

FOCUS DYNAMICS GROUP BERHAD (Company No: 582924-P)
(FORMERLY KNOWN AS FOCUS DYNAMICS TECHNOLOGIES BERHAD)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

THE FIGURES HAVE NOT BEEN AUDITED

		INDIVIDUAL QUARTER UNAUDITED CURRENT QUARTER ENDED	UNAUDITED COMPARATIVE QUARTER ENDED	CUMULATIVE QUARTERS UNAUDITED CUMULATIVE YEAR TO DATE	UNAUDITED CUMULATIVE PRECEDING YEAR TO DATE
	Note	30/09/2016	30/09/2015	30/09/2016	30/09/2015
		RM	RM	RM	RM
CONTINUING OPERATIONS					
REVENUE	A9	3,980,622	1,378,901	10,712,286	5,733,069
COST OF SALES		(2,007,353)	(558,536)	(6,292,625)	(2,661,600)
GROSS PROFIT		1,973,269	820,365	4,419,661	3,071,469
OTHER INCOME		2,971	404	6,967	76,308
OPERATING EXPENSES		(4,442,987)	(2,924,566)	(12,591,144)	(12,827,469)
LOSS FROM OPERATIONS		(2,466,747)	(2,103,797)	(8,164,516)	(9,679,692)
INTEREST INCOME		139,749	253,007	513,910	861,230
INTEREST EXPENSES		(11,369)	(13,346)	(46,256)	(142,798)
GAIN OR (LOSS) ARISING FROM DISPOSAL OF SUBSIDIARY COMPANY		-	147,998	7,399	147,998
GAIN OR (LOSS) ARISING FROM DISPOSAL OF ASSOCIATE COMPANY		-	-	-	2
LOSS BEFORE TAX		(2,338,367)	(1,716,138)	(7,689,463)	(8,813,260)
INCOME TAX EXPENSE	B6	(16,711)	-	(70,311)	-
LOSS FOR THE PERIOD		(2,355,078)	(1,716,138)	(7,759,774)	(8,813,260)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(2,355,078)	(1,716,138)	(7,759,774)	(8,813,260)
LOSS FOR THE PERIOD ATTRIBUTABLE TO:					
OWNERS OF THE PARENT		(2,255,554)	(1,716,138)	(7,660,250)	(8,813,260)
NON-CONTROLLING INTEREST		(99,524)	-	(99,524)	-
		(2,355,078)	(1,716,138)	(7,759,774)	(8,813,260)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:					
OWNERS OF THE PARENT		(2,255,554)	(1,716,138)	(7,660,250)	(8,813,260)
NON-CONTROLLING INTEREST		(99,524)	-	(99,524)	-
		(2,355,078)	(1,716,138)	(7,759,774)	(8,813,260)
Loss Per Ordinary Share					
- Basic (sen)	B11	(0.31)	(0.24)	(1.06)	(1.25)
- Dilutive (sen)		#	#	#	#

NOTE:

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements forended 31 December 2015 and the accompanying explanatory notes to this Interim Financial Statements.

The fully dilutive loss per share of the Group for the current financial period is not presented as the warrants would be anti-dilutive

FOCUS DYNAMICS GROUP BERHAD (Company No: 582924-P)
 (FORMERLY KNOWN AS FOCUS DYNAMICS TECHNOLOGIES BERHAD)
 CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 30 SEPTEMBER 2016

THE FIGURES HAVE NOT BEEN AUDITED

	UNAUDITED AS AT 30/09/2016	AUDITED AS AT 31/12/2015
	RM	RM
ASSETS		
Non-Current Assets		
Property, plant and equipment	13,175,290	10,694,342
Investment	714,471	714,471
Goodwill on consolidation	88,129	-
	<u>13,977,890</u>	<u>11,408,813</u>
Current Assets		
Property development expenditure	1,107,278	
Inventories	1,369,994	1,040,608
Trade and other receivables	14,424,199	6,433,329
Tax recoverable	2,500	2,500
Deposits with licenced banks	14,045,274	24,989,430
Cash and bank balances	617,893	543,786
	<u>31,567,138</u>	<u>33,009,653</u>
TOTAL ASSETS	<u>45,545,028</u>	<u>44,418,466</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	38,854,486	70,550,279
Share premium	28,657,465	2,966,427
ESOS reserves	4,458,112	3,239,870
Accumulated losses	(36,000,282)	(37,779,696)
	<u>35,969,781</u>	<u>38,976,880</u>
Non-controlling interest	(135,197)	-
Total Equity	<u>35,834,584</u>	<u>38,976,880</u>
Liabilities		
Non-Current Liabilities		
Borrowings	152,940	163,303
Current Liabilities		
Trade and other payables	8,518,287	3,503,584
Provision for warranty and maintenance cost	72	72
Amount due to directors	25,702	229,278
Provision for taxation	53,692	232,937
Borrowings	959,751	1,312,412
	<u>9,557,504</u>	<u>5,278,283</u>
Total Liabilities	<u>9,710,444</u>	<u>5,441,586</u>
TOTAL EQUITY AND LIABILITIES	<u>45,545,028</u>	<u>44,418,466</u>
Number of ordinary shares at RM0.10 sen par each	-	705,502,788
Number of ordinary shares at RM0.05 sen par each	777,089,722	
Net assets per share attributable to ordinary equity holders of the parent (sen)	4.63	5.52

NOTES:

1. The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for financial year ended 31 December 2015 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 RM35,834,584 (FYE 31/12/15-RM38,976,880) over the issued number of ordinary shares of 777,089,722 (FYE 31/12/15 - 705,502,788) of RM0.10 each.

FOCUS DYNAMICS GROUP BERHAD (Company No: 582924-P)
(FORMERLY KNOWN AS FOCUS DYNAMICS TECHNOLOGIES BERHAD)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

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	ESOS Reserve	Retained Profits/ (Accumulated Losses)	Total	Non- Controlling Interest	Total Equity
	RM	RM	RM	RM	RM	RM	RM	RM	RM
Balance at 1 January 2015	70,550,279	2,966,427	-	-	-	(24,171,424)	49,345,282	-	49,345,282
Issue of shares	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	3,239,872	-	3,239,872	-	3,239,872
Total comprehensive loss for the period	-	-	-	-	-	(8,813,260)	(8,813,260)	-	(8,813,260)
Balance at 30 September 2015	<u>70,550,279</u>	<u>2,966,427</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(32,984,684)</u>	<u>43,771,894</u>	<u>-</u>	<u>43,771,894</u>
Balance at 1 January 2016	70,550,279	2,966,427	-	-	3,239,870	(37,779,696)	38,976,880	-	38,976,880
Issue of shares	3,579,346	-	-	-	-	-	3,579,346	-	3,579,346
Share-based payments	-	-	-	-	1,218,242	-	1,218,242	-	1,218,242
Total comprehensive loss for the period	-	-	-	-	-	(7,660,250)	(7,660,250)	-	(7,660,250)
Par Value Reduction	(35,275,139)	25,691,038	-	-	-	9,439,664	(144,437)	-	(144,437)
Balance at 30 September 2016	<u>38,854,486</u>	<u>28,657,465</u>	<u>-</u>	<u>-</u>	<u>4,458,112</u>	<u>(36,000,282)</u>	<u>35,969,781</u>	<u>-</u>	<u>35,969,781</u>

NOTE:

The Unaudited Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2015 and the accompanying explanatory notes to this Interim Financial Statements.

FOCUS DYNAMICS GROUP BERHAD (Company No: 582924-P)
 (FORMERLY KNOWN AS FOCUS DYNAMICS TECHNOLOGIES BERHAD)
 CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

	CUMULATIVE QUARTERS	
	UNAUDITED CURRENT QUARTER ENDED	UNAUDITED COMPARATIVE QUARTER ENDED
	30/09/2016 RM	30/09/2015 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	6,342,786	8,293,688
Cash payments to suppliers and employees	(16,454,344)	(12,740,829)
Cash used in operations	(10,111,558)	(4,447,141)
Interest received	513,910	861,230
Interest paid	(37,921)	(108,327)
Income taxes refund	-	10,485
Income taxes paid	(249,556)	(45,449)
Expenses incurred for share issue	-	-
Net cash used in operating activities	(9,885,125)	(3,729,202)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment ("PPE")	(4,146,368)	(5,853,016)
Proceeds from disposal of PPE	-	3,018,841
Proceeds from disposal of subsidiary company	2	-
Proceeds from disposal of an associated company	-	2
Acquisition of subsidiary company	-	(462,946)
Investment in subsidiary company	97,890	-
Net cash used in investing activities	(4,048,476)	(3,297,119)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of Par Value expenses	(144,437)	-
Proceeds from issuance of shares	3,579,346	-
Payment of hire purchase interest	(94,378)	(18,107)
Repayments of hire purchase liabilities	(8,335)	(146,700)
Term loan drawdown	-	-
Repayment of term loans	-	(171,207)
Payment of term loans interest	-	(16,363)
Net cash generated from financing activities	3,332,196	(352,377)
Net increase in cash and cash equivalent	(10,601,405)	(7,378,698)
Cash and cash equivalent at beginning of year	24,331,829	34,484,431
Cash and cash equivalent at end of year	13,730,424	27,105,733
Cash and cash equivalent comprise:		
Cash in hand and at banks	617,893	693,104
Short term deposits	16,145	58,493
Deposits with licensed banks	14,029,129	27,563,329
Bank overdraft	(932,743)	(1,209,193)
	13,730,424	27,105,733

NOTES:

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the financial period ended 31 December 2015 and the accompanying explanatory notes to this Interim Financial Statements.

Focus Dynamics Group Berhad (“Focus” or the “Company”)
(formerly known as Focus Dynamics Technologies Berhad)
(Company No: 582924-P)

Interim Financial Report for the three months period ended 30 September 2016

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 2015. 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 2015.

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 2015, except for the adoption of the following new MFRSs and amendments/improvement to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") which are applicable to its financial statements:-

New MFRSs

MFRS 14 Regulatory Deferral Accounts

Amendments/Improvement to MFRSs

MFRS 11 Accounting for Acquisitions of interests in Joint Operations

MFRS 127 Equity Method in Separate Financial Statements

MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation

MFRS 116 and MFRS 141 Agriculture: Bearer Plants

MFRS 101 Disclosure Initiatives

MFRS 10, MFRS 12 and MFRS 128 Investment Entities: Applying the Consolidation Exception
Annual improvements to MFRs 2012-2014 Cycle

These adoption of the above new MFRSs and amendments/improvements to MFRSs are not expected to have any significant effect to the financial statements of the Group and of the Company 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 2015 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

On 5 February 2016, the issued and fully paid-up share capital of the Company was reduced from RM70,550,279 to RM35,275,139 pursuant to the par value reduction involving the cancellation of RM0.05 of the par value of the ordinary shares of RM0.10 each in the Company to RM0.05 each as stated in paragraph B7 below.

Thereafter, the issued and paid-up share capital of the Company increased from RM35,275,139 to RM35,773,390 as at 31 March 2016 via the issuance of 9,965,000 new ordinary shares of RM0.05 each at an issue price of RM0.05 per share pursuant to the conversion of 9,965,000 warrants 2011/2016 ("Warrants B") of the Company.

During second quarter, the issued and fully paid-up capital of the Company increased further from RM35,773,390 to RM38,854,486 as the result of the issuance of 61,621,934 new ordinary shares of RM0.05 each at an issue price of RM0.05 per share pursuant to the conversion of 61,621,934 Warrants B of the Company.

There were no other issuances, repurchases and repayment of debt securities during the period under the review.

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. Property investment & management, engineering services 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 year to date ended 30 September 2016 are as follows:-

	←-----Results for 9 months ended 30 September 2016-----→				
	Property investment & management	Engineering services	Food & Beverage	Others	Total
	RM	RM	RM	RM	RM
Revenue					
Segment revenue	196,050	3,319,899	7,196,337	-	10,712,286
Elimination- inter segment	-	-	-	-	-
Total revenue				-	10,712,286
Results from operating activities	(203,110)	(2,012,462)	(4,949,164)	(485,870)	(7,650,606)
Finance costs					(46,256)
Gains arising from disposal of subsidiary					7,399
Loss before taxation					(7,689,463)
Tax expense					(70,311)
Loss after taxation					(7,759,774)
Assets and Liabilities					
Segment assets	4,404,834	7,486,139	18,278,387	621,872	30,791,232
Goodwill on consolidation					88,129
Investment in associates					-
Cash in hand and at banks					617,893
Deposits with licensed banks					14,045,274
Tax recoverable					2,500
Consolidated total assets					45,545,028
Segment liabilities	4,773,039	423,261	2,120,389	1,227,372	8,544,061
Provision for taxation					53,692
Deferred tax liabilities					-
Borrowings					1,112,691
Total liabilities					9,710,444
Capital expenditure	-	(312,534)	(3,833,834)	-	(4,146,368)
Depreciation of property, plant and equipment	(453)	(458,017)	(1,231,424)	-	(1,689,894)

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←-----Results for 9 months ended 30 September 2015-----→

	Manufacturing RM	Engineering services RM	Food & Beverage RM	Others RM	Total RM
Revenue					
Segment revenue	3,600	2,514,232	3,215,237	-	5,733,069
Elimination- inter segment	-	-	-	-	-
Total revenue				-	<u>5,733,069</u>
Results from operating activities	(1,302,668)	(1,545,309)	(4,959,076)	(1,011,409)	(8,818,462)
Finance costs					(142,798)
Gain on disposal of a subsidiary company					147,998
Gain on disposal of associated company					2
Loss before taxation					<u>(8,813,260)</u>
Tax expense					-
Loss after taxation					<u>(8,813,260)</u>
Assets and Liabilities					
Segment assets	-	8,677,280	10,477,449	59,174	19,213,903
Goodwill on consolidation					1,714,233
Investment in associates					-
Cash in hand and at banks					693,104
Deposits with licensed banks					27,621,822
Tax recoverable					2,500
Consolidated total assets					<u>49,245,562</u>
Segment liabilities	6,500	1,663,641	1,158,438	1,086,845	3,915,424
Provision for taxation					32,233
Deferred tax liabilities					-
Borrowings					1,525,955
Total liabilities					<u>5,473,652</u>
Capital expenditure	-	18,857	5,834,159	-	5,853,016
Depreciation of property, plant and equipment	-	608,739	539,332	-	1,148,071

A9 MATERIAL EVENTS

There were no other material events during the current quarter for the period ended 30 September 2016 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

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 2015.

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A11. CHANGES IN THE COMPOSITION OF THE GROUP

There are no changes in the composition of the Group during the quarter under review, except the following:-

- (i) On 29 August 2016, Mercury Securities Sdn Bhd (“Mercury Securities”), on behalf of the Board of Directors of Focus (“Board”) announced that the Company had on even date entered into a subscription and shareholders’ agreement (“SSA”) with Mr Ong Kah Hoe (“OKH”) and Ms Ong Yew Ming (“OYW”) (collectively, the “Business Partners”) and Famous Ambience Sdn Bhd (“FASB”) whereby, the Company has subscribed for 51,000 new ordinary shares of RM1.00 each in FASB (“FASB Shares”) (“Subscription Shares”) for a total cash consideration of RM51,000 (“Subscription Consideration”) (“Subscription”).

The Subscription has been completed on 29 August 2016 in accordance with the terms of the SSA. Accordingly, Focus now holds 51% equity interest in FASB and FASB will be recognised as a subsidiary of Company.

- (ii) On 21 October 2016, the Company announced that Marquee International Holding Sdn Bhd (“MIHSB”), a wholly-owned subsidiary, had on 20 October 2016 acquired two (2) ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Finch Entertainment Sdn Bhd (“FESB”) from Mr Chieng Siong Kuong and Mr Tay Ben Seng, Benson for a cash consideration of RM2.00 (“FESB Acquisition”), resulting in FESB becoming a wholly-owned subsidiary of MIHSB.

A12. CONTINGENT ASSETS AND LIABILITIES

There were no contingent liabilities or contingent assets, since the last financial year ended 31 December 2015.

A13. CAPITAL COMMITMENTS

Capital expenditure commitments contracted and not provided for in the interim financial statements as at 30 September 2016 are as follows:-

	As at 30.09.2016
	RM
Property, plant and equipment	<u>1,237,978</u>

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**Focus Dynamics Group Berhad (“Focus” or the “Company”)
(formerly known as Focus Dynamics Technologies Berhad)
(Company No: 582924-P)**

Interim Financial Report for three months period ended 30 September 2016

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES

B1. REVIEW OF PERFORMANCE

CURRENT QUARTER COMPARED TO THE CORRESPONDING QUARTER OF LAST YEAR (Q3 16 vs Q3 15)

	3 months ended	
	30.09.2016	30.09.2015
	RM	RM
Revenue	3,980,622	1,378,901
Loss before taxation (“LBT”)	2,338,367	1,716,138

For the three months period ended 30 September 2016, the Group’s revenue increased significantly from RM1.38 million in corresponding quarter of last year to RM3.98 million in the current quarter, represent an increase of RM2.60 million or 188.70%. The increase in revenue was mainly due to higher contribution from F&B segment.

The Group registered a higher LBT of RM2.34 million in the current quarter against RM1.72 million in the previous corresponding quarter due to higher administrative expenses.

B2. COMPARISON OF CURRENT QUARTER RESULTS WITH THE PRECEDING QUARTER

Q3 16 vs Q2 16

	3 months ended	3-months ended
	30.09.2016	30.06.2016
	RM	RM
Revenue	3,980,622	4,129,780
LBT	2,338,367	2,484,687

For the current quarter, the Group registered a decrease of revenue to RM3.98 million from the preceding quarter of RM4.13 million, represents a decrease of 3.61% or RM0.15 million. The decrease in revenue was mainly due to lower sales recorded by F&B segment.

The Group incurred a lower LBT of RM2.34 million against RM2.48 million in the preceding quarter due to lower administrative expenses for this quarter.

B3. COMMENTARY ON PROSPECTS

Our Group continues to expect energy efficiency systems and solutions to be one of the 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, the Company intends to utilise the proceeds from the Rights Issue for expansion in F&B business via opening additional outlet to increase our market share in the F&B market and to improve the Group’s earnings.

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

	30.09.2016	30.09.2015
	RM	RM
Loss for the period is arrived at after charging		
Amortisation and depreciation	1,689,441	1,148,071
Interest expense	46,256	142,798
Property, plant and equipment written off	-	816,736
Equity settled share-based payment	-	3,239,872
Gain arising from the disposal of subsidiary company	7,399	-
And after crediting		
Other income	203,017	76,308
Interest income	513,910	861,230

B6. INCOME TAX EXPENSE

	3 months ended	
	30.09.2016	30.09.2015
	RM	RM
Deferred tax	-	-
Current tax	70,311	-
Tax Expenses	<u>70,311</u>	<u>-</u>

B7. STATUS OF CORPORATE PROPOSALS

The corporate proposals announced but pending completion as at the reporting date are as follows:-

On 2 September 2016, Mercury Securities, on behalf of the Board announced that the Company proposed to undertake the following:-

- (i) proposed diversification of business of the Group into property investment and management ("Proposed Diversification"); and
- (ii) proposed renounceable rights issue of up to 1,245,384,218 new ordinary shares of RM0.05 each in Focus ("Focus Shares" or "Shares") ("Rights Shares") together with up to 622,692,109 free detachable warrants in Focus ("Warrants D") on the basis of two (2) Rights Shares together with one (1) free Warrant D for every two (2) existing Focus Shares held by entitled shareholders of Focus ("Entitled Shareholders") on an entitlement date to be determined later ("Entitlement Date") ("Proposed Rights Issue with Warrants").

Proposed Diversification and Proposed Rights Issue with Warrants are collectively known as the Proposals.

On 28 September 2016, Mercury Securities, on behalf of the Board of Focus, announced that that Bursa Securities had, vide its letter dated 27 September 2016, approved the following:-

- (i) admission to the Official List of up to 622,692,109 Warrants D to be issued pursuant to the Proposed Rights Issue with Warrants;
- (ii) listing and quotation of up to 1,245,384,218 Rights Shares to be issued pursuant to the Proposed Rights Issue with Warrants;
- (iii) listing and quotation of up to 622,692,109 new Focus Shares to be issued pursuant to the exercise of Warrants D;

- (iv) listing and quotation of up to 20,989,457 additional Warrants C to be issued pursuant to the adjustment in accordance with the provisions of the Deed Poll C as a result of the Proposed Rights Issue with Warrants (“Additional Warrants C”); and
- (v) listing of and quotation of up to 20,989,457 new Focus Shares to be issued pursuant to the exercise of Additional Warrants C.

The approval by Bursa Securities for the above is subject to, amongst others, the following conditions:-

- (i) Focus and Mercury Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Rights Issue with Warrants;
- (ii) Focus and Mercury Securities to inform Bursa Securities upon the completion of the Proposed Rights Issue with Warrants; and
- (iii) 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.

The Circular in relation to the Proposals was despatched to shareholders on 10 October 2016.

The Proposals was approved by the shareholders at the extraordinary general meeting held on 25 October 2016.

Save as disclosed above, there are no other corporate proposals announced, which are pending completion as at the reporting date.

B8. GROUP BORROWINGS AND DEBT SECURITIES

The details of the Group’s borrowings as at 30 September 2016 are as follows:

	As at 30.09.2016 RM	As at 31.12.2015 RM
Current		
Bank overdraft- secured	932,743	1,201,387
Hire purchase unsecured	27,008	111,025
	<u>959,751</u>	<u>1,312,412</u>
Non-current		
Hire purchase-unsecured	152,940	163,303
Total Bank borrowings	<u>1,112,691</u>	<u>1,475,715</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 does 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 is not aware 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 Bahru 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 Judicature 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.

	3 months ended		Current year to date	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Loss attributable to equity holders of the parent (RM)	2,255,554	1,716,138	7,660,250	8,813,260
Weighted average number of Ordinary shares in issue	720,414,819	705,502,790	720,414,819	705,502,790
Basic Loss per Ordinary Share (sen)	0.31	0.24	1.06	1.25

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.

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 September 2016 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	31.12.2017
Defraying expenses	100	83	17	31.12.2017
	<u>4,373</u>	<u>3,875</u>	<u>498</u>	

The Board had on 29 November 2016 approved the utilisation of the proceeds derived from private placement to be extended to 31 December 2017.

(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 September 2016 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	2,362	745	31.12.2017
Defraying expenses	100	88	12	31.12.2017
	<u>3,207</u>	<u>2,450</u>	<u>757</u>	

The Board has on 29 November 2016 approved the utilisation of the proceeds derived from private placement to be extended to 31 December 2017.

(c) Rights Issue of Shares 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 of Shares with Warrants of 352,751,394 Rights Shares at an issue price of RM0.10 per share amounting to RM35,275,139 as at 30 September 2016 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
Repayment of bank borrowings	3,100	2,291	809	31.12.2017
Capital expenditure and working capital for F&B business	25,918	13,414	12,504	31.12.2017
Future working capital/ Investment	5,757	5,757	-	31.12.2017
Defraying expenses	500	500	-	31.12.2017
	<u>35,275</u>	<u>21,962</u>	<u>13,313</u>	

The Board has on 29 November 2016 approved the utilisation of the proceeds derived from the Rights Issue with Warrants to be extended to 31 December 2017.

(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 30 September 2016 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
Repayment of bank borrowings	1,900	1,900	-	
Future working capital/ investment	5,000	5,000	-	31.12.2016
Defraying expenses	300	300	-	
	<u>7,200</u>	<u>7,200</u>	<u>-</u>	

The Board has on 25 November 2015 approved the utilisation of the proceeds derived from the disposal of the Property to be extended to 31 December 2016. The proceeds has been fully utilised in financial period ended 30 June 2016.

B13. REALISED AND UNREALISED PROFIT OR LOSSES

Breakdown of the Group's realised and unrealised profit or losses as at 30 September 2016 is as follows:-

	As at 30.09.2016 RM	As at 31.12.2015 RM
Total accumulated loss of the Company and its subsidiaries:-		
- Realised	(35,999,977)	(37,780,001)
- Unrealised	305	305
Total accumulated loss as per statement of financial position	(36,000,282)	(37,779,696)

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

WONG YUET CHYN
Company Secretary