

FOCUS DYNAMICS GROUP BERHAD (Company No: 582924-P)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2017

THE FIGURES HAVE NOT BEEN AUDITED

		INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		UNAUDITED CURRENT QUARTER ENDED	UNAUDITED COMPARATIVE QUARTER ENDED	UNAUDITED CUMULATIVE YEAR TO DATE	UNAUDITED CUMULATIVE PRECEDING YEAR TO DATE
	Note	31/03/2017	31/03/2016	31/03/2017	31/03/2016
		RM	RM	RM	RM
CONTINUING OPERATIONS					
REVENUE	A9	5,387,675	2,601,884	5,387,675	2,601,884
COST OF SALES		(2,343,011)	(1,576,146)	(2,343,011)	(1,576,146)
GROSS PROFIT		3,044,664	1,025,738	3,044,664	1,025,738
OTHER INCOME		2,788,541	3,000	2,788,541	3,000
OPERATING EXPENSES		(4,747,970)	(4,131,441)	(4,747,970)	(4,131,441)
PROFIT/(LOSS) FROM OPERATIONS		1,085,235	(3,102,703)	1,085,235	(3,102,703)
INTEREST INCOME		85,326	207,883	85,326	207,883
INTEREST EXPENSES		(15,920)	(12,689)	(15,920)	(12,689)
PROFIT/(LOSS) BEFORE TAX		1,154,641	(2,907,509)	1,154,641	(2,907,509)
INCOME TAX EXPENSE	B6	(1,600)	(12,500)	(1,600)	(12,500)
PROFIT/(LOSS) FOR THE PERIOD		1,153,041	(2,920,009)	1,153,041	(2,920,009)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		<u>1,153,041</u>	<u>(2,920,009)</u>	<u>1,153,041</u>	<u>(2,920,009)</u>
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:					
OWNERS OF THE COMPANY		1,435,061	(2,920,009)	1,435,061	(2,920,009)
NON-CONTROLLING INTEREST		(282,020)	-	(282,020)	-
		<u>1,153,041</u>	<u>(2,920,009)</u>	<u>1,153,041</u>	<u>(2,920,009)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:					
OWNERS OF THE COMPANY		1,435,061	(2,920,009)	1,435,061	(2,920,009)
NON-CONTROLLING INTEREST		(282,020)	-	(282,020)	-
		<u>1,153,041</u>	<u>(2,920,009)</u>	<u>1,153,041</u>	<u>(2,920,009)</u>
Profit/(Loss) Per Ordinary Share					
- Basic (sen)	B11	0.18	(0.41)	0.18	(0.41)
- Dilutive (sen)		0.16	#	0.16	#

NOTE:

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for financial year ended 31 December 2016 and the accompanying explanatory notes to this Interim Financial Statements.

The fully dilutive loss per share of the Group for the comparative financial period is not presented as the effect from the assumed conversion of warrants would be anti-dilutive

FOCUS DYNAMICS GROUP BERHAD (Company No: 582924-P)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

THE FIGURES HAVE NOT BEEN AUDITED

	UNAUDITED AS AT 31/03/2017	AUDITED AS AT 31/12/2016
	RM	RM
ASSETS		
Non-Current Assets		
Property, plant and equipment	14,649,092	13,357,101
Goodwill	88,129	88,129
Investment	714,471	714,471
	<u>15,451,692</u>	<u>14,159,701</u>
Current Assets		
Inventories	1,957,093	1,503,629
Trade and other receivables	10,301,517	9,848,402
Tax recoverable	112,676	56,372
Deposits with licenced banks	8,785,545	11,220,610
Cash and bank balances	2,140,768	2,075,991
	<u>23,297,599</u>	<u>24,705,004</u>
TOTAL ASSETS	<u>38,749,291</u>	<u>38,864,705</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	38,854,486	38,854,486
Share premium	28,657,465	28,657,465
ESOS reserves	4,458,112	4,458,112
Accumulated losses	(43,626,924)	(45,061,985)
	<u>28,343,139</u>	<u>26,908,078</u>
Non-controlling interest	(697,044)	(415,024)
Total Equity	<u>27,646,095</u>	<u>26,493,054</u>
Liabilities		
Non-Current Liabilities		
Borrowings	110,826	121,586
Current Liabilities		
Trade and other payables	9,748,561	11,011,819
Provision for warranty and maintenance cost	72	72
Provision for taxation	-	-
Borrowings	1,243,737	1,238,174
	<u>10,992,370</u>	<u>12,250,065</u>
Total Liabilities	<u>11,103,196</u>	<u>12,371,651</u>
TOTAL EQUITY AND LIABILITIES	<u>38,749,291</u>	<u>38,864,705</u>
Number of ordinary shares	777,089,722	777,089,722
Net assets per share attributable to ordinary equity holders of the Company (sen)	3.65	3.46

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 2016 and the accompanying explanatory notes to this Interim Financial Statements.

2. Net assets per share is derived based on Focus Dynamics Group Berhad's consolidated net assets of RM28,343,139 (FYE 31/12/16-RM26,908,078) over the issued number of ordinary shares of 777,089,722 (FYE 31/12/16 - 777,089,722)

FOCUS DYNAMICS GROUP BERHAD (Company No: 582924-P)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2017

THE FIGURES HAVE NOT BEEN AUDITED

	-----Attributable to Owners of the Company----->						
	<-----Non-distributable-----		Distributable				
	Share Capital RM	Share Premium RM	ESOS Reserve RM	Retained Profits/ (Accumulated Losses) RM	Total RM	Non- Controlling Interest RM	Total Equity RM
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	498,250	-	-	-	498,250	-	498,250
Share based payments	-	-	1,218,242	-	1,218,242	-	1,218,242
Total comprehensive loss for the period	-	-	-	(2,920,009)	(2,920,009)	-	(2,920,009)
Par Value Reduction	(35,275,139)	25,691,038	-	9,439,664	(144,437)	-	(144,437)
Balance at 31 March 2016	<u>35,773,390</u>	<u>28,657,465</u>	<u>4,458,112</u>	<u>(31,260,041)</u>	<u>37,628,926</u>	<u>-</u>	<u>37,628,926</u>
Balance at 1 January 2017	38,854,486	28,657,465	4,458,112	(45,061,985)	26,908,078	(415,024)	26,493,054
Total comprehensive profit/ (loss) for the period	-	-	-	1,435,061	1,435,061	(282,020)	1,153,041
Balance at 31 March 2017	<u>38,854,486</u>	<u>28,657,465</u>	<u>4,458,112</u>	<u>(43,626,924)</u>	<u>28,343,139</u>	<u>(697,044)</u>	<u>27,646,095</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 2016 and the accompanying explanatory notes to this Interim Financial Statements.

FOCUS DYNAMICS GROUP BERHAD (Company No: 582924-P)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2017

	CUMULATIVE QUARTERS	
	UNAUDITED CURRENT QUARTER ENDED	UNAUDITED COMPARATIVE QUARTER ENDED
	31/03/2017 RM	31/03/2016 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	6,105,732	2,109,610
Cash payments to suppliers and employees	<u>(8,065,855)</u>	<u>(4,856,685)</u>
Cash used in operations	(1,960,123)	(2,747,075)
Interest received	85,326	207,883
Interest paid	(14,022)	(9,534)
Income taxes paid	(57,904)	(12,500)
Net cash used in operating activities	<u>(1,946,723)</u>	<u>(2,561,226)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment ("PPE")	(1,996,469)	(824,170)
Proceeds from disposal of PPE	1,580,000	-
Net cash used in investing activities	<u>(416,469)</u>	<u>(824,170)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of Par Value expenses	-	(144,437)
Proceeds from issuance of shares	-	498,250
Payment of hire purchase interest	(1,898)	(3,155)
Repayments of hire purchase liabilities	(10,231)	(31,090)
Net cash (used in)/generated from financing activities	<u>(12,129)</u>	<u>319,568</u>
Net decrease in cash and cash equivalent	(2,375,321)	(3,065,828)
Cash and cash equivalent at beginning of period	12,100,144	24,331,829
Cash and cash equivalent at end of period	<u>9,724,823</u>	<u>21,266,001</u>
Cash and cash equivalent comprise:		
Cash in hand and at banks	2,140,768	1,144,913
Short term deposits	16,274	213,214
Deposits with licensed banks	8,769,271	21,105,808
Bank overdraft	<u>(1,201,490)</u>	<u>(1,197,934)</u>
	<u>9,724,823</u>	<u>21,266,001</u>

NOTES:

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2016 and the accompanying explanatory notes to this Interim Financial Statements.

**Focus Dynamics Group Berhad (“Focus” or the “Company”)
(Company No: 582924-P)
Interim Financial Report for the three months period ended 31 March 2017**

**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 2016. 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 2016.

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 2016, except for the adoption of the following new Amendments to MFRSs issued by MASB, effective for the annual periods beginning on or after 1 January 2017:-

MFRSs/ Amendments to MFRSs/ IC Interpretation	Effective for annual periods beginning on or after
Amendments to MFRS 107 Statement of Cash Flows – Disclosure Initiative	1 January 2017
Amendments to MFRS 112 Income Taxes- Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Annual Improvements to MFRSs Standards 2014 -2016 Cycle	1 January 2017, 1 January 2018
MFRS 9 – Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 15- Revenue from Contracts with Customers	1 January 2018
MFRS 15- Clarifications to MFRS 15	1 January 2018
Amendments to MFRS 2 Share-based Payment- Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 140 Investment Property- Transfers of Investment Property	1 January 2018
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 16- Leases	1 January 2019
Amendments to MFRS 10 Consolidated Financial Statements- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The adoption of these standards and amendments that have been issued but not yet effective are not expected to have a material impact to the financial statements of the Group and of the Company.

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 2016 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 and equity securities during the current financial period.

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 31 March 2017 are as follows:-

←-----Results for 3 months ended 31 March 2017-----→					
	Property investment & management RM	Engineering services RM	Food & beverage ("F&B") RM	Others RM	Total RM
Revenue					
Segment revenue	573,868	65,580	4,748,227	-	5,387,675
Elimination- inter segment	-	-	-	-	-
Total revenue	573,868	65,580	4,748,227	-	5,387,675
Results from operating activities	(575,552)	2,096,582	(251,621)	(98,848)	1,170,561
Finance costs					(15,920)
Profit before taxation					1,154,641
Tax expense					(1,600)
Profit after taxation					1,153,041
Non-controlling interest					282,020
Profit attributable to owners of the Company					1,435,061
Assets and Liabilities					
Segment assets	4,636,187	2,922,766	19,340,810	778,714	27,678,477
Goodwill on consolidation					88,129
Cash in hand and at banks					2,140,768
Deposits with licensed banks					8,785,545
Tax recoverable					56,372
Consolidated total assets					38,749,291
Segment liabilities	6,233,597	781,295	1,548,058	1,185,683	9,748,633
Borrowings					1,354,563
Total liabilities					11,103,196
Capital expenditure	-	-	1,996,469	-	1,996,469
Depreciation of property, plant and equipment		86,462	650,633	-	737,095

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←-----Results for 3 months ended 31 March 2016-----→					
	Manufacturing RM	Engineering services RM	F&B RM	Others RM	Total RM
Revenue					
Segment revenue	-	864,548	1,737,336	-	2,601,884
Elimination- inter segment	-	-	-	-	-
Total revenue	-	864,548	1,737,336	-	2,601,884
Results from operating activities	-	(905,063)	(1,568,338)	(421,419)	(2,894,820)
Finance costs					(12,689)
Loss before taxation					(2,907,509)
Tax expense					(12,500)
Loss after taxation					(2,920,009)
Assets and Liabilities					
Segment assets	-	6,874,436	13,058,273	97,674	20,030,383
Cash in hand and at banks					1,144,913
Deposits with licensed banks					21,319,022
Tax recoverable					2,500
Consolidated total assets					42,496,818
Segment liabilities	6,500	591,788	1,524,122	1,071,373	3,193,783
Provision for taxation					232,936
Borrowings					1,441,173
Total liabilities					4,867,892
Capital expenditure	-	-	824,170	-	824,170
Depreciation of property, plant and equipment	-	156,673	214,548	-	371,221

A9 MATERIAL EVENTS

There were no other material events during the current quarter for the period ended 31 March 2017 and up to the date of this report, which is likely to substantially affect the results of the operations of the Group, except that:-

On 17 March 2017, the Board of Directors of Focus ("Board") announced that Marquee International Sdn Bhd ("MISB"), a wholly-owned subsidiary of the Company had on even day entered into a subscription and shareholders' agreement ("SSA") with Dion Tan Yong Chien ("DTYC") And Morvin Tan U-Jiang ("MTUJ") And W Club Enterprise Sdn. Bhd ("WCESB") whereby MISB will subscribe for 45% new ordinary shares of RM1.00 each in WCESB ("WCESB Shares") ("Subscription Shares") for a total cash consideration of RM45.00 ("Subscription Consideration") ("Subscription") to form a joint venture vehicle to undertake F&B related business.

MISB had on 25 April 2017, subscribed to total of 45 number of shares in WCESB.

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 2016.

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 subscription of 45 number of shares in W Club Enterprise Sdn. Bhd by a wholly-owned subsidiary, Marquee International Sdn Bhd.

A12. CONTINGENT ASSETS AND LIABILITIES

There were no contingent liabilities or contingent assets, since the last financial year ended 31 December 2016.

A13. CAPITAL COMMITMENTS

Capital expenditure contracted and not provided for in the interim financial statements as at 31 March 2017 are as follows:-

	As at 31.03.2017
	RM
Property, plant and equipment	<u>580,838</u>

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

Interim Financial Report for three months period ended 31 March 2017

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES

B1. REVIEW OF PERFORMANCE

CURRENT QUARTER COMPARED TO THE CORRESPONDING QUARTER OF LAST YEAR (Q1 17 vs Q1 16)

	3 months ended	
	31.03.2017	31.03.2016
	RM	RM
Revenue	5,387,675	2,601,884
Profit before taxation (“PBT”)/ (Loss before taxation) (“LBT”)	1,154,641	(2,907,509)

For the three months period ended 31 March 2017, the Group’s revenue increased significantly from RM2.60 million in corresponding quarter of last year to RM5.39 million in the current quarter, representing an increase of RM2.79 million or 107.07%. The increase in revenue was mainly due to higher revenue contribution from F&B segment.

The Group registered a PBT of RM1.15 million in the current quarter against LBT of RM2.91 million in the previous corresponding quarter mainly due to higher revenue generated coupled with gain on disposal of property, plant and equipment of RM1.57 million and reversal of impairment loss on trade receivable of RM0.92 million in the current quarter.

B2. COMPARISON OF CURRENT QUARTER RESULTS WITH THE PRECEDING QUARTER

Q1 17 vs Q4 16

	3 months ended	3-months ended
	31.03.2017	31.12.2016
	RM	RM
Revenue	5,387,675	4,820,647
PBT/ (LBT)	1,154,641	(12,522,722)

For the current quarter, the Group registered an increase in revenue to RM5.39 million from RM4.82 million in the preceding quarter, represents an increase of 11.76% or RM0.57 million. The increase in revenue was mainly due to higher sales recorded by F&B segment.

The Group registered a PBT of RM1.15 million in the current quarter against LBT of RM12.52 million in the preceding quarter mainly due to gain on disposal of property, plant and equipment of RM1.57 million and reversal of impairment loss on trade receivable of RM0.92 million in the current quarter as against property, plant and equipment written off of RM1.31 million and impairment loss on trade receivables of RM5.31 million in the preceding quarter.

B3. COMMENTARY ON PROSPECTS

The Group has redirected its strategic direction towards its F&B segment and Property Investment segment.

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

	31.03.2017	31.03.2016
	RM	RM
Loss for the period is arrived at after charging		
Amortisation and depreciation	737,095	371,221
Interest expense	15,920	12,689
Property, plant and equipment written off	4,753	-
Share-based payment under ESOS	-	1,218,242
And after crediting		
Interest income	85,326	207,883
Gain on disposal of property, plant & equipment	1,573,408	-
Reversal of impairment loss on trade receivable	922,628	-

B6. INCOME TAX EXPENSE

	3 months ended	
	31.03.2017	31.03.2016
	RM	RM
Deferred tax	-	-
Current tax	1,600	12,500
Tax Expenses	1,600	12,500

B7. STATUS OF CORPORATE PROPOSALS

The corporate proposals announced but pending completion as at the date of this report are as follows:-

On 2 September 2016, Mercury Securities Sdn Bhd ("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 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.

On 22 February 2017, Mercury Securities, on behalf of the Board announced that Bursa Securities has, vide its letter dated 22 February 2017, resolved to grant the Company an extension of time of six (6) months from 28 March 2017 until 27 September 2017 to complete the implementation of the Rights Issue with Warrants.

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

B8. GROUP BORROWINGS AND DEBT SECURITIES

The details of the Group's borrowings as at 31 March 2017 are as follows:

	As at 31.03.2017	As at 31.12.2016
	RM	RM
Current		
Bank overdraft - secured	1,201,490	1,196,457
Hire purchase - unsecured	42,247	41,717
	<u>1,243,737</u>	<u>1,238,174</u>
Non-current		
Hire purchase - unsecured	110,826	121,586
Total Bank borrowings	<u>1,354,563</u>	<u>1,359,760</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 to-date, 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

(a) Basic

Basic profit/(loss) per ordinary share is calculated by dividing the net profit/(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	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Profit/ (loss) attributable to equity holders of the Company (RM)	1,435,061	(2,920,009)	1,435,061	(2,920,009)
Weighted average number of shares in issue	777,089,722	705,842,899	777,089,722	705,842,899
Basic Earnings/ (loss) per share (sen)	0.18	(0.41)	0.18	(0.41)

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to the equity holders of the Company and the weighted average number of ordinary shares outstanding during the period have been adjusted for the dilutive effects of all potential ordinary shares from the exercise of Warrants.

	3 months ended		Current year to date	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Profit/ (loss) attributable to equity holders of the Company (RM)	1,435,061	(2,920,009)	1,435,061	(2,920,009)
Weighted average number of shares in issue	777,089,722	705,842,899	777,089,722	705,842,899
Add: Effects of dilution of warrants	98,307,453	-	98,307,453	-
	875,391,175	705,842,899	875,397,175	705,842,899
Diluted Earnings/ (loss) per share (sen)	0.16	-	0.16	-

The fully diluted loss per ordinary share for the Group for the comparative financial period was 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 31 March 2017 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
	4,373	3,875	498	

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 31 March 2017 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 31 March 2017 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	17,087	8,831	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>25,635</u>	<u>9,640</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.

B13. REALISED AND UNREALISED PROFIT OR LOSSES

Breakdown of the Group's realised and unrealised profit or losses as at 31 March 2017 is as follows:-

	As at 31.03.2017 RM	As at 31.12.2016 RM
Total accumulated loss of the Company and its subsidiaries:-		
- Realised	(43,626,924)	(45,061,985)
- Unrealised	-	-
Total accumulated loss as per statement of financial position	(43,626,924)	(45,061,985)

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
(MAICSA 7047163)
Company Secretary