,012,203
Basic loss per share (sen)	(1.5)	(1.5)

b) Diluted

The fully diluted earnings per ordinary share for the Group for the current financial year is not presented as the warrants would be anti-dilutive as the exercise price is higher than the fair value of the Company's shares.

30. ACQUISITION OF A SUBSIDIARY

During the financial year, the Group acquired an 51% equity interest in Max Wisdom Sdn. Bhd.

The fair values of the identifiable assets and liabilities of Max Wisdom Sdn. Bhd. at the date of acquisition were:-

30. ACQUISITION OF A SUBSIDIARY – CONT'D

	Group 2013 RM
Plant and equipment	4,345,792
Inventories	50,305
Trade and other receivables	605,901
Cash and cash equivalents	(657,702)
Trade and other payables	(825,041)
Hire purchase liabilities	(439,412)
Term loan	(926,799)
Provision for taxation	(92,424)
Deferred tax liabilities	(133,778)
Net identifiable assets and liabilities	1,926,842
Less: Non-controlling interests	(944,153)
Add: Goodwill on acquisition	617,311
Total purchase consideration	1,600,000
Add: Cash and cash equivalents of subsidiary acquired	657,702
Net cash outflow for acquisition of a subsidiary	2,257,702

The non-controlling interests are measured at fair value.

The acquired subsidiary has contributed the following results to the Group:-

	2013 RM
Revenue	3,960,366
Loss after taxation	(290,383)

If the acquisition had taken place at the beginning of the financial year, the Group's revenue and loss after taxation would have been RM12,959,245 and RM4,658,199 respectively.

31. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following amounts:

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Cash in hand and at banks (Note 14)	3,427,371	442,442	3,166,467	35,869
Deposits with licensed banks (Note 13)	2,068,618	4,160,002	1,053,346	2,041,450
Bank overdraft (Note 17)	(1,500,000)	-	-	-
	3,995,989	4,602,444	4,219,813	2,077,319
Less: Deposits pledged	(1,008,702)	-	-	-
	2,987,287	4,602,444	4,219,813	2,077,319

32. STAFF COSTS (EXCLUDING DIRECTORS' REMUNERATION)

	Group	
	2013	2012
	RM	RM
Cost of sales		
Production wages	145,924	269,257
Other staff costs	54,980	44,637
	200,904	313,894
Administrative and operating expenses		
Salaries and wages	1,957,578	624,648
Social security contribution	21,998	8,078
Pension cost - Employees Provident Fund	175,067	73,361
Other staff costs	208,708	118,309
	2,363,351	824,396
Total staff costs	2,564,255	1,138,290

33. DIRECTORS' REMUNERATION

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Executive:				
Directors' fee	267,935	112,500	54,000	20,500
Salaries and other emoluments	307,000	221,936	8,000	2,000
Directors' allowance	50,500	47,500	50,500	42,500
	625,435	381,936	112,500	65,000

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Non-executive:				
Directors' fee	71,548	62,000	71,548	62,000
Directors' allowance	34,087	19,300	34,087	19,300
	105,635	81,300	105,635	81,300

34. AUDITORS' REMUNERATION

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Mustapha, Khoo & Co.				
Statutory audit	35,300	21,450	5,800	3,000

35. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Significant Related Party Transactions

There were no significant related party transactions during the financial year that require disclosure to the financial statements.

35. SIGNIFICANT RELATED PARTY TRANSACTIONS – CONT'D

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the financial year were as follows:

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Short term employee benefits	707,310	440,340	218,135	146,300
Post employment benefit:				
Define contribution plan	23,760	22,896	-	-
	731,070	463,236	218,135	146,300
Included in the total key management personnel are:				
Directors' remuneration	731,070	463,236	218,135	146,300

36. CONTINGENT LIABILITIES

(a) Corporate guarantee

	Company	
	2013	2012
	RM	RM
Corporate guarantee relating to credit facilities granted to the following subsidiary:-		
- Focus Dynamics Drives Sdn. Bhd.	1,775,796	5,854

36. CONTINGENT LIABILITIES – CONT'D

(b) Legal suit

(i) Pan Asia Publication Sdn. Bhd. ("PAPSB") initiated a legal action against Focus Dynamics Drives Sdn. Bhd. ("FDD"), a wholly-owned subsidiary of the Company, in the High Court of Malaya, Shah Alam on 3 November 2010. FDD filed the Memorandum of Appearance on 23 December 2010. PAPSB in this suit prays for a declaration that the Agreement to Purchase dated 26 April 2010 between PAPSB and FDD ("the said Agreement") where FDD agreed to sell and PAPSB agreed to purchase a property known as industrial building with single storey warehouse and 3 storey office / assembly area located at No. 2-16, Jalan SU 8 (Lion Industrial Park), Seksyen 22, 40300 Shah Alam, Selangor held under individual title GRN177271, Lot 38170, Pekan Baru Hicom District of Petaling, State of Selangor ("the said Property") in consideration of RM6,150,000 is a valid, binding and enforceable agreement. PAPSB also prays for a specific performance of the said Agreement and damages for breach of contract as PAPSB alleged that pursuant to the said Agreement PAPSB duly paid the earnest deposit of RM129,150 (2.1% of the sale and purchase price) to Reapfield Properties (S.J.) Sdn. Bhd., the so call agent of FDD ("Reapfield") and yet FDD failed, neglected and / or refuse to respond on the draft formal Sale and Purchase Agreement which was prepared by their solicitors. The solicitors in charge of this matter are of the view that since Reapfield has no authority to act on FDD behalf and there was no board resolution to sell the said Property to PAPSB, FDD has an arguable dispute against the claim.

FDD applied to strike out PAPSB's action was fixed for case management on 31 October 2013 before the Deputy Registrar. The Court has fixed the application for case management on 29 November 2013 before the Deputy Registrar and the hearing for the FDD's application to strike out PAPSB action was fixed on 12 December 2013. However, the application was dismissed by the Court with no order to costs at the hearing held on 12 December 2013.

The Trial date for the Main Suit originally set on 2 and 3 April 2014 has been vacated and pending case management on 30 May 2014 to fix new trial dates.

36. CONTINGENT LIABILITIES – CONT'D

(b) Legal suit – Cont'd

(ii) Focus Dynamics Centre Sdn. Bhd. ("FDC"), a subsidiary of the Company presented a winding up petition against Black Tiger Aguaculture Sdn. Bhd. ("BTASB") in the High Court of Malaya, Johor Bahru on 25 January 2010 based on a debt of RM121,320 and interest of RM28,106 which was admitted by BTASB. The Winding-Order was granted by the High Court on 20 August 2010.

Due to its dissatisfaction with the decision of the High Court, BTASB filed a Notice of Motion for Leave to appeal against the said decision pursuant to Section 68 of the Courts of judicate Act 1964 on 14 September 2010 ("Application for leave to appeal").

BTASB filed an appeal against the Winding Up Order on 28 February 2011 via Court of Appeal. The appeal was dismissed by the Court of Appeal on 4 January 2013, where the Court of Appeal held that there was a clear admission by BTASB on its indebtedness to FDC. BTASB later sought leave from Federal Court to appeal against the decision of Court of Appeal and was rejected by the Federal Court on 19 June 2013.

The solicitors in charge of this matter are of the view that since the earlier Winding Up Order is affirmed by the Court of Appeal and Federal Court, the Official Receiver is continued to act as liquidator of BTASB including to call for creditors' meeting and to manage the assets of BTASB as to pay off the debts to its creditors, including FDC, if any. As to date, there is no instruction and information for such distribution of assets from the Official Receiver.

(iii)Focus Dynamics Centre Sdn Bhd ("FDC"), a wholly-owned subsidiary of the Company initiated a Statement of Claim against two of its former directors, namely Kong Kwai Ching and Kee Twuan Tee for breach of fiduciary duties and breach of Section 132 of the Companies Act 1965 in the High Court of Malaya, Kuala Lumpur on 10 December 2012. FDC is claiming for a specific losses in the sum of RM2,618,524 from its former directors and other losses to be assessed by the Court.

FDC has also on 26 April 2013 filed an application to amend the claim to insert a further claim of restitution in the sum of RM1,721,805 in addition to the above specific losses.

36. CONTINGENT LIABILITIES – CONT'D

(b) Legal suit – Cont'd

(iii)On 26 August 2013, the Board announced that both FDC and the defendants have arrived at a full and final settlement of the abovementioned suit, whereby FDC had withdrawn the suit against the defendants with no order to cost and no liberty to file afresh as FDC had received RM1,000,000 from the defendants as full and final settlement of the suit ("the Settlement"). The Settlement also binds Focus Dynamics Drives Sdn. Bhd. ("FDD"), another wholly-owned subsidiary of the Company. This is because the defendants were directors of FDC and FDD who responsible for those transactions at that time. As such, the Settlement meant for a global settlement for both FDC and FDD since it involves same parties. This shall constitute a full and final settlement of all claims and related matters between FDC, FDD and defendants and there shall be no further claim between the parties thereafter.

37. LEASE COMMITMENTS

Total future minimum lease payments under non-cancellable operating lease are as follows:

	2013	2012
	RM	RM
Less than one year	694,523	926,030
Between one and five years	-	1,203,518
	694,523	2,129,548

The Group leases 3 units (2012: 3 units) of office under operating leases. The leases typically run for an initial three years, with an option to renew the leases after that date at such terms and conditions as may be agreed between the lessee and the lessor. None of the leases include contingent rentals.

38. SEGMENT INFORMATION

(a) Reporting format

The primary segment reporting format is determined to be business segments as the Group's risk and returns are affected predominantly by differences in the products and services produced.

38. SEGMENT INFORMATION – CONT'D

(a) Reporting format – Cont'd

Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(b) Business Segments

The Group is organised into three major business segments:

Engineering services	:	Implementation and installation of industrial machines and processes, energy efficiency system, research and development of variable speed drives, installation of automation system, providing a range of support services covering project management services, maintenance support, engineering conceptualisation, system audit, energy saving services and other support services in relation to the Group's business and products.
Manufacturing	:	Manufacture of variable speed drives and instruments for the control of industrial machines and processes.
Food and beverage	:	Operate and manage food and beverage outlets.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

FOCUS DYNAMICS TECHNOLOGIES BERHAD
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NOTES TO THE FINANCIAL STATEMENTS
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38. SEGMENT INFORMATION – CONT'D

(b) Business Segments

31 December 2013	Manufacturing RM	Engineering services RM	Food and beverage RM	Others RM	Amalgamation RM	Eliminations RM	Consolidated RM
REVENUE AND EXPENSES							
Revenue							
Segment revenue							
External sales	19,078	4,767,753	3,960,366	-	8,747,197	-	8,747,197
Total revenue	19,078	4,767,753	3,960,366	-	8,747,197	-	8,747,197
Results							
Segment results	(421,032)	(1,665,665)	(1,439,964)	(576,963)	(4,103,624)	(495,560)	(4,599,184)
Unallocated results							-
Loss from operations							(4,599,184)
Finance costs							(201,183)
Share of results in associates							-
Loss before taxation							(4,800,367)
Taxation							(215,745)
Net loss for the year							(5,016,112)

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NOTES TO THE FINANCIAL STATEMENTS
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38. SEGMENT INFORMATION – CONT'D

(b) Business Segments

31 December 2013	Manufacturing RM	Engineering services RM	Food and beverage RM	Others RM	Amalgamation RM	Eliminations RM	Consolidated RM
ASSETS AND LIABILITIES							
Segment assets	7,629,654	7,919,239	6,829,974	68,512	22,447,379	-	22,447,379
Goodwill on consolidation							2,331,544
Cash in hand and at banks							3,427,371
Deposits with licensed banks							2,068,618
Tax recoverable							214,129
Consolidated total assets							30,489,041
Segment liabilities	6,580	1,287,967	1,789,007	1,078,593	4,162,147	-	4,162,147
Provision for taxation							-
Deferred tax liabilities							207,692
Unallocated liabilities:							
Borrowings							4,952,229
Consolidated total liabilities							9,322,068
Capital expenditure	-	11,457	801,154	-	812,611	-	812,611
Depreciation of property, plant and equipment	18	945,240	341,404	-	1,286,662	-	1,286,662
Amortisation of products development expenditure	-	-	-	-	-	-	-
Non-cash expenses other than depreciation	-	946,640	-	-	946,640	-	946,640

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NOTES TO THE FINANCIAL STATEMENTS
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38. SEGMENT INFORMATION – CONT'D

(b) Business Segments

31 December 2012	Manufacturing RM	Engineering services RM	Food and beverage RM	Others RM	Amalgamation RM	Eliminations RM	Consolidated RM
REVENUE AND EXPENSES							
Revenue							
Segment revenue							
External sales	71,223	6,724,413	-	-	6,795,636	-	6,795,636
Total revenue	71,223	6,724,413	-	-	6,795,636	-	6,795,636
Results							
Segment results	(2,069,693)	(1,542,917)	(604,650)	(324,196)	(4,541,456)	126,212	(4,415,244)
Unallocated results							-
Loss from operations							(4,415,244)
Finance costs							(166,097)
Share of results in associates							(26,214)
Loss before taxation							(4,607,555)
Taxation							(25,619)
Net loss for the year							(4,633,174)

38. SEGMENT INFORMATION – CONT'D

(b) Business Segments

31 December 2012	Manufacturing RM	Engineering services RM	Food and beverage RM	Others RM	Amalgamation RM	Eliminations RM	Consolidated RM
ASSETS AND LIABILITIES							
Segment assets	7,729,454	10,292,751	1,242,486	57,488	19,322,179	-	19,322,179
Goodwill on consolidation							2,209,793
Cash in hand and at banks							442,442
Deposits with licensed banks							4,160,002
Tax recoverable							455,441
Consolidated total assets							26,589,857
Segment liabilities	14,018	2,576,370	135,532	1,105,331	3,831,251	-	3,831,251
Provision for taxation							2,505
Unallocated liabilities:							
Borrowings							635,757
Consolidated total liabilities							4,469,513
Capital expenditure	-	1,366,903	571,086	-	1,937,989	-	1,937,989
Depreciation of property, plant and equipment	18	771,405	2,147	-	773,570	-	773,570
Amortisation of products development expenditure	278,042	-	-	-	278,042	-	278,042
Non-cash expenses other than depreciation	-	564,096	-	-	564,096	-	564,096

39. CAPITAL COMMITMENTS

	Group	
	2013	2012
Approved but not contracted for:-	RM	RM
Renovation in progress	1,147,615	1,289,852

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 7 June 2013, the Board announced that Marquee International Holding Sdn. Bhd. ("MIHSB"), a wholly-owned subsidiary of the Company had entered into a share purchase agreement to acquire 510,000 ordinary shares of RM1.00 each in Max Wisdom Sdn. Bhd. ("MWSB"), representing 51% of the issued and paid-up share capital of MWSB for a cash consideration of RM1,600,000. The acquisition is completed on 26 June 2013 pursuant to the transfer and registration of 510,000 ordinary shares of RM1.00 each in MWSB in the name of MIHSB on 25 June 2013 and the settlement of balance purchase consideration on 26 June 2013 respectively.

(b) On 27 December 2013, the Company completed the private placement exercise with the listing and quotation of 32,068,300 ordinary shares of RM0.10 each at an issue price of RM0.10 each.

(c) On 31 December 2013, the Board announced that Marquee International Holding Sdn. Bhd. ("MIHSB"), a wholly-owned subsidiary of the Company had entered into a settlement and share purchase agreement with the shareholders of Max Wisdom Sdn. Bhd. ("MWSB") to acquire the remaining 49% equity interest in MWSB. MIHSB's shareholding in MWSB will increase to 100% as a result of the acquisition.

41. EVENTS AFTER THE REPORTING DATE

(a) On 7 February 2014, the Board announced that the Board of Directors of Max Wisdom Sdn. Bhd. ("MWSB") had approved the transfer and registration of totalling 490,000 ordinary shares of RM1.00 each in MWSB in the name of Marquee International Holding Sdn. Bhd. ("MIHSB"), a wholly-owned subsidiary of the Company, on 27 January 2014. The settlement and share purchase in MWSB is completed on 7 February 2014 as MIHSB has received all the newly issued original share certificates and the sale consideration has been made to the vendor on the same date. As a result of the share purchase, MIHSB's shareholding in MWSB has increased to 100%.

41. EVENTS AFTER THE REPORTING DATE – CONT'D

(b) On 3 March 2014, M&A Securities Sdn. Bhd. had on the Company's behalf, announced that the Company proposed to undertake the following:

(i) Proposed renounceable rights issue of up to 449,143,740 new ordinary shares of RM0.10 each in Focus Dynamics Technologies Berhad ("Focus") ("Right Shares") together with up to 299,429,160 free detachable warrants ("Warrants") at an issue price of RM0.10 per Right Share on the basis of three (3) Right Shares for every three (3) existing ordinary shares of RM0.10 each held in Focus ("Focus Shares" or "Shares") together with two (2) Warrants for every three (3) Right Shares subscribed at an entitlement date to be determined later;

(ii) Proposed diversification of the business of Focus into the food and beverage business;

(iii) Proposed establishment and implementation of an employees' share option scheme for eligible employees and directors of Focus and its subsidiaries;

(iv) Proposed increase in the authorised share capital of the Company from RM100,000,000 comprising 1,000,000,000 Focus Shares to RM250,000,000 comprising 2,500,000,000 Focus Shares ("Proposed IASC"); and

(v) Proposed amendments to the Memorandum and Articles of Association of the Company for the Proposed IASC.

The listing application for the listing of and quotation for the above corporate exercises has been submitted to Bursa Securities on 1 April 2014.

42. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

42. FINANCIAL INSTRUMENTS – CONT'D

(a) Financial risk management objectives and policies – Cont'd

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:-

(i) Foreign currency risk

The Group is exposed to foreign currency risk as a result of its normal trading activities, where the currency denomination differs from the local currency, Ringgit Malaysia (RM). The Group's policy is to minimise the exposure to transaction risk by matching foreign currency income against foreign currency costs.

The net unhedged financial assets and financial liabilities of the Group that are denominated in foreign currencies are as follows:

	2013	2012
Group	RM	RM
Cash at banks		
GBP	61	123
US Dollar	1,922	63,122
Trade receivables		
US Dollar	633,786	633,786
Trade payables		
EURO	12,569	12,569

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss after tax to a 3% change in the exchange rates of EURO, GBP and USD against the Ringgit Malaysia ('RM'), with all other variables held constant.

42. FINANCIAL INSTRUMENTS – CONT'D

(a) Financial risk management objectives and policies – Cont'd

(i) Foreign currency risk – Cont'd

	2013 RM Loss after tax	2012 RM Loss after tax
EURO	377	377
GBP	2	4
US Dollar	19,071	20,907

If the relevant foreign currency weakens by 3% against the functional currencies as mentioned, impact on the profit for the financial year would be vice versa.

(ii) Credit risk

Credit risk is the potential risk of financial loss from the failure of a customer or counterparty to settle their financial and contractual obligations to the Group, as and when they fall due.

The credit risk is controlled by the application of credit approvals, limits and monitoring procedures on an ongoing basis. This is done through reference to published credit ratings by prime financial institutions. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

42. FINANCIAL INSTRUMENTS – CONT'D

(a) Financial risk management objectives and policies – Cont'd

(ii) Credit risk – Cont'd

Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

Credit risk concentration profile

As at 31 December 2013, approximately:-

- 96% (2012: 97%) of the Group's trade receivables were owing by 16 (2012: 16) major customers.

Ageing analysis

The ageing analysis of the Group's trade receivables as at end of the year is as follows:-

	Group	
	2013	2012
	RM	RM
Neither past due nor impaired	348,283	720,780
Past due but not impaired:-		
- 1 to 30 days	249,834	726,790
- 31 to 60 days	391,900	756,350
- 61 to 90 days	402,411	403,750
- More than 90 days	2,987,330	2,788,755
Past due and impaired	7,038,905	6,716,574
	11,418,663	12,112,999

42. FINANCIAL INSTRUMENTS – CONT'D

(a) Financial risk management objectives and policies – Cont'd

(ii) Credit risk – Cont'd

Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Trade receivables that are past due but not impaired

Trade receivables that are past due but not impaired mainly arose from active corporate clients with healthy business relationship, in which the management is of the view that the amounts are recoverable based on past payments history.

The trade receivables of the Group that are past due but not impaired are unsecured in nature.

Trade receivables that are past due and impaired

The Group's trade receivables that are past due and impaired as at end of the year and the movement of the allowance accounts used to record the impairment are as follows:-

	Individually impaired	
	2013	2012
	RM	RM
Trade receivables, gross	11,418,663	12,112,999
Less: Impairment losses	(7,038,905)	(6,716,574)
	4,379,758	5,396,425

42. FINANCIAL INSTRUMENTS – CONT'D

(a) Financial risk management objectives and policies – Cont'd

(ii) Credit risk – Cont'd

Trade receivables that are past due and impaired – Cont'd

The reconciliation of movements in the impairment loss are as follows:-

	2013 RM	2012 RM
As at beginning of the year	6,716,574	6,716,574
Addition of impairment losses	322,331	-
Written off	-	-
As at end of the year	7,038,905	6,716,574

At the end of the reporting year, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

(iii) Liquidity and cash flow risks

The Group seeks to achieve a balance between certainty of funding and a flexible, cost-effective borrowing structure. This is to ensure that at the minimum, all projected net borrowing needs are covered by committed facilities. Also, the objective for debt maturity is to ensure that the amount of debt maturing in any one year is not beyond the Group's means to repay and refinance.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting year based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting year):-

42. FINANCIAL INSTRUMENTS – CONT'D

(a) Financial risk management objectives and policies – Cont'd

(iii) Liquidity and cash flow risks – Cont'd

Group	Weighted average effective rate %	On demand or within 1 year RM	1 - 5 years RM	Over 5 years RM	Total RM
31 December 2013					
Trade payables	-	559,390	-	-	559,390
Other payables and accruals	-	3,444,250	-	-	3,444,250
Amount due to directors	-	153,071	-	-	153,071
Amount due to associates	-	5,055	-	-	5,055
Bank overdraft	8.60%	1,500,000	-	-	1,500,000
Hire purchase payables	2.60%-4.80%	276,602	626,919	-	903,521
Term loans	5.65%-8.60%	754,708	1,794,000	-	2,548,708
		6,693,076	2,420,919	-	9,113,995
31 December 2012					
Trade payables	-	1,670,953	-	-	1,670,953
Other payables and accruals	-	2,133,683	-	-	2,133,683
Amount due to directors	-	20,136	-	-	20,136
Amount due to associates	-	5,055	-	-	5,055
Hire purchase payables	2.60%-3.01%	112,103	517,800	-	629,903
Term loans	5.65%	5,854	-	-	5,854
		3,947,784	517,800	-	4,465,584

42. FINANCIAL INSTRUMENTS – CONT'D

(a) Financial risk management objectives and policies – Cont'd

(iii) Liquidity and cash flow risks – Cont'd

Company	Weighted average effective rate %	On demand or within 1 year RM	1 - 5 years RM	Over 5 years RM	Total RM
31 December 2013					
Other payables and accruals	-	1,075,593	-	-	1,075,593
		1,075,593	-	-	1,075,593
31 December 2012					
Other payables and accruals	-	1,101,076	-	-	1,101,076
		1,101,076	-	-	1,101,076

(iv) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 42 (a) (iii) to the financial statements.

42. FINANCIAL INSTRUMENTS – CONT'D

(a) Financial risk management objectives and policies – Cont'd

(iv) Interest rate risk – Cont'd

Exposure to interest rate risk

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Fixed rate				
Deposits with licensed bank	2,068,618	4,160,002	1,053,346	2,041,450
Hire purchase payables	903,521	629,903	-	-
	2,972,139	4,789,905	1,053,346	2,041,450
Floating rate				
Bank overdraft	1,500,000	-	-	-
Term loans	2,548,708	5,854	-	-
	4,048,708	5,854	-	-

Sensitivity analysis for interest rate risk

The interest rate risk sensitivity analysis on the fixed rate instrument is not disclosed as this financial instrument is measured at amortised cost.

At the reporting date, if interest rate had been 100 basis points higher or lower for floating rate instruments, with all the variables held constant, the Group's and the Company's profit after tax for the financial year would have been approximately RM30,365 and RMNil higher or lower respectively. The assumed movement in the percentage for interest rate sensitivity analysis is based on the currently observable market environment.

(v) Market risk

The Group does not have any quoted investments and hence is not exposed to market risk.

(b) Fair values of financial instruments

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their fair values.

The following summarises the methods used to determine the fair values of the financial instruments:-

42. FINANCIAL INSTRUMENTS – CONT'D

(b) Fair values of financial instruments – Cont'd

(i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.

(ii) The fair value of borrowings is determined by discounting the relevant cash flows using current interest rates for similar instruments. There is no material difference between the fair values and the carrying values of these liabilities as at the end of the reporting year.

(c) Financial instruments by categories

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Financial assets				
Loans and receivables				
Trade and other receivables	6,299,594	6,814,909	68,312	57,288
Amount due from subsidiaries	-	-	27,496,900	27,128,542
Cash and cash equivalents	5,495,989	4,602,444	4,219,813	2,077,319
	11,795,583	11,417,353	31,785,025	29,263,149
Financial liabilities				
Other financial liabilities				
Trade and other payables	4,003,640	3,804,636	1,075,593	1,101,076
Amount due to associates	5,055	5,055	-	-
Amount due to directors	153,071	20,136	-	-
Bank overdraft	1,500,000	-	-	-
Hire purchase payables	903,521	629,903	-	-
Term loans	2,548,708	5,854	-	-
	9,113,995	4,465,584	1,075,593	1,101,076

42. FINANCIAL INSTRUMENTS – CONT'D

(d) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders or issue new shares, where necessary. The Group's approach in managing capital is based on defined guidelines that are approved by the Board.

No changes were made in the objectives, policies or processes during the financial year.

The Group is not subject to any externally imposed capital requirements.

The Group monitors capital by reference to its indebtedness position, which is derived from the total financial debts divided by the total equity plus total financial debts. The Group's strategy is to maintain the balance between debt and equity and to ensure sufficient operating cash flows to repay its liabilities as and when they fall due.

Company No. 582924-P

APPENDIX VI

UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE SIX (6) MONTHS FPE 30 JUNE 2014

FOCUS DYNAMICS TECHNOLOGIES BERHAD (Company No: 582924-P)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2014

		INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		UNAUDITED CURRENT QUARTER QUARTER ENDED	UNAUDITED COMPARATIVE QUARTER ENDED	UNAUDITED CUMULATIVE YEAR TO DATE	UNAUDITED CUMULATIVE PRECEDING YEAR TO DATE
	Note	**30/06/2014**	**30/06/2013**	**30/06/2014**	**30/06/2013**
		RM	**RM**	**RM**	**RM**
CONTINUING OPERATIONS					
REVENUE	A9	2,909,503	1,494,828	5,750,792	2,997,848
COST OF SALES		(1,221,908)	(1,225,839)	(2,506,453)	(2,463,069)
GROSS PROFIT		1,687,595	268,989	3,244,339	534,779
OTHER INCOME		41,504	2,676	57,436	33,253
OPERATING EXPENSES		(3,276,749)	(1,388,681)	(6,062,663)	(2,699,284)
LOSS FROM OPERATIONS		(1,547,650)	(1,117,016)	(2,760,888)	(2,131,252)
INTEREST INCOME		9,860	15,201	18,359	31,098
INTEREST EXPENSES		(78,171)	(16,844)	(158,544)	(27,640)
SHARE OF RESULTS OF ASSOCIATED COMPANIES		-	-	-	-
LOSS BEFORE TAX		(1,615,961)	(1,118,659)	(2,901,073)	(2,127,794)
INCOME TAX EXPENSE	B6	(16,302)	(19,565)	(37,962)	(35,808)
LOSS FOR THE PERIOD		(1,632,263)	(1,138,224)	(2,939,035)	(2,163,602)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(1,632,263)	(1,138,224)	(2,939,035)	(2,163,602)
LOSS FOR THE PERIOD ATTRIBUTABLE TO:					
OWNERS OF THE PARENT		(1,632,263)	(1,138,224)	(2,822,840)	(2,163,602)
NON-CONTROLLING INTEREST		-	-	(116,195)	-
		(1,632,263)	(1,138,224)	(2,939,035)	(2,163,602)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:					
OWNERS OF THE PARENT		(1,632,263)	(1,138,224)	(2,822,840)	(2,163,602)
NON-CONTROLLING INTEREST		-	-	(116,195)	-
		(1,632,263)	(1,138,224)	(2,939,035)	(2,163,602)
Loss Per Ordinary Share					
- Basic (sen)	B11	(0.46)	(0.35)	(0.80)	(0.67)
- Dilutive (sen)		#	#	#	#

NOTE:

The Unaudited Condensed Consolidated Statement of Comprehensive Income duly reviewed by the Company's External Auditors should be read in conjunction with the Annual Audited Financial Statements forended 31 December 2013 and the accompanying explanatory notes to this Interim Financial

 # The fully dilutive loss per share of the Group for the current financial period is not presented as the warrants would be anti-dilutive as the exercise price of the warrants is higher than the fair value of the Company's shares.

Company No. 582924-P

FOCUS DYNAMICS TECHNOLOGIES BERHAD (Company No: 582924-P)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

THE FIGURES HAVE NOT BEEN AUDITED

	UNAUDITED AS AT 30/06/2014	AUDITED AS AT 31/12/2013
	RM	RM
ASSETS		
Non-Current Assets		
Property, plant and equipment	14,283,534	15,206,741
Products development expenditure	-	-
Goodwill on consolidation	2,331,544	2,331,544
Investment in a associated company	-	-
	16,615,078	17,538,285
Current Assets		
Inventories	884,124	941,044
Trade and other receivables	6,418,444	6,299,594
Tax recoverable	232,208	214,129
Deposits with licenced banks	2,478,079	2,068,618
Cash and bank balances	1,307,782	3,427,371
	11,320,637	12,950,756
TOTAL ASSETS	27,935,715	30,489,041
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	35,275,140	35,275,140
Share premium	3,464,689	3,464,689
Reserve	(20,512,391)	(18,374,721)
	18,227,438	20,365,108
Non-controlling interest	-	801,865
Total Equity	18,227,438	21,166,973
Liabilities		
Non-Current Liabilities		
Borrowings	2,692,706	2,420,919
Deferred tax liabilities	207,692	207,692
	2,900,398	2,628,611
Current Liabilities		
Trade and other payables	4,390,591	4,003,640
Provision for warranty and maintenance cost	-	381
Amount due to associated companies	5,055	5,055
Amount due to directors	-	153,071
Provision for taxation	33,462	-
Borrowings	2,378,771	2,531,310
	6,807,879	6,693,457
Total Liabilities	9,708,277	9,322,068
TOTAL EQUITY AND LIABILITIES	27,935,715	30,489,041

Number of ordinary shares at RM0.10 sen par each	352,751,400	352,751,400
Net assets per share attributable to ordinary equity holders of the parent (sen)	5.17	5.77

NOTES:

1. The Unaudited Condensed Consolidated Statement of Financial Position duly reviewed by the Company's External Auditors should be read in conjunction with the Annual Audited Financial Statements for financial year ended 31 December 2013 and the accompanying explanatory notes to this Interim Financial Statements.

2. Net assets per share is derived based on Focus Dynamics Technologies Berhad's consolidated net assets of RM18,227,438 (FYE 31/12/13-RM21,166,973) over the issued number of ordinary shares of 325,751,400 (FYE 31/12/13 - 352,751,400) of RM0.10 each.

FOCUS DYNAMICS TECHNOLOGIES BERHAD (Company No: 582924-P)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2014

THE FIGURES HAVE NOT BEEN AUDITED

	<---Attributable to Owners of the Parent--->							
	<---Non-distributable--->				Distributable			
	Share Capital	Share Premium	Warrant Reserve	Foreign Currency Translation Reserve	Retained Profits/ (Accumulated Losses)	Total	Non-Controlling Interest	Total Equity
	RM	RM	RM	RM	RM	RM	RM	RM
Balance at 1 January 2013	32,068,310	3,552,931	-	-	(13,500,897)	22,120,344	-	22,120,344
Issue of shares	-	-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(2,163,602)	(2,163,602)	-	(2,163,602)
Balance at 30 June 2013	32,068,310	3,552,931	-	-	(15,664,499)	19,956,742	-	19,956,742
Balance at 1 January 2014	35,275,140	3,464,689	-	-	(18,374,721)	20,365,108	801,865	21,166,973
Issue of shares	-	-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(2,822,840)	(2,822,840)	(116,195)	(2,939,035)
Accretion in net assets					685,170	685,170	-	685,170
Net assets acquired from non-controlling interest							(685,670)	(685,670)
Balance at 30 June 2014	35,275,140	3,464,689	-	-	(20,512,391)	18,227,438	-	18,227,438

NOTE:

The Unaudited Condensed Consolidated Statement of Changes In Equity duly reviewed by the Company External Auditors should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2013 and the accompanying explanatory notes to this Interim Financial Statements.

Company No. 582924-P

FOCUS DYNAMICS TECHNOLOGIES BERHAD (Company No: 582924-P)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 JUNE 2014

	CUMULATIVE QUARTERS	
	UNAUDITED CURRENT QUARTER ENDED	UNAUDITED COMPARATIVE QUARTER ENDED
	30/06/2014	**30/06/2013**
	RM	**RM**
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	5,689,387	4,154,605
Cash payments to suppliers and employees	(7,089,304)	(6,172,289)
Cash used in operations	(1,399,917)	(2,017,684)
Interest received	18,359	31,098
Interest paid	(57,551)	(11,879)
Income taxes refund	55,550	53,806
Income taxes paid	(78,129)	-
Expenses incurred for share issue	-	-
Net cash used in operating activities	(1,461,688)	(1,944,659)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(266,194)	(568,182)
Proceeds from disposal of Property, plant & equipment	-	20,000
Proceeds from disposal of an associated company	-	-
Property, plant & equipment written off	-	-
Acquisition of subsidiary company	(500)	(2,257,702)
Uplift of fixed deposits pledged	-	-
Net cash used in investing activities	(266,694)	(2,805,884)
CASH FLOWS FROM FINANCING ACTIVITIES		
Fixed deposits pledged	-	-
Payment of share issues expenses	-	-
Repayments to bankers acceptance	-	-
Repayment to bills payables	-	-
Hire purchase financing obtained	-	-
Payment of hire purchase interest	(17,517)	(15,761)
Repayments of hire purchase liabilities	(135,267)	(56,239)
Proeeds from term loan	600,000	1,931,879
Repayment of term loans	(324,407)	-
Payment of term loan interest	(79,849)	-
Proceeds from issue of shares	-	-
Net cash generated from financing activities	42,960	1,859,879
Net increase in cash and cash equivalent	(1,685,422)	(2,890,664)
Cash and cash equivalent at beginning of year	3,995,989	4,602,444
Cash and cash equivalent at end of year	2,310,567	1,711,780
Cash and cash equivalent comprise:		
Cash in hand and at banks	1,307,782	744,260
Deposits with licensed banks	2,478,079	2,641,474
Bank overdraft	(1,475,294)	(1,673,954)
	2,310,567	1,711,780

NOTES:

The Unaudited Condensed Consolidated Statement of Cash Flows duly reviewed by the Company's External Auditors should be read in conjunction with the Annual Audited Financial Statements for the financial period ended 31 December 2013 and the accompanying explanatory notes to this Interim Financial Statements.

Focus Dynamics Technologies Berhad ("Focus" or the "Company")
(Company No: 582924-P)

Interim Financial Report for the six months period ended 30 June 2014

PART A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 ("MFRS 134") INTERIM FINANCIAL REPORTING

A1. BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in accordance with the requirements outlined in the Malaysian Financial Reporting Standards ("MFRSs") No. 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), and Paragraph 9.22 of the Bursa Malaysia Securities Berhad ("Bursa Securities") ACE Market Listing Requirements ("AMLR") and should be read in conjunction with the audited financial statements of the Company and its subsidiaries ("Group") for the financial year ended 31 December 2013. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2013.

The interim financial information for the six (6) months period ended 30 June 2014 has been reviewed by the Company's auditors in accordance with International Standards on Review Engagement 2410- Review of Interim Financial Information by the Independent Auditor of the Company.

The accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted in the financial statements for the financial year ended 31 December 2013 except for the adoption of the following amendments to MFRSs issued by the MASB which are applicable to its financial statements.

Amendments to MFRS 10, MFRS 12 and MFRS 127	Investment Entities
Amendments to MFRS 132	Financial Instruments: Presentation -Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	Impairment of Assets
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement -Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

The adoption of the above amendments to MFRSs does not have any significant impact on the interim financial statements upon their initial application.

A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report for the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2013 were not subject to any qualification.

A3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The Group's business operational results were not materially affected by any major seasonal or cyclical factors.

A4. UNUSUAL ITEM DUE TO THEIR NATURE, SIZE OR INCIDENCE

During the current quarter under review, there were no unusual items or events that affecting the assets, liabilities, equity, net income or cash flows, to the effect that is unusual nature, size or incidence.

A5. MATERIAL ESTIMATES AND CHANGES IN ESTIMATES

There were no changes in estimates that have a material effect in the current quarter and financial period-to-date results under review.

A6. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issuances, repurchases and repayment of debt securities during the period under the review and up to the date of this report

A7. DIVIDEND DECLARED

No dividend has been declared or paid by the Company during the current quarter under review.

The Directors do not recommend the payment of any dividend in respect of the current financial period under review.

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A8. SEGMENT INFORMATION

Segment information is provided based on three (3) major business segments, i.e. engineering services, manufacturing and Food & Beverage. Expenses, assets and liabilities which are common and cannot be meaningfully allocated to the segments are presented under allocated expenses, assets and liabilities respectively.

Business segments in revenue and results of the Company and its subsidiaries ("Group") for the current quarter and current year to date for 30 June 2014 are as follows:-

	←--------------Results for 6 months ended 30 June 2014--------------→				
	Manufacturing RM	Engineering services RM	Food & Beverage RM	Others RM	Total RM
Revenue					
Segment revenue	13,136	2,144,464	3,593,192	-	5,750,792
Elimination- inter segment					-
Total revenue					5,750,792
Results from operating activities	(1,506,180)	90,714	(986,702)	(340,361)	(2,742,529)
Finance costs					(158,544)
Loss before taxation					(2,901,073)
Tax expense					(37,962)
Loss after taxation					(2,939,035)
Add: Non-controlling interest					116,195
					(2,822,840)
Assets and Liabilities					
Segment assets	7,190,932	7,437,958	6,787,139	170,073	21,586,102
Goodwill on consolidation					2,331,544
Cash in hand and at banks					1,307,782
Deposits with licensed banks					2,478,079
Tax recoverable					232,208
Consolidated total assets					27,935,715
Segment liabilities	6,517	1,203,696	2,061,500	1,123,933	4,395,646
Provision for taxation					33,462
Deferred tax liabilities					207,692
Borrowings					5,071,477
Total liabilities					9,708,277
Capital expenditure					266,194
Depreciation of property, plant and equipment					809,226

	←Results for 6 months ended 30 June 2013→				
	Manufacturing RM	Engineering services RM	Food & Beverage RM	Others RM	Total RM
Revenue					
Segment revenue	10,690	2,987,158	-	-	2,997,848
Elimination- inter segment	-	-	-	-	-
Total revenue	10,690	2,987,158		-	2,997,848
Results from operating activities	(327,113)	(722,944)	(774,630)	(275,467)	(2,100,154)
Finance costs					(27,640)
Loss before taxation					(2,127,794)
Tax expense					(35,808)
					2,163,602
Assets and Liabilities					
Segment assets	7,729,445	8,669,785	6,850,277	101,460	23,350,967
Goodwill on consolidation					2,827,104
Cash in hand and at banks					744,260
Deposits with licensed banks					2,641,474
Tax recoverable					403,635
Consolidated total assets					29,967,440
Segment liabilities	10,293	1,204,019	1,050,361	1,117,572	3,382,245
Provision for taxation					132,738
Borrowings					5,551,562
Total liabilities					9,066,545
Capital expenditure					568,182
Depreciation of property, plant and equipment					482,064

A9 SUBSEQUENT EVENTS

There were no other material events during the current quarter of 30 June 2014 and up to the date of this report, which is likely to substantially affect the results of the operations of the Company.

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

During the current quarter, the land and building held by Focus Dynamics Drives Sdn Bhd ("FDD") were valued downwards to RM7.2 million by an independent firm of valuers. As a result of the valuation, the deficit arising from the valuation of RM0.38 million has been charged out to Income Statements during the quarter.

A11. CHANGES IN THE COMPOSITION OF THE GROUP

There are no changes in the composition of the Group during the quarter under review

A12. CONTINGENT ASSETS AND LIABILITIES

There were no changes in contingent liabilities or contingent assets, since the last financial year ended 31 December 2013.

A13. CAPITAL COMMITMENTS

Capital expenditure commitments contracted and not provided for in the interim financial statements as at 30 June 2014 are as follows:-

	As at 30.06.2014 RM
Property, plant and equipment	588,110

A14 LIMITED REVIEW BY AUDITORS ON FOUR (4) QUARTERLY REPORTS

On 11 June 2014, Bursa Securities publicly reprimanded Focus and its directors for breaching of AMLR and its executive chairman was fined RM25,000. It was reprimanded for failing to ensure that the company's announcement dated Feb 28, 2012 on the quarterly report for the 17 months financial period ended ("FPE") Dec 31, 2011, took into account the adjustment as stated on the company's announcement dated April 30, 2012.

On Feb 28, 2012, Focus had reported an unaudited loss after tax and minority interest of RM4.496 million in its unaudited results. However, on April 30, 2012, Focus announced an audited loss after tax and minority interest of RM7.952 million in its annual audited accounts for the FPE Dec 31, 2011. The difference of RM3.456 million between Focus' unaudited and audited results for the FPE Dec 31, 2011 represented a variance of 76.86%. The variance of RM3.456 million was mainly due to the provision for impairment losses on trade receivables and products development expenditure (PDE) amounting to RM2.901 million and RM546,000 respectively in the audited results subsequently.

Following the reprimand, Bursa Securities required Focus to engage an external auditors to carry out a limited review on its quarterly report submission ("Limited Review") to ensure the adequacy and effectiveness of its financial reporting function. The limited review must be performed by external auditors for four quarterly reports commencing no later from the quarterly report for the financial period ended March 31, 2014.

In addition, Focus must ensure all its directors and relevant personnel attend a training programme on compliance with the AMLR pertaining to financial statements. Bursa Securities views the contravention seriously as the requirement for listed companies to submit financial statements that are factual, clear, unambiguous, accurate, succinct and contained sufficient information to enable investors to make informed investment decisions is of paramount importance in ensuring the integrity and reliability of financial statements and a fair and orderly market for securities that are traded on Bursa Securities.

On 7 August 2014, the Appeal Committee of Bursa Securities has decided that Focus be required to carry out the limited review for four (4) quarterly reports commencing from the quarterly report for the FPE 30 June 2014 instead of 31 March 2014, following an appeal made by Focus to Bursa Securities on 9 July 2014.

Focus Dynamics Technologies Berhad ("Focus" or the "Company")
(Company No: 582924-P)

Interim Financial Report for six months period ended 30 June 2014

B. ADDITIONAL INFORMATION REQUIRED BY "BURSA SECURITIES"

B1. REVIEW OF PERFORMANCE

CURRENT QUARTER COMPARED TO THE CORRESPONDING QUARTER OF LAST YEAR (2Q 14 vs 2Q 13)

	3 months ended	
	30.06.2014	**30.06.2013**
	RM	**RM**
Revenue	2,909,503	1,494,828
Loss before taxation ("LBT")	1,615,961	1,118,659

For the 2nd quarter ended 30 June 2014, the Group achieved sales revenue of RM2.91 million as against RM1.49 million of the corresponding quarter of last year. The increase in revenue is mainly due to the contribution of RM1.88 million from MWSB, the newly acquired subsidiary, which is engaged in the restaurant, food and beverage ("F&B") business.

With the new line of business, the gross profit ("GP") margin for the current quarter rose to 58.00% from 17.99% in the corresponding quarter in 2013. The higher GP margin is mainly contributed from F&B business.

Despite the increase in revenue and higher GP margin, the Group suffered a higher LBT of RM1.62 million in the current quarter as against RM1.12 million of the corresponding quarter of last year due to the higher operating and interest expenses and deficit of RM0.38 million arising from the valuation of land and building held by FDD has been charged out to Income Statements during the quarter.

B2. COMPARISON OF CURRENT QUARTER RESULTS WITH THE PRECEDING QUARTER

2Q 14 vs 1Q 14

	3 months ended	**3-months ended**
	30.06.2014	**31.03.2014**
	RM	**RM**
Revenue	2,909,503	2,841,289
LBT	1,615,961	1,285,112

For the three months period ended 30 June 2014, the Group registered a 2.40% increase in revenue from RM2.84 million in the previous quarter to RM2.91 million in the current quarter.

Despite the increase in revenue, the Group suffered a higher LBT of RM1.62 million in the current quarter as against RM1.29 million in the previous quarter due to the deficit of RM0.38 million arising from the valuation of land and building held by FDD has been charged out to Income Statements during the quarter.

B3. COMMENTARY ON PROSPECTS

The Group continues to expect Energy Efficiency Systems & Solutions to be the main contributor to its revenue. The Group had diversified into the Food and beverage ("F&B") business aimed to enhance its revenue stream and earnings base, thereby reducing reliance on its existing core business.

Moving forward, the Group intends to utilise major portion of the proceeds from the Proposed Rights Issue with Warrants for the expansion in the F&B business to open additional new outlets for both Stream Room Restaurants and LAVO Restaurant & Wine Bar of which the Group believes that the diversification and expansion into the food service industry will be beneficial to the Group's future prospects and barring unforeseen circumstances, will be adequate to improve the Group's financial condition.

B4. PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable as the Group did not publish any profit forecast or profit guarantee

B5. NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	30.06.2014 RM	30.06.2013 RM
Loss for the period is arrived at after charging		
Amortisation and depreciation	404,875	251,607
Interest expense	78,171	16,844
And after crediting		
Interest income	9,860	15,201

B6. INCOME TAX EXPENSE

	3 months ended	
	30.06.2014 RM	30.06.2013 RM
Deferred tax		
Current tax	16,302	19,565
Tax Expenses	16,302	19,565

The income tax expense at the rate of 25% is chargeable on DPC's net profit for the current quarter.

B7. STATUS OF CORPORATE PROPOSALS

There are no corporate proposals announced but not completed as at the reporting date save and except for the following:-

(i) On 3 March 2014, M& A Securities Sdn Bhd ("M&A Securities"), on behalf of the Board, announced that the Company proposes to undertake the following Proposals:-

(a) Proposed renounceable rights issue of up to 449,143,740 new ordinary shares of RM0.10 each in Focus ("Rights Shares") together with up to 299,429,160 free detachable warrants ("Warrants") at an issue price of RM0.10 per Rights Share on the basis of three (3) Rights Shares for every three (3) existing ordinary shares of RM0.10 each held in Focus ("Focus Shares" or "Shares") together with two (2) Warrants for every three (3) Rights Shares subscribed at an entitlement date to be determined later ("Entitlement Date") ("Proposed Rights Issue with Warrants");

(b) Proposed diversification of the business of Focus into the food and beverage ("F&B") business ("Proposed Diversification");

(c) Proposed establishment and implementation of an employees' share option scheme ("ESOS") for eligible employees and directors of Focus and its subsidiaries ("Focus Group" or "Group") ("Proposed ESOS");

(d) Proposed increase in the authorised share capital of the Company from RM100,000,000 comprising 1,000,000,000 Focus Shares to RM250,000,000 comprising 2,500,000,000 Focus Shares ("Proposed IASC"); and

(e) Proposed amendments to the Memorandum and Articles of Association of the Company for the Proposed IASC ("Proposed Amendments").

On 9 May 2014, M&A Securities, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 9 May 2014, resolved to approve the following:-

(a) Admission to the Official List and the listing of and quotation for up to 290,429,160 Warrants to be issued pursuant to the Proposed Rights Issue with Warrants;

(b) Listing of up to 748,572,900 new Focus Shares arising from the following:-

- Up to 449,143,740 Rights Shares to be issued pursuant to the Proposed Rights Issue with Warrants;

- Up to 299,429,160 new Focus Shares to be issued pursuant to the exercise of Warrants

(c) Listing of such number of new Focus Shares representing up to 30% of the issued and paid-up ordinary share capital of Focus (excluding treasury shares) to be issued pursuant to the exercise of ESOS options under the Proposed ESOS.

The approval of Bursa Securities for the Proposed Rights Issue with Warrants is subject to the following conditions:-

(a) Focus and M&A Securities must fully comply with the relevant provisions under the ACE Market Listing Requirements ("AMLR") pertaining to the implementation of the Proposed Rights Issue with Warrants;

(b) Focus and M&A Securities to inform Bursa Securities upon the completion of the Proposed Rights Issue with Warrants;

(c) Focus to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Rights Issue with Warrants is completed;

(d) Focus to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed (pursuant to the exercise of Warrants) as at the end of each quarter together with a detailed computation of listing fees payable; and

(e) Focus to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders in general meeting approving the Proposed Rights Issue with Warrants.

The approval by Bursa Securities for the Proposed ESOS is subject to the following conditions:-

(a) M&A Securities is required to submit a confirmation to Bursa Securities of full compliance of the ESOS pursuant to Rule 6.44 (1) of the ALMR and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders approving the Proposed ESOS in general meeting; and

(b) Focus is required to furnish Bursa Securities on a quarterly basis a summary of the total number of ESOS shares listed as at the end of each quarter together with a detailed computation of listing fees payable.

Focus is required to ensure full compliance of all the requirements as provided under the AMLR at all times.

On 26 June 2014, M&A Securities, on behalf of the Board announced that the Proposals were duly approved by the shareholders at the extraordinary general meeting ("EGM") held on 26 June 2014.

(ii) On 10 June 2014, M&A Securities, on behalf of the Board announced that, Focus Dynamics Drive Sdn Bhd ("FDD"), the wholly-owned subsidiary of Focus, had on even day entered into a sale and purchase agreement ("SPA") with Pan Asia Publications Sdn Bhd ("Pan Asia") for the proposed disposal of a property bearing postal address no 2-16, Jalan Subang Utama 8, Taman Perindustrian Subang, Section 22, 40300 Shah Alam, Selangor Darul Ehsan ("Property") for a cash consideration of RM7.2 million ("Proposed Disposal of Property"). The proposed disposal of property is conditional upon the approval being obtained from shareholders of Focus.

On 8 August 2014, M&A Securities, on behalf of the Board announced that the Proposed Disposal of Property was duly approved by the shareholders at the EGM held on 8 August 2014

B8. GROUP BORROWINGS AND DEBT SECURITIES

The details of the Group's borrowings as at 30 June 2014 are as follows:

	As at 30.06.2014 RM	As at 30.06.2013 RM
Current		
Term loan- secured	642,238	632,795
Bank overdraft- secured	1,475,294	1,673,954
Hire purchase unsecured	261,238	247,226
	2,378,771	2,553,975
Non-current		
Term loan-secured	2,182,062	2,231,736
Hire purchase-unsecured	510,644	765,851
	2,692,706	2,997,587
Total Bank borrowings	5,071,477	5,551,562

The Group does not have any foreign borrowings as at the date of this report.

B9. MATERIAL LITIGATION

Save for the following, the Group is not engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiary companies and the Board does not know of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Company or its subsidiary companies as at the date of this report:-

(i) Pan Asia Publications Sdn Bhd ("PAPSB" or "Plaintiff) vs Focus Dynamics Drives Sdn Bhd ("FDD" or Defendant") (High Court of Shah Alam Civil Suit No; 22-1424-2010)

PAPSB initiated a legal action against FDD, a wholly-owned subsidiary of the Company, in the High Court of Malaya, Shah Alam on 3 November 2010. FDD filed the Memorandum of Appearance on 23 December 2010. PAPSB in this suit prays for a declaration that the Agreement to Purchase dated 26 April 2010 between PAPSB and FDD ("the said Agreement") where FDD agreed to sell and PAPSB agreed to purchase a property known as industrial building with single storey warehouse and 3 storey office / assembly area located at No. 2-16, Jalan SU 8 (Lion Industrial Park), Seksyen 22, 40300 Shah Alam, Selangor held under individual title GRN177271, Lot 38170, Pekan Baru Hicom District of Petaling, State of Selangor ("Property") in consideration of RM6,150,000 is a valid, binding and enforceable agreement. PAPSB also prays for a specific performance of the said Agreement and damages for breach of contract as PAPSB alleged that pursuant to the said Agreement PAPSB duly paid the earnest deposit of RM129,150.00 (2.1% of the sale and purchase price) to Reapfield Properties (S.J.) Sdn. Bhd., the so call agent of FDD ("Reapfield) and yet FDD failed, neglected and / or refuse to respond on the draft formal Sale and Purchase Agreement which was prepared by their solicitors. The solicitors in charge of this matter are of the view that since Reapfield has no authority to act on FDD behalf and there was no board resolution to sell the said Property to PAPSB, FDD has an arguable dispute against the claim.

The Defendant had on 30 September 2013 filed an application to strike out the Plaintiff action but was dismissed by the Court with no order to costs. After several rounds of negotiation between the parties, as a full and final settlement of the suit, the Purchaser offered to purchase the Property at a price of RM7.2 million.

The Plaintiff and the Defendant have subsequently entered into a sale and purchase agreement for the sale of the Property on 10 June 2014 ("SPA") and that the Defendant and the Plaintiff needs to satisfy a condition precedent in the SPA that is to obtain the approval of the shareholders of Focus at the EGM to be held on 8 August 2014 for the Proposed Disposal of Property. The proposed disposal were approved by the shareholders at the EGM held on 8 August 2014.

On 15 August 2014, the judge has been informed that the Defendant and its holding company, namely, Focus have obtained the necessary approval from their shareholders on 8 August 2014 for the Defendant to proceed with the SPA. In view of the above, the learned judge has recorded a consent judgement ("the Consent Judgement") that the SPA entered into between the Plaintiff and Defendant for the sale and purchase of the Property shall proceed in accordance to the terms and conditions of the SPA and there is no order as to costs in respect of the Main Suit. The recording of the Consent Judgement before the judge constitutes a full and final settlement of the Main Suit and there shall be no further claim between the parties thereafter.

B10. PROPOSED DIVIDEND

No dividend has been declared or paid during the current quarter under review and financial year-to-date.

B11. EARNINGS/ (LOSS) PER SHARE

Basic

Basic loss per ordinary share is calculated by dividing the net loss for the financial period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial period.

	3 months ended		**Current year to date**	
	30.06.2014	**30.06.2013**	**30.06.2014**	**30.06.2013**
Loss attributable to equity holders of the parent (RM)	1,632,263	1,138,224	2,822,840	2,163,602
Weighted average number of Ordinary shares in issue	352,751,400	320,683,100	352,751,400	320,683,100
Basic Loss per Ordinary Share (sen)	0.46	0.35	0.80	0.67

The fully diluted loss per ordinary share for the Group for the current financial period is not presented as the warrants would be anti-dilutive as the exercise price is higher than the fair value of the Company's shares.

B12. STATUS OF UTILISATION OF PROCEEDS

(a) Private placement 1

The status of the utilisation of the proceeds raised from the private placement of 29,153,050 Shares at an issue price of RM0.15 per share amounting to RM4,372,950 as at 30 June 2014 is as follows:-

	Proposed utilisation RM'000	Actual utilisation RM'000	Balance of proceeds RM'000	Time frame for the utilisation of proceeds RM'000
Working capital	4,273	3,792	481	31.12.2014
Defraying expenses	100	83	17	31.12.2014
	4,373	3,875	498	

The Board has on 30 December 2013 approved the utilisation of the proceeds derived from private placement to be extended to 31 December 2014.

(b) Private Placement 2

The status of the utilisation of the proceeds raised from the private placement of 32,068,300 Shares at an issue price of RM0.10 per share amounting to RM3,206,830 as at 30 June 2014 is as follows:-

	Proposed utilisation RM'000	Actual utilisation RM'000	Balance of proceeds RM'000	Time frame for the utilisation of proceeds RM'000
Working capital	3,107	1,000	2,107	27.12.2014
Defraying expenses	100	88	12	27.12.2014
	3,207	1,088	2,119	

B13. REALISED AND UNREALISED PROFIT OR LOSSES

Breakdown of the Group's realised profit or losses as at 30 June 2014 is as follows:-

	As at 30.06.2014 RM	As at 31.12.2013 RM
Total accumulated loss of the Company and its subsidiaries:-		
- Realised	(20,239,198)	(18,101,528)
- Unrealised	(73,193)	(73,193)
Total share of accumulated losses from associate		
- Realised	(200,000)	(200,000)
- Unrealised		
Less: Consolidation adjustments		-
Total accumulated loss as per statement of financial position	**(20,512,391)**	**(18,374,721)**

B14. AUTHORITY FOR ISSUE

The interim financial report were authorised for issue by the Board of Directors in accordance with a resolution of the Directors.

By order of the Board

TEO SOON MEI
Company Secretary

Approved by.

Datuk Manan Bin Haji Md. Said

Company No. 582924-P

DIRECTORS' REPORT
(Prepared for inclusion in this Abridged Prospectus)

Focus Dynamics

Registered Office:
No. 4-1
Kompleks Niaga Melaka Perdana
Jalan KNMP 3
Bukit Katil
75450 Melaka

Date 7 OCT 2014

To: The Entitled Shareholders of Focus Dynamics Technologies Berhad

Dear Sir/Madam,

On behalf of the Board of Directors ("Board") of Focus Dynamics Technologies Berhad (the "Company"), I wish to report that, after due inquiries in relation to the Company and its subsidiaries "Group") during the period between 31 December 2013, being the date on which the latest audited consolidated statements have been made up, and the date hereof, being a date not earlier than 14 days before the issue of this Abridged Prospectus), that:

(a) the business of the Group has, in the opinion of the Board, been satisfactorily maintained;

(b) in the opinion of the Board, no circumstances have arisen since the last audited consolidated financial statements of the Group which have adversely affected the trading or the value of the assets of the Group;

(c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(d) save as disclosed in Section 9.4 of the Abridged Prospectus, there are no any contingent liabilities which have arisen by reason of any guarantees or indemnities given by any company within the Group;

(e) since the last audited consolidated financial statements of the Group, there has been no default or any known event that could give rise to a default situation, in respect of payment of either interest and/or principal sums in relation to any borrowings; and

(f) there have been no material changes in the published reserves or any unusual factors affecting the profits of the Group since the last audited consolidated financial statements of the Group.

Yours faithfully,
For and on behalf of the Board
FOCUS DYNAMICS TECHNOLOGIES BERHAD

DATUK MANAN BIN HAJI MD SAID
Executive Chairman

Focus Dynamics Technologies Berhad
(company no. 582924-P)
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Menara Lien Hoe
No. 8, Persiaran Tropicana
Tropicana Golf & Country Resort
47410 Petaling Jaya

tel +6 (03) 78037333
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http//www.focusdynamics.net

Energy Management Control Solutions

ADDITIONAL INFORMATION

1. SHARE CAPITAL

(i) Save for the Rights Shares, Warrants and the new Shares to be issued pursuant to the exercise of the Warrants, no securities shall be allotted or issued on the basis of this Abridged Prospectus later than twelve (12) months after the date of the issuance of this Abridged Prospectus.

(ii) As at the date of this Abridged Prospectus, there is no founder, management, deferred shares or preference shares in the share capital of our Company. There is only one (1) class of shares in our Company, namely ordinary shares of RM0.10 each, all of which rank *pari passu* with one another.

(iii) All the Rights Shares and the new Shares to be issued pursuant to the exercise of Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing issued and paid-up ordinary share capital, save and except that such Shares will not be entitled to any dividend, rights, allotment and/or other distribution, the entitlement date of which is prior to the date of allotment of such Shares.

(iv) As at the date of this Abridged Prospectus, save for the

(a) Entitled Shareholders who will be provisionally allotted the Rights Shares together with Warrants under the Rights Issue with Warrants; and

(b) holders of the Existing Warrants,

no person has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of our Company or our subsidiaries as of the date of this Abridged Prospectus.

(v) Save for the Rights Issue with Warrants and as disclosed in Appendix III of this Abridged Prospectus, none of our securities have been issued or agreed to be issued either as fully or partly paid-up otherwise than in cash, within the two (2) years immediately preceding the date of this Abridged Prospectus.

2. ARTICLES OF ASSOCIATION

The provisions in our Articles of Association in relation to the remuneration of our Directors are as follows:

Clause	Details	Subject
110.	Subject to these Articles, the remuneration of the Directors shall from time to time be determined by the Company in general meeting and such fees shall be divided among the Directors in such proportions and manner as the Directors may determine provided always that: (1) fees payable to Directors not holding any executive office in the Company shall be a fixed sum and shall not be payable by a commission on or percentage of profits or turnover;	Remuneration

Clause	Details	Subject
	(2) salaries payable to Directors holding executive office in the Company may not include a commission on or a percentage of turnover;	
	(3) all remuneration payable to Directors shall be deemed to accrue from day to day;	
	(4) fees payable to Directors shall not be increased except pursuant to a resolution passed by the Company in general meeting, where notice of the proposed increase has been given in the notice convening the meeting;	
	(5) any fee paid to an alternate Director shall be agreed between him and his appointor and shall be deducted from his appointor's remuneration	
111.	The Directors may be paid all travelling, hotel and other expenses, properly incurred by them in attending and returning from meetings of the Directors or any committee of Directors or general or other meetings of the Company or in connection with the business of the Company.	Expenses
112.	The Directors may grant special remuneration to any Director who (on request) by the Directors) is willing to:	Special Remuneration
	(1) render any special or extra services to the Company; or	
	(2) go or reside outside his country of domicile or residence in connection with the conduct of any of the Company's affairs.	
	Such special remuneration may be paid to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be paid in a lump sum or by way of salary, or by a percentage of profits, or by all or any of such methods but shall not include (where such special remuneration is paid by way of salary) a commission on or a percentage of turnover	
114.	Any Director (other than an alternate Director)may appoint any person approved by a majority of his co-Directors and willing to act, to be an alternate Director and may remove from office an alternate Director so appointed by him provided that any fee paid by the Company to the alternate shall be deducted from that Director's remuneration.	Alternate Director
137.	Subject to the Act, the Directors may:	Pension schemes etc.
	(1) procure the establishment and maintenance of or participation in or contribution to any non-contributory or contributory pension or superannuation fund, scheme or arrangement or life assurance scheme or arrangement for the benefit of; or	

Clause	Details	Subject
	(2) pay, provide for or procure the grant of donations, gratuities, pensions, allowance, bonuses, loans, credit, benefits or emoluments to; or	
	(3) procure the establishment and subsidy of or subscription and support to any institutions, associations, clubs, funds or trusts calculated to advance the interest and well being of or for the benefit of; or	
	(4) Pay For Or Towards The Insurance Of, Any Directors (Whether Or Not He Holds Or Has Held Any Executive Office Or Employment With The Company Or Any Other Person Referred To In Articles 137(a) and (b)),officers and employees and former Directors, officers and employees of: (a) the Company; or (b) any body corporate which is or has been a Subsidiary of the Company, and any member of his family (including, a spouse and former spouse, his child and parents) or any person who is or was dependant to him.	
138.	The Directors may establish, maintain and give effect to any scheme approved by the Company in general meeting for the allotment of or the grant of options to subscribe for shares of the Company to any Directors, officers or employees of: (1) the Company; or (2) any body corporate which is or has been a Subsidiary of the Company, and may exercise all the powers given to them by such scheme (including (without limitation) any power to alter or add to the provisions of such scheme) and these Articles shall be deemed to be modified as far as may be necessary to give effect to such scheme for the time being in force in respect of any share or shares for the time being in issue or under option subject to such scheme.	Share schemes

3. MATERIAL CONTRACTS

Save as disclosed below and the Deed Poll, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by our Group within the past two (2) years preceding the date of this Abridged Prospectus:

(i) Share purchase agreement dated 7 June 2013 between Datuk Chai Woon Chet, as the vendor and Marquee International Holding Sdn Bhd, as the purchaser, in relation to the acquisition of 510,000 ordinary shares of RM1.00 each, representing 51% of the equity interest in Max Wisdom for an aggregate cash consideration of RM1,600,000.00 ("Max Wisdom Acquisition"). The Max Wisdom Acquisition was completed on 26 June 2013.

(ii) Settlement and share purchase agreement dated 31 December 2013 between Datuk Chai Woon Chet and Yeo Eng Kiat, as the Vendors and Marquee International Holding Sdn Bhd, as the Purchaser in relation to Marquee International Holding Sdn Bhd's acquisition of the remaining equity interest (49%) in Max Wisdom for a consideration of RM500.00 only and as full and final settlement of Datuk Chai Woon Chet's obligation under the profit guarantee pursuant to the Max Wisdom Acquisition. The said transaction was completed on 7 February 2014.

(iii) Conditional sale and purchase agreement dated 10 June 2014 entered into between Pan Asia Publications Sdn Bhd and Focus Dynamics Drives Sdn Bhd for the proposed disposal of the single storey detached factory/warehouse with an annexed 3-storey office, a guard house and a refuse chamber, bearing the postal address of No. 2-16, Jalan Subang Utama 8, Taman Perindustrian Subang, Section 22, 40300 Shah Alam, Selangor Darul Ehsan for a total cash consideration of RM7,200,000. The said transaction is currently pending completion.

4. MATERIAL LITIGATION

Save as disclosed below, our Board confirms that neither our Company nor any of our subsidiaries are engaged in any material litigation, claims or arbitration as at the LPD, either as plaintiff or defendant, and our Board is not aware and does not has any knowledge of any proceedings pending or threatened against our Group or any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Group:

(i) Pan Asia Publications Sdn Bhd ("PAPSB" or "Plaintiff") vs Focus Dynamics Drives Sdn Bhd ("FDD" or "Defendant") (High Court of Shah Alam Civil Suit No: 22-1424-2010)

On 3 November 2010, the Plaintiff filed writ with the Shah Alam High Court ("the Court") against the Defendant (a wholly-owned subsidiary of Focus) for, amongst others, specific performance of an agreement to purchase dated 26 April 2010 allegedly entered into between the Plaintiff and the Defendant for the Plaintiff to acquire all that industrial building with a single storey warehouse and 3 storey office cum assembly area held under Geran 177271, Lot 38170, Pekan Baru Hicom, District of Petaling, State of Selangor bearing postal address No. 2-16, Jalan SU 8 (Lion Industrial Park), Seksyen 22, 40300 Shah Alam, Selangor ("Property") for RM6,150,000.00 ("Suit"). After several rounds of court directed negotiations between the parties, the parties had agreed to proceed with the sale and purchase of the Property at an aggregate consideration of RM7.2 million.

The Plaintiff and the Defendant had subsequently entered into a conditional sale and purchase agreement for the sale and purchase of the Property on 10 June 2014 ("SPA"). The SPA was rendered unconditional on 8 August 2014 and the Court had on 15 August 2014 recorded consent judgment with no order as to cost. The consent judgment is considered full and final settlement of the Suit.

5. GENERAL

(i) The nature of our business is set out in Section 1, Appendix III of this Abridged Prospectus. Save as disclosed in Section 5, Appendix III of this Abridged Prospectus, there are no corporations that are related to our Company by virtue of Section 6 of the Act as at the date of this Abridged Prospectus.

(ii) The total estimated expenses of or in connection with the Proposals including professional fees, fees payable to the relevant authorities, registration and other incidental expenses of approximately RM500,000 will be borne by our Company.

(iii) None of our Directors have any existing or proposed service contracts with our Company or our subsidiaries, excluding contracts expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within one (1) year of the date of this Abridged Prospectus.

(iv) Save as disclosed in this Abridged Prospectus, our Directors are not aware of any material information including trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Group.

(v) Save as disclosed in this Abridged Prospectus and to the best knowledge of our Board, the financial conditions and operations of our Group are not affected by any of the following:

(a) known trends or known demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;

(b) material commitments for capital expenditure;

(c) unusual of infrequent events or transactions or significant economic changes that will materially affect the amount of reported income from operations;

(d) known trends or uncertainties that have had or that our Group reasonably expects to have a material favourable or unfavourable impact of our Group's revenue or operating income; and

(e) substantial increase in revenue.

6. WRITTEN CONSENTS

The written consents of the Adviser, Company Secretaries, Principal Bankers, Share Registrar, Independent Market Researcher and the Solicitors for the Rights Issue with Warrants to the inclusion in this Abridged Prospectus of their names in the form and context in which they appear have been given before issuance of this Abridged Prospectus and have not subsequently been withdrawn.

The written consent of the Auditors/Reporting Accountants to the inclusion in this Abridged Prospectus of their names and letters relating to the audited consolidated financial statements of our Group for the FYE 31 December 2013 and the proforma consolidated statement of financial position of our Group as at 31 December 2013 respectively, in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not subsequently been withdrawn.

7. DOCUMENTS FOR INSPECTION

Copies of the following documents are made available for inspection at our Registered Office at No. 4-1, Kompleks Niaga Melaka Perdana, Jln KNMP 3, Bukit Katil 75450 Melaka during normal business hours from Monday to Friday (except public holidays) for a period of twelve (12) months from the date of this Abridged Prospectus:

(i) Our MA;

(ii) Our audited consolidated financial statements for the 17-month FPE 31 December 2011, FYE 31 December 2012 and FYE 31 December 2013;

(iii) Our unaudited consolidated results for the six (6) months FPE 30 June 2014;

(iv) The proforma consolidated statement of financial position of our Group as at 31 December 2013 together with the notes and Reporting Accountants' letter thereon as set out in Appendix IV of this Abridged Prospectus;

(v) The Deed Poll

(vi) The Independent Market Assessment of the Malaysian Food Service Industry dated 26 September 2014 by Redmarch Sdn Bhd;

(vii) The Directors' Report as set out in Appendix VII of this Abridged Prospectus;

(viii) The consent letters referred to in Section 6 of this Appendix;

(ix) The Undertaking as referred to in Section 2.5 of this Abridged Prospectus

(x) The material contracts referred to in Section 3 of this Appendix; and

(xi) The relevant cause papers in respect of the material litigation referred to in section 4 of this Appendix.

8. RESPONSIBILITY STATEMENT

This Abridged Prospectus together with its accompanying documents have been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement herein false or misleading.

M&A Securities, being the Adviser for the Rights Issue with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning this Rights Issue with Warrants.