

**Focus Dynamics Technologies Berhad (“Focus” or the “Company”)  
(Company No: 582924-P)  
Interim Financial Report for the three months period ended March 2015**

**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 (“ACE Listing Requirements”) 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 2014. 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 2014.

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 2014.

New MFRs and Amendments/ Improvements to MFRSs that are issued, but, not yet effective and have not been early adopted.

The Group and the Company have not adopted the following new MFRs and amendments/ improvements to MFRSs that have been issued by the MASB as at the date of authorization of these financial statements but are not yet effective for the Group and the Company.

<b>New MFRs</b>	<b>Effective for financial periods beginning on or after</b>
MFRS 9	1 January 2018
Financial instruments (IFRS 9 issued by IASB in July 2014)	
MFRS 15	1 January 2017
Revenue from Contracts with Customers	
 <b>Amendments to MFRSs</b>	
MFRS 10 and MFRS 128	1 January 2016
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	
MFRS 11	1 January 2016
Accounting for Acquisitions of Interests in Joint Operations	
MFRS 116 and MFRS 138	1 January 2016
Clarification of Acceptable Methods of Depreciation and Amortisation	
MFRS 116 and MFRS 141	1 January 2016
Agriculture: Bearer Plants	
MFRS 119	1 July 2014
Defined Benefit Plans: Employees Contributions	
MFRS 127	1 January 2016
Equity Method in Separate Financial Statements	

**Amendments to MFRs contained in the document entitled**

**Effective for  
financial periods  
beginning on or  
after**

Annual improvements to MFRs 2010- 2012 Cycle

1 July 2014

Annual improvements to MFRs 2011-2013 Cycle

1 July 2014

Annual improvements to MFRs 2012-2014 Cycle

1 January 2016

**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 2014 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 31 March 2015 are as follows:-

	←-----Results for 3 months ended 31 March 2015-----→				
	Manufacturing RM	Engineering services RM	Food & Beverage RM	Others RM	Total RM
<b>Revenue</b>					
Segment revenue	3,600	647,800	1,509,409	-	2,160,809
Elimination- inter segment	-	-	-	-	-
Total revenue				-	<u>2,160,809</u>
Results from operating activities	(1,302,668)	(132,474)	(2,491,251)	(687,529)	(4,613,922)
Finance costs					(60,775)
Impairment of goodwill					
Loss before taxation					<u>(4,674,697)</u>
Tax expense					-
Loss after taxation					<u>(4,674,697)</u>
<b>Assets and Liabilities</b>					
Segment assets	-	7,549,546	9,251,189	28,298	16,829,033
Goodwill on consolidation					2,331,544
Investment in associates					-
Cash in hand and at banks					1,627,119
Deposits with licensed banks					34,170,470
Tax recoverable					219,746
Consolidated total assets					<u>55,177,912</u>
Segment liabilities	4,599	1,251,774	3,100,079	1,063,388	5,419,840
Provision for taxation					32,233
Deferred tax liabilities					90,613
Borrowings					2,918,806
Total liabilities					<u>8,461,492</u>
Capital expenditure		10,787	2,001,773	-	2,012,560
Depreciation of property, plant and equipment		203,988	213,405	-	417,393
Property, plant & equipment written off		-	816,601		816,601

←-----Results for 3 months ended 31 March 2014-----→

	Manufacturing RM	Engineering services RM	Food & Beverage RM	Others RM	Total RM
<b>Revenue</b>					
Segment revenue	10,556	1,116,750	1,713,983	-	2,841,289
Elimination- inter segment	-	-	-	-	-
Total revenue				-	<u>2,841,289</u>
Results from operating activities	(535,551)	66,559	(563,439)	(172,307)	(1,204,739)
Finance costs					(80,373)
Impairment of goodwill					-
Loss before taxation					(1,285,112)
Tax expense					(21,660)
Loss after taxation					(1,306,772)
Add: Non-controlling interest					116,195
					<u>(1,190,577)</u>
<b>Assets and Liabilities</b>					
Segment assets	7,602,449	8,279,604	6,721,719	182,446	22,786,218
Goodwill on consolidation					2,331,544
Investment in associates					-
Cash in hand and at banks					939,389
Deposits with licensed banks					3,692,797
Tax recoverable					256,383
Consolidated total assets					<u>30,006,331</u>
Segment liabilities	6,517	1,823,050	1,949,406	1,129,917	4,908,890
Provision for taxation					21,660
Deferred tax liabilities					207,692
Borrowings					5,008,388
Total liabilities					<u>10,146,630</u>
Capital expenditure					132,410
Depreciation of property, plant and equipment					404,351

## A9 SUBSEQUENT EVENTS

There were no other material events during the current quarter of 31 March 2015 and up to the date of this report, which is likely to substantially affect the results of the operations of the Company, except the following which have been announced:-

- (i) On 17 December 2014, M&A Securities Sdn Bhd ("M&A") had on the Company's behalf announced that Bursa Securities had granted the Company's extension of time up to 8 May 2015 to complete the implementation of the employees' share option scheme ("ESOS"). M&A had subsequently announced that the effective date of implementation of the ESOS is on 13 January 2015. The Company had on 11 February 2015 offered a total of 209,999,000 at the option price of RM0.10 to eligible employees in accordance with the By-Laws of the ESOS. On 17 March 2015, a total of 70,546,000 ESOS options were granted and accepted by five (5) Directors of Focus and its subsidiaries and an amount of RM2.04 million was charged out as equity settle share-based payment in the Income Statement for the current quarter.
- (ii) On 13 January 2015, the Board of Directors ("Board") of the Company announced that Focus Dynamics Drives Sdn Bhd ("FDD") had on even day entered into a sale and purchase agreement ("SPA") with Kim Ryong Cheong for the disposal of the entire 40% equity interest in Tae Lim Construction Sdn. Bhd. ("TLCSB") for a sale consideration of RM2.00 ("Disposal"). Upon completion of the Disposal, TLCSB will cease to be associated company of FDD. The Disposal was deemed completed on 7 April 2015.

- (iii) On 17 March 2015, the Board announced that Marquee International Holding Sdn Bhd (“MIHSB”) had on 13 March 2015 incorporated a new subsidiary company, Steamroom Restaurant Sdn Bhd (“SRSB”) in Malaysia under the Companies Act, 1965 (“Act”). SRSB has an authorised share capital of RM400,000 comprising 400,000 ordinary shares of RM1.00 each, of which RM2.00 have been issued and fully paid-up. The principal activities of SRSB are to carry out the business of restaurant, food and beverages as well as investment holdings and general trading.
- (iv) On 21 May 2015, the Board announced that MHISB had on 21 May 2015 incorporated a new subsidiary company, Modern Cuisine Sdn Bhd (“MCSB”) in Malaysia under the Act. MCSB has an authorised share capital of RM400,000 comprising 400,000 ordinary shares of RM1.00 each, of which RM2.00 have been issued and fully paid-up. The principal activities of SRSB are to carry out the business of restaurant, food and beverages as well as investment holdings and general trading.

**A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

There were no changes in the valuation of property, plant and equipment since the latest audited financial statements for the financial year ended 31 December 2014.

**A11. CHANGES IN THE COMPOSITION OF THE GROUP**

There are no changes in the composition of the Group during the quarter under review except that MIHSB had on 13 March 2015 incorporated a new subsidiary company, SRSB. The principal activities of SRSB are to carry out the business of restaurant, food and beverages as well as investment holdings and general trading.

**A12. CONTINGENT ASSETS AND LIABILITIES**

There were no changes in contingent liabilities or contingent assets, since the last financial year ended 31 December 2014.

**A13. CAPITAL COMMITMENTS**

Capital expenditure commitments contracted and not provided for in the interim financial statements as at 31 March 2015 are as follows:-

	<b>As at 31.03.2015</b>
	RM
Property, plant and equipment	<u><u>2,970,000</u></u>

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**B. ADDITIONAL INFORMATION REQUIRED BY “BURSA SECURITIES”**

**B1. REVIEW OF PERFORMANCE**

**CURRENT QUARTER COMPARED TO THE CORRESPONDING QUARTER OF LAST YEAR (1Q 15 vs 1Q 14)**

	<b>3 months ended</b>	
	<b>31.03.2015</b>	<b>31.03.2014</b>
	<b>RM</b>	<b>RM</b>
Revenue	2,160,809	2,814,289
Loss before taxation (“LBT”)	4,674,697	1,285,112

For the 1<sup>st</sup> quarter ended 31 March 2015, the Group revenue reduced from RM2.81 million to RM2.16 million in the corresponding quarter, represent a reduction of RM0.65 million or 23.22% due to the reduction of revenue from Engineering Services segment.

In line with reduction in revenue, the Group suffered a loss of RM4.67 million in the current quarter as against RM1.29 million of the corresponding quarter of last year due to high administrative expenses incurred by the food and beverage (“F&B”) subsidiaries, whereby administrative expenses increased by RM1.36 million, i.e. from RM1.88 million to RM3.23 million due to write off of property, plant and equipment of RM0.82 million from the F&B segment and equity settled share-based payment of RM2.04 million in respect of ESOS options granted and accepted by eligible employees of the Group.

**B2. COMPARISON OF CURRENT QUARTER RESULTS WITH THE PRECEDING QUARTER**

**1Q 15 vs 4Q 14**

	<b>3 months ended</b>	<b>3-months ended</b>
	<b>31.03.2015</b>	<b>31.12.2014</b>
	<b>RM</b>	<b>RM</b>
Revenue	2,160,809	3,467,470
LBT	4,674,697	2,552,935

For the three months period ended 31 March 2015, the Group registered a 37.68% reduction of revenue from RM3.47 million in the previous quarter to RM2.16 million in the current quarter. The reduction in revenue is mainly due to reduction of revenue contribution from Engineering Services segment.

The Group incurred a higher LBT of RM4.67 million as against RM2.55 million in the previous quarter, which is due to high administrative expenses incurred by the F&B subsidiaries, whereby administrative expenses increased by RM1.92 million to RM3.23 million due to the write off of property, plant and equipment of RM0.82 million from the F&B segment and equity settled share-based payment of RM2.04 million in respect of ESOS options granted and accepted by eligible employees of the Group.

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**B3. COMMENTARY ON PROSPECTS**

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.

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 via opening of additional new outlets of restaurant to expand the Group F&B segment.

**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**

	31.03.2015 RM	31.03.2014 RM
<b>Loss for the period is arrived at after charging</b>		
Amortisation and depreciation	417,393	404,351
Interest expense	60,775	80,373
Property, plant and equipment written off	816,601	-
Equity settled share-based payment	2,045,835	-
<b>And after crediting</b>		
Gain on disposal of property, plant and equipment	-	15,932
Gain on foreign exchanged- realised	-	-
Other income	51,593	-
Interest income	312,014	8,499

**B6. INCOME TAX EXPENSE**

	3 months ended	
	31.03.2015 RM	31.03.2014 RM
Deferred tax	-	-
Current tax	-	21,660
Tax Expenses	-	21,660

**B7. STATUS OF CORPORATE PROPOSALS**

There are no corporate proposals announced but not completed as at the reporting date.

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## B8. GROUP BORROWINGS AND DEBT SECURITIES

The details of the Group's borrowings as at 31 March 2015 are as follows:

	As at 31.03.2015 RM	As at 31.03.2014 RM
<b>Current</b>		
Term loan- secured	361,340	649,185
Bank overdraft- secured	1,987,164	1,434,204
Hire purchase unsecured	271,780	281,519
	<u>2,620,284</u>	<u>2,364,908</u>
<b>Non-current</b>		
Term loan-secured	-	2,037,505
Hire purchase-unsecured	298,522	605,975
	<u>298,522</u>	<u>2,643,480</u>
Total Bank borrowings	<u>2,918,806</u>	<u>5,008,388</u>

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:-

### **Focus Dynamics Centre Sdn Bhd ("FDC") vs Black Tiger Aquaculture Sdn Bhd ("BTASB") (High Court of Malaya, Johor Bahru)**

FDC, a subsidiary of the Company presented a winding up petition against BTASB in the High Court of Malaya, Johor Baru on 25 January 2010 based on a debt of RM121,320 and interest of RM28,106 which was admitted by BTASB. The Winding Up 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 the 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 creditors, including FDC, if any. As at todate, there is no instruction and information for such distribution assets from the Official Receiver.

## 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.

	<b>3 months ended</b>		<b>Current year to date</b>	
	<b>31.03.2015</b>	<b>31.03.2014</b>	<b>31.03.2015</b>	<b>31.03.2014</b>
Loss attributable to equity holders of the parent (RM)	4,674,697	1,190,577	4,674,697	1,190,577
Weighted average number of Ordinary shares in issue	705,502,788	352,751,400	705,502,788	352,751,400
Basic Loss per Ordinary Share (sen)	0.007	0.34	0.007	0.34

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 31 March 2015 is as follows:-

	<b>Proposed utilisation RM'000</b>	<b>Actual utilisation RM'000</b>	<b>Balance of proceeds RM'000</b>	<b>Time frame for the utilisation of proceeds RM'000</b>
Working capital	4,273	3,792	481	31.12.2015
Defraying expenses	100	83	17	31.12.2015
	<u>4,373</u>	<u>3,875</u>	<u>498</u>	

The Board has on 26 November 2014 approved the utilisation of the proceeds derived from private placement to be extended to 31 December 2015.

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**(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 31 March 2015 is as follows:-

	<b>Proposed utilisation RM'000</b>	<b>Actual utilisation RM'000</b>	<b>Balance of proceeds RM'000</b>	<b>Time frame for the utilisation of proceeds RM'000</b>
Working capital	3,107	1,000	2,107	31.12.2015
Defraying expenses	100	88	12	31.12.2015
	<u>3,207</u>	<u>1,088</u>	<u>2,119</u>	

The Board has on 26 November 2014 approved the utilisation of the proceeds derived from private placement to be extended to 31 December 2015.

**(c) Rights Issue with Warrants**

On 14 November 2014, the Company had completed the Renounceable Rights Issues by issuance of 352,751,394 new ordinary shares of RM0.10 each ("Rights Issues") on the basis of three (3) Rights Share for every three (3) existing ordinary share of RM0.10 each in the Company held on 14 November 2014 at an issue price of RM0.10 per Rights Share, together with the issuance of 235,167,596 new free detachable warrants ("Warrants") on the basis of two (2) Warrants for every three (3) Rights Shares subscribed.

The status of the utilisation of the proceeds raised from the Rights Issue with Warrants of 352,751,394 Rights Shares at an issue price of RM0.10 per share amounting to RM35,275,139 as at 31 March 2015 is as follows:-

	<b>Proposed utilisation RM'000</b>	<b>Actual utilisation RM'000</b>	<b>Balance of proceeds RM'000</b>	<b>Time frame for the utilisation of proceeds RM'000</b>
Repayment of bank borrowings	3,100	1,774	1,326	31.08.2015
Capital expenditure and working capital for F&B business	25,918	4,175	21,743	13.11.2016
Future working capital/ Investment	5,757	1,555	4,202	13.11.2016
Defraying expenses	500	500	-	13.02.2015
	<u>35,275</u>	<u>8,004</u>	<u>27,271</u>	

The Board has on 25 February 2015 approved the utilisation of the proceeds derived from the Rights Issue with Warrants for the repayment of bank borrowings to be extended to 31 August 2015.

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(d) **Disposal of Property**

On 31 December 2014, the Company had completed the disposal of the Property held by FDD, a wholly-owned subsidiary of Focus to Pan Asia for a cash consideration of RM7,200,000. The status of the utilisation of the disposal proceeds of RM7,200,000 as at 31 March 2015 is as follows:-

	<b>Proposed utilisation RM'000</b>	<b>Actual utilisation RM'000</b>	<b>Balance of proceeds RM'000</b>	<b>Time frame for the utilisation of proceeds RM'000</b>
Repayment of bank borrowings	1,900	1,900	-	
Future working capital/ investment	5,000	485	4,515	31.12.2015
Defraying expenses	300	300	-	
	<u>7,200</u>	<u>2,685</u>	<u>4,515</u>	

**B13. REALISED AND UNREALISED PROFIT OR LOSSES**

Breakdown of the Group's realised profit or losses as at 31 March 2015 is as follows:-

	<b>As at 31.03.2015 RM</b>	<b>As at 31.12.2014 RM</b>
Total accumulated loss of the Company and its subsidiaries:-		
- Realised	(28,762,820)	(24,088,123)
- Unrealised	116,699	116,699
Total share of accumulated losses from associate		
- Realised	(200,000)	(200,000)
- Unrealised		-
Less: Consolidation adjustments		-
<b>Total accumulated loss as per statement of financial position</b>	<b>(28,846,121)</b>	<b>(24,171,424)</b>

**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