

**Focus Dynamics Group Berhad (“Focus” or the “Company”)  
(Company No: 582924-P)  
Interim Financial Report for the three (3) months period ended 31 March 2020**

**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 2019. 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 2018.

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 2019, 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 2020:-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108: Definition of a Material	1 January 2020
Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current	1 January 2022
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group and 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 2019 were not subject to any qualification.

**A3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS**

The Group’s business operational results is 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.

The current outbreak of COVID-19 has resulted in the occurrence of a multitude of associated events such as temporarily closing of businesses, travel restrictions and quarantine measures across the globe. These measures and policies affect supply chains and the production of goods and services and lower economic activity which is likely to result in reduced demand for the Group's goods and services. The Group exercises judgement, in light of all facts and circumstances, to assess what event in this series of events provides additional evidence about the condition that existed at the reporting date and therefore affects the recognition and measurement of the Group's assets and liabilities for the three (3) months period ended 31 March 2020.

#### **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.

On 28 November 2017, the Board of Directors of Focus announce that the Company had adopted a dividend policy to pay an annual dividend of up to 20% of its consolidated profits after tax attributable to owners of the Company in respect of any financial year, provided that such distribution will not be detrimental to the Company's cash flow requirements.

The declaration and payment of dividend is after taking into account:-

- (i) the level of the Company's available cash and cash equivalents;
- (ii) the projected level of working capital, capital expenditure and any other investment plan;
- (iii) cash flow solvency test within twelve months immediate after the distribution is made.

The Company reserves the discretion to pay higher rate of dividend as it deems appropriate.

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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 2020 are as follows:-

	←-----Results for 3 months ended 31 March 2020----->				
	Property investment & management RM	Engineering services RM	Food & beverage ("F&B") RM	Others RM	Total RM
<b>Revenue</b>					
Segment revenue	-	20,730	9,258,006	-	9,278,736
Elimination- inter segment	-	-	-	-	-
<b>Total revenue</b>	<b>-</b>	<b>20,730</b>	<b>9,258,006</b>	<b>-</b>	<b>9,278,736</b>
Results from operating activities	12,311	(279,712)	1,994,301	(267,394)	1,459,506
Finance costs					(218,819)
Share of profit/ (loss) on investment in joint venture					(10,757)
<b>Profit before taxation</b>					<b>1,229,930</b>
Tax expense					(482,221)
<b>Profit after taxation</b>					<b>747,709</b>
Non-controlling interest					(181)
					<b>747,528</b>
<b>Assets and Liabilities</b>					
Segment assets	20,747,400	449,900	42,140,464	3,156,493	66,494,257
Goodwill on consolidation					88,129
Cash in hand and at banks					3,701,688
Deposits with licensed banks					1,947,946
<b>Consolidated total assets</b>					<b>72,232,020</b>
Segment liabilities	17,432,253	567,939	8,517,350	2,217,749	28,735,291
Current tax liabilities					745,641
Deferred tax liabilities					-
Unallocated liabilities					-
Bank overdraft					1,204,470
Borrowings					-
<b>Total liabilities</b>					<b>30,685,402</b>
Other information					
Capital expenditure	1,197,683	-	78,140	737,498	2,013,321
Depreciation	-	29,613	1,359,463	96,704	1,485,780

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	←-----Results for 3 months ended 31 March 2019-----→				
	Property investment & management RM	Engineering services RM	Food & beverage ("F&B") RM	Others RM	Total RM
<b>Revenue</b>					
Segment revenue	-	128,550	9,818,402	-	9,946,952
Elimination- inter segment	-	-	-	-	-
<b>Total revenue</b>	<b>-</b>	<b>128,550</b>	<b>9,818,402</b>	<b>-</b>	<b>9,946,952</b>
Results from operating activities	27,430	(311,344)	1,515,059	(91,609)	1,139,536
Finance costs					(16,770)
Share of profit/ (loss) on investment in joint venture					(244,421)
<b>Profit before taxation</b>					<b>878,345</b>
Tax expense					(248,000)
<b>Profit after taxation</b>					<b>630,345</b>
Non-controlling interest					(13,441)
					<b>616,904</b>
<b>Assets and Liabilities</b>					
Segment assets	11,624,220	634,800	41,768,925	434,687	54,462,632
Goodwill on consolidation					88,129
Cash in hand and at banks					1,905,906
Deposits with licensed banks					3,766,002
<b>Consolidated total assets</b>					<b>60,222,669</b>
Segment liabilities	8,476,001	411,957	5,779,629	976,269	15,643,856
Provision for taxation					-
Deferred tax liabilities					44,824
Unallocated liabilities					-
Bank overdraft					1,205,108
Borrowings					171,029
<b>Total liabilities</b>					<b>17,064,817</b>
Other information					
Capital expenditure	2,038,165	130,250	1,561,450	-	3,729,865
Depreciation	-	34,159	1,085,702	5,590	1,125,451

## A9 MATERIAL EVENTS

The outbreak of Coronavirus Disease 2019 (COVID-19) in early 2020 has affected the business and economic environments of the Group. Different measures taken by the governments and various private corporations to prevent the spread of the virus such as travel bans, closures of non-essential services, social distancing and home quarantine requirements may impact consumers' spending pattern and the Group's operations directly or indirectly. In addition, the outbreak of COVID-19 may also affect the recoverability of Group's trade receivables, other receivables and other financial assets that are subject to the expected credit loss assessment, carrying amounts of the Group's property, plant and equipment, right-of-use assets, goodwill, inventories, investment in joint venture in the future. Given the widespread nature of the outbreak and the unpredictability of future development of COVID-19, the Group is unable to quantify the potential financial impact of the COVID-19 outbreak on the Group's 2020 financial statements reliably at this juncture.

## 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 2019.

**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 contingent liabilities or contingent assets, since the last financial year ended 31 December 2019

**A13. CAPITAL COMMITMENTS**

Capital expenditure contracted and not provided for in the interim financial statements as at 31 March 2020 are as follows:-

	<b>As at 31.03.2020</b>
	<b>RM</b>
Construction of building	<u>82,875,000</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 2020**

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

**B1. REVIEW OF PERFORMANCE**

**CURRENT QUARTER COMPARED TO THE CORRESPONDING QUARTER OF LAST YEAR (Q1 20 vs Q1 19)**

	Individual Quarter Unaudited		Changes RM'000      %		Cumulative Quarter Unaudited		Changes RM'000      %	
	Current Quarter 31.03.2020 RM'000	Preceding Quarter 31.03.2019 RM'000			Current year to-date 31.03.2020 RM'000	Preceding year to-date 31.03.2019 RM'000		
Revenue	9,279	9,947	(668)	(6.72)	9,279	9,947	(668)	(6.72)
Operating profit/ (loss)	1,446	1,126	320	28.42	1,446	1,126	320	28.42
Profit / (loss) before interest & tax	1,460	1,140	320	28.07	1,460	1,140	320	28.07
Profit/ (loss) before tax	1,230	878	352	40.09	1,230	878	352	40.09
Profit/ (loss) after tax	748	630	118	18.73	748	630	118	18.73
Profit/ (loss) attributable to ordinary equity holders of the parent	747	617	130	21.07	747	617	130	21.07

For the three months period ended 31 March 2020, the Group's revenue decreased marginally from RM9.95 million in corresponding quarter of last year to RM9.28 million in the current quarter, representing a decrease of RM0.67 million or 6.72%. This was mainly due to lower contribution from the F&B segment during the period caused by implementation of Movement Control Order (“MCO”) from 18 March 2020 to 9 June 2020 arising from global outbreak of corona virus (“**Covid-19**”).

The Group's gross profit (“**GP**”) margin increased to 58.81% for 3-month ended 31 March 2020 as compared to a GP margin of 53.99% during the previous corresponding period.

Despite the reduction in revenue, the Group had also registered higher profit after tax (“**PAT**”) of RM0.75 million as compared to PAT of RM0.63 million in the previous corresponding quarter due to higher GP margin for the F&B segment.

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

### Q1 20 vs Q4 19

	Current Quarter	Immediate	Changes	
	31.03.2020	Preceding Quarter		
	RM'000	31.12.2019	RM'000	%
		RM'000		
Revenue	9,279	9,948	(669)	(6.72)
Operating profit/ (loss)	1,446	(2,181)	3,627	(166.31)
Profit / (loss) before interest & tax	1,460	(2,222)	3,682	(165.71)
Profit (loss) before tax	1,230	(2,410)	3,640	(151.04)
Profit/ (loss) after tax	748	(3,147)	3,895	(123.77)
Profit/ (loss) attributable to ordinary equity holders of the parent	747	(3,034)	3,781	(124.62)

For the current quarter, the Group registered a decrease in revenue to RM9.28 million from RM9.95 million in the preceding quarter, representing a decrease of 6.72% or RM0.67 million.

The decrease in revenue was mainly due to lower contribution from the F&B segment during the period caused by implementation of Movement Control Order ("MCO") from 18 March 2020 to 9 June 2020 arising from global outbreak of corona virus ("**Covid-19**").

The GP margin increased to 58.81% during the 3 months ending 31 March 2020 as compared to a GP margin of 53.86% during the preceding quarter.

The Group registered a PAT of RM0.75 million as compared to LAT of 3.03 million in the preceding quarter due to impairment loss of financial assets of RM2.16 million, Interest of Right of Use Assets ("RUA") of RM0.56 million and depreciation of RUA of RM1.30 million during the quarter with the adoption of MFRS 16 for FYE 31 December 2019.

## B3. COMMENTARY ON PROSPECTS

The Group continues to concentrate its management resources towards its F&B segment and Property Investment segment, which we believe will provide positive medium term growth. On this note, management will:-

- (i) continue its diversification initiative to develop a mixed commercial development which will feature retail/ F&B lots, event hall, a Chinese restaurant, a seafood restaurant, a karaoke centre and car parks in a 5-storey building with a basement level to be erected on a piece of land next to TREC KL and the Tun Razak Exchange; and
- (ii) leverage on its existing F&B outlets, namely "Chaze", "LAVO" "Maze", "Liberte" and "Bounce" to further expand its F&B business including amongst others, opening of additional outlets or launching new F&B brands.

Besides these ventures, the Board is currently re-examining the Engineering Service Segment as its contribution has dwindled over the past few years. Nevertheless, this segment will be maintained in the short term pending management's review of the segment's market condition.

The Board believes that the abovementioned initiatives in the F&B and property investment management should place the Group in a better position to further improve its financial performance in the near future.

**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**

	31.03.2020 RM	31.03.2019 RM
<b>Loss for the period is arrived at after charging</b>		
Amortisation and depreciation	1,485,780	1,125,451
Depreciation of Right of Use Asset (“ <b>RUA</b> ”)	368,715	-
Interest of RUA	135,675	-
Interest expense	14,074	16,770
<b>And after crediting</b>		
Other income	175,589	126,670
Interest income	60	13,978
Bad debts recovered	-	-
Reversal of impairment loss on trade receivables	376,979	4,800

**B6. INCOME TAX EXPENSE**

	3 months ended	
	31.03.2020 RM	31.03.2019 RM
Deferred tax	-	-
Current tax	482,221	248,000
Tax Expenses	482,221	248,000

**B7. STATUS OF CORPORATE PROPOSALS**

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

On 9 January 2018, Mercury Securities Sdn Bhd (“**Mercury Securities**”), on behalf of the Board of Focus (“**Board**”), announced that the Company had resolved to revise the renounceable rights issue of up to 1,245,384,218 new irredeemable convertible preference shares in Focus (“**ICPS**”) together with up to 207,564,036 free detachable warrants (“**Warrants D**”) on the basis of 6 ICPS together with 1 free Warrant D for every 6 existing ordinary shares in Focus (“**Focus Shares**” or “**Shares**”) held by the entitled Shareholders on an entitlement date to be determined later (“**Previous Rights Issue of ICPS with Warrants**”), which was approved by shareholders on 7 September 2017 to as follows:-

- (i) the proposed renounceable rights issue of up to 2,122,788,334 new ICPS together with up to 424,557,666 free Warrants D on the basis of 5 ICPS together with 1 free Warrant D for every 5 existing Focus Shares held by the entitled Shareholders of the Company on an entitlement date to be determined (“**Rights Entitlement Date**”) (“**Entitled Shareholders**”) (“**Proposed Rights Issue of ICPS with Warrants**”);
- (ii) proposed share split involving the subdivision of every 10 existing Shares into 19 Shares (“**Split Shares**”) (“**Proposed Share Split**”); and
- (iii) proposed amendments to the Constitution / Memorandum and Articles of Association of the Company (“**M&A**”) (“**Proposed M&A Amendments**”).

The Proposed Share Split, Proposed Rights Issue of ICPS with Warrants and Proposed M&A Amendments shall collectively be referred to as the “**Proposals**”.



On 24 January 2018, Mercury Securities, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 24 January 2018, approved the following:-

- (i) Proposed Share Split;
- (ii) listing and quotation of up to 207,179,307 additional Warrants C to be issued from the adjustment to the number of Warrants C pursuant to the Proposed Share Split in accordance with the provisions of the Deed Poll C ("**Additional Warrants C**");
- (iii) admission to the Official List and the initial listing and quotation of up to 2,122,788,334 ICPS and up to 424,557,666 Warrants D to be issued pursuant to the Proposed Rights Issue of ICPS with Warrants;
- (iv) listing and quotation of up to 2,122,788,334 new Focus Shares to be issued pursuant to the conversion of the ICPS;
- (v) listing and quotation of up to 424,557,666 new Focus Shares to be issued pursuant to the exercise of the Warrants D; and
- (vi) listing and quotation of up to 207,179,307 new Focus Shares to be issued pursuant to the exercise of the Additional Warrants C.

The approval by Bursa Securities 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 Share Split and Proposed Rights Issue of ICPS with Warrants;
- (ii) Focus and Mercury Securities to inform Bursa Securities upon the completion of the Proposals; 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 Proposals are completed.

The Proposals was duly approved by the shareholders at the Extraordinary General Meeting of Focus held on 23 February 2018.

On 26 March 2018, Focus had completed its Share Split resulting 2,041,533,608 split shares and 1,552,269 additional Warrants C listed on the ACE Market of Bursa Securities on the same day.

On 10 January 2019, Mercury Securities, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 9 January 2019, approved the Company's application for an extension of time of 6 months from 24 January 2019 up to 24 July 2019 for the Company to implement and complete the Rights Issue of ICPS with Warrants ("**1<sup>st</sup> Extension**").

On 4 September 2019, Focus obtained 2<sup>nd</sup> Extension from Bursa Securities from 25 July 2019 to 24 January 2020 to complete the Proposed Rights Issue of ICPS with Warrants.

On 13 January 2020, Mercury Securities on behalf of the Board submitted an application to seek Bursa Securities' approval for an extension of time of 6 months up to 24 July 2020 ("**3<sup>rd</sup> Extension**") for the Company to implement and complete the Rights Issue of ICPS 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**

The details of the Group's borrowings as at 31 March 2020 are as follows:

	<b>As at 31.03.2020 RM</b>	<b>As at 31.03.2019 RM</b>
<b>Current</b>		
Bank overdraft - secured	1,204,470	1,205,108

The Group does not have any foreign borrowings as at the date of this report.

**B9 LEASE LIABILITIES**

	<b>As at 31.03.2020 RM</b>	<b>As at 31.12.2019 RM</b>
As 1 January	4,726,342	4,587,222
Additions during the period	368,676	1,086,175
Interest expense recognised in profit or loss	205,446	845,778
Repayment of principal	(272,388)	(945,055)
Repayment of interest expense	(205,446)	(845,778)
Balance	4,822,630	4,726,342
Analysed by:-		
Non-current liabilities	3,852,482	3,698,968
Current liabilities	970,148	1,027,374
Balance	4,822,630	4,726,342

**B10. MATERIAL LITIGATION**

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:-

**B11. PROPOSED DIVIDEND**

No dividend has been declared or paid during the current quarter under review and financial year-to-date.

**B12. 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	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM	RM	RM	RM
Profit/ (loss) attributable to equity holders of the Company (RM)	747,528	616,904	747,528	616,904
Weighted average number of shares in issue	2,044,266,157	2,041,953,672	2,044,266,157	2,041,953,672
Basic Earnings/ (loss) per share (sen)	0.04	0.03	0.04	0.03

**B12. 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