

**Focus Dynamics Group Berhad (“Focus” or the “Company”)
(Registration No: 200201015261 (582924-P))
Interim Financial Report for the fifteen (15) months period ended 31 March 2022**

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 2020. 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 2020.

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 2020, 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 2021:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)		Effective Date
Amendments to MFRS 4:	Insurance Contracts	1 January 2021
Amendments to MFRS 7:	Financial Instruments: Disclosures	1 January 2021
Amendments to MFRS 9:	Financial Instruments	1 January 2021
Amendments to MFRS 16:	Leases	1 January 2021
Amendments to MFRS 139:	Financial Instruments: Recognition and Measurement	1 January 2021
Amendments to MFRS 16:	Leases	1 April 2021
Amendments to MFRS 1:	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022
Amendments to MFRS 3:	Business Combinations	1 January 2022
Amendments to MFRS 9:	Financial Instruments	1 January 2022
Amendments to MFRS 116:	Property, Plant and Equipment	1 January 2022
Amendments to MFRS 137:	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022
Amendments to MFRS 141:	Agriculture	1 January 2022
MFRS 17:	Insurance Contracts	1 January 2023
Amendments to MFRS 17:	Insurance Contracts	1 January 2023
Amendments to MFRS 101:	Presentation of Financial Statements	1 January 2023
Amendments to MFRS 108:	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
Amendments to MFRS 112:	Incomes taxes	1 January 2023
Amendments to MFRS 10:	Consolidated Financial Statement	Deferred
Amendments to MFRS 128:	Investments in Associates and Joint Ventures	Deferred

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 2020 was not subject to any qualification.

A3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The Group's business operational results are not materially affected by any major seasonal or cyclical factors.

A4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

During the current quarter under review, there were no unusual items or events that affected 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 the temporary 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 fifteen (15) months period ended 31 March 2022.

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

Save as disclosed below, there were no issuances, repurchases and repayment of debt and equity securities during the current financial period.

	Quarter Ended		Period to Date Ended	
	No of shares		No of shares	
	'000	RM'000	'000	RM'000
Conversion of ICPS	-	-	1,075,846	59,172

A7. DIVIDEND DECLARED

No dividend has been declared or paid by the Company during the current quarter under review.

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A8. SEGMENT INFORMATION

Segment information is provided based on four (4) major business segments, i.e. investment holding, property investment and management, engineering services and food & beverage (“F&B”). 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 period to date ended 31 March 2022 are as follows:-

	←----- Results for 15 months ended 31 March 2022 ----->							
	Investment holding RM	Property investment and management RM	Engineering services RM	F&B RM	Others RM	Total RM	Elimination RM	Consolidation RM
Revenue								
External revenue	-	-	-	86,534,498	109,178	86,643,676	-	86,643,676
Intersegment revenue	-	-	-	1,700,861	-	1,700,861	(1,700,861)	-
Total revenue	-	-	-	88,235,359	109,178	88,344,537	(1,700,861)	86,643,676
Results								
Segment results	(2,034,173)	(128,511)	97,259	12,771,386	(425,837)	10,280,124	30,477	10,310,601
Interest income	2,329,557	-	-	91,443	364	2,421,364	-	2,421,364
Profit/(Loss) from operations	295,384	(128,511)	97,259	12,862,829	(425,473)	12,701,488	30,477	12,731,965
Interest expenses	-	-	(55,815)	(916,099)	-	(971,914)	23,465	(948,449)
Share of loss in associates	-	-	-	(12,119,260)	-	(12,119,260)	-	(12,119,260)
Profit/(Loss) before taxation	295,384	(128,511)	41,444	(172,530)	(425,473)	(389,686)	53,942	(335,744)
Taxation	(416,319)	-	-	(2,589,141)	-	(3,005,460)	-	(3,005,460)
(Loss)/Profit for the period	(120,935)	(128,511)	41,444	(2,761,671)	(425,473)	(3,395,146)	53,942	(3,341,204)
Other information								
Depreciation of PPE	377,145	3,971	-	5,254,329	10,315	5,645,760	-	5,645,760
Depreciation of RUA	-	-	16,433	1,402,985	-	1,419,418	(96,717)	1,322,701
Fair value loss on market securities	-	-	-	14,850,928	-	14,850,928	-	14,850,928
Gain on disposal of RUA	-	-	(40,429)	-	-	(40,429)	-	(40,429)
Gain on disposal of PPE	-	-	-	(163,406)	-	(163,406)	-	(163,406)
Net impairment loss on financial assets	-	-	4,276	61,451	-	65,727	-	65,727
PPE written-off (net)	-	-	72	82,091	-	82,163	-	82,163

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	←----- Results for 15 months ended 31 March 2022 ----->							
	Investment holding RM	Property investment and management RM	Engineering services RM	F&B RM	Others RM	Total RM	Elimination RM	Consolidation RM
Assets and Liabilities								
Segment assets	233,242,572	46,895,932	276	187,741,365	4,835,422	472,715,567	(192,167,161)	280,548,406
Current tax assets	340,339	-	-	5,346,868	-	5,687,207	-	5,687,207
	233,582,911	46,895,932	276	193,088,233	4,835,422	478,402,774	(192,167,161)	286,235,613
Goodwill								88,129
Consolidated assets								286,323,742
Segment liabilities	11,118,864	44,716,107	2,160,673	212,600,988	5,361,469	275,958,101	(225,448,590)	50,509,511
Current tax liabilities	123,000	238,796	-	218,831	-	580,627	-	580,627
Deferred tax liabilities	-	-	-	146,303	-	146,303	-	146,303
Consolidated liabilities	11,241,864	44,954,903	2,160,673	212,966,122	5,361,469	276,685,031	(225,448,590)	51,236,441

Note:

1. The financial year ended has been changed from 31 December to 30 June. The reporting financial period will be for a period of 15 months, made up from 1 January 2021 to 31 March 2022. As such, there are no comparative figures for the preceding year corresponding periods.

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A9. MATERIAL EVENTS

The outbreak of Coronavirus Disease 2019 (COVID-19) in early 2020 has affected the business and economic environments of the World. 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 patterns and the Group's operations directly or indirectly. However, the outbreak of COVID-19 has a slight financial impact on the Group's financial results for the financial period ended 31 March 2022.

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 2020.

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 2020.

A13. CAPITAL COMMITMENTS

Capital expenditure contracted and not provided for in the interim financial statements as at 31 March 2022 are as follows:-

	As at 31.03.2022
	RM
Construction of building	65,849,006
Purchase of property	1,634,475
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	67,483,481
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**Focus Dynamics Group Berhad (“Focus” or the “Company”)
(Registration No: 200201015261 (582924-P))**

Interim Financial Report for fifteen (15) months period ended 31 March 2022

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES

B1. REVIEW OF PERFORMANCE

CURRENT QUARTER COMPARED TO THE CORRESPONDING QUARTER

	Individual Quarter Unaudited		Changes RM'000 %	
	Current quarter ended 31.03.2022 RM'000	Corresponding quarter ended 31.03.2021 RM'000		
Revenue	15,528	16,804	(1,276)	(7.59)
Gross profit	6,598	7,317	(719)	(9.83)
(Loss)/Profit before interest and tax	(14,752)	11,569	(26,321)	(227.51)
(Loss)/Profit before tax	(14,663)	11,856	(26,519)	(223.68)
(Loss)/Profit after tax	(12,038)	10,562	(22,600)	(213.97)
(Loss)/Profit attributable to ordinary equity holders of the parent	(12,332)	10,723	(23,055)	(215.01)

The Company changed its financial year end from 31 December to 30 June and therefore the current financial period will be for 15 months ended 31 March 2022. As such, there is no comparative figures for the current quarter for the 3 months ended 31 March 2022 and period to date for the 15 months ended 31 March 2022. However, for the purpose of reference the Company provide hereunder the comparative for the period 1 January 2022 to 31 March 2022 compared against 1 January 2021 to 31 March 2021 for reference.

For the 3-month quarter ended 31 March 2022, the Group’s revenue decreased to RM15.53 million as compared to RM16.80 million in the previous year’s corresponding quarter, representing a decrease of RM1.28 million or 7.59%. This was mainly due to lower contribution from the Food and Beverage (“**F&B**”) segment.

The Group’s gross profit (“**GP**”) margin was slightly decreased to 42.49% for the 3-month quarter ended 31 March 2022 as compared to a GP margin of 43.54% in the previous year’s corresponding quarter.

The Group registered a loss after tax (“**LAT**”) of RM12.04 million for the 3-month quarter ended 31 March 2022 as compared to a profit after tax (“**PAT**”) of RM10.56 million in the previous year’s corresponding quarter due to the fair value loss on quoted investment, additional depreciation cost, additional cost for new outlet, increase of sales and marketing cost and share of losses on investment of associates.

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B2. COMPARISON OF CURRENT QUARTER RESULTS WITH THE PRECEDING QUARTER

	Current quarter ended 31.03.2022 RM'000	Preceding quarter ended 31.12.2021 RM'000	Changes	
			RM'000	%
Revenue	15,528	24,145	(8,617)	(35.69)
Gross profit	6,598	11,002	(4,404)	(40.03)
Loss before interest and tax	(14,752)	(4,610)	(10,142)	(220.00)
Loss before tax	(14,663)	(4,317)	(10,346)	(239.66)
Loss after tax	(12,038)	(5,596)	(6,442)	(115.12)
Loss attributable to ordinary equity holders of the parent	(12,332)	(5,914)	(6,418)	(108.52)

For the current quarter, the Group's revenue decreased to RM15.53 million from RM24.15 million in the preceding quarter, representing a decrease of 35.69% or RM8.61 million due to lower contribution from the F&B segment.

The GP margin decreased to 42.49% during the 3-month ended 31 March 2022 as compared to a GP margin of 45.57% during the preceding quarter.

The Group registered a LAT of RM12.04 million for the current quarter as compared to LAT of RM5.60 million in the preceding quarter due to lower loss on fair value on quoted investment, additional depreciation cost, additional cost for new outlet and increase of sales and marketing cost.

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", "Bounce", "FINCH" and "Diao Yu Tai" 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.

Meanwhile, it is the Group's initiative to venture into the healthcare business in Malaysia for products and services.

The Board believes that the abovementioned initiatives in the F&B, property investment management and healthcare 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

	Current quarter ended 31.03.2022 RM	Cumulative period-to-date 31.03.2022 RM
Profit for the period is arrived at after charging		
Amortisation and depreciation	1,793,641	5,645,760
Depreciation of Right of Use Asset ("RUA")	259,740	1,322,701
Fair value loss on market securities	1,675,429	14,850,928
PPE written-off	-	82,163
Interest on lease liabilities	227,090	890,493
Interest expense	10,767	57,534
And after crediting		
Dividend income	-	39,412
Management fee	108,000	362,000
Interest income	327,412	2,421,364
Bargain purchase on the investment in associates	-	20,165,952
Gain on disposal of PPE	-	163,406
Gain on disposal of RUA	-	40,429

B6. INCOME TAX EXPENSE

	Current quarter ended 31.03.2022 RM	Cumulative period-to-date 31.03.2022 RM
Deferred tax	-	117,320
Current tax	(2,614,248)	2,908,567
Share of associate's tax expenses	(10,431)	(20,427)
Tax Expenses	(2,624,679)	3,005,460

B7. STATUS OF CORPORATE PROPOSAL

There is no outstanding corporate proposal for the current quarter under review

B8. GROUP BORROWINGS

The details of the Group's borrowings as at 31 March 2022 are as follows:

	As at 31.03.2022 RM	As at 31.12.2020 RM
Current		
Bank overdraft – secured	1,202,915	1,224,641

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

B9 LEASE LIABILITIES

	As at 31.03.2022 RM	As at 31.12.2020 RM
As 1 January 2021/2020	5,426,052	4,726,342
Additions during the period	399,219	2,244,637
Adjustment due to subsequent effects of the adoption of MFRS 16	-	(806,236)
Adjustment due to lease modification	(718,361)	(323,681)
Adjustment due to early termination	-	(24,580)
Interest expense recognised in profit or loss	890,493	704,690
Repayment of principal	(890,633)	(390,430)
Repayment of interest expense	(683,750)	(704,690)
Balance	<u>4,423,020</u>	<u>5,426,052</u>
Analysed by:-		
Non-current liabilities	2,682,114	4,493,805
Current liabilities	1,740,906	932,247
Balance	<u>4,423,020</u>	<u>5,426,052</u>

B10. MATERIAL LITIGATION

The Group does not engage 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.

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B12. EARNINGS PER SHARE

(a) Basic

Basic (loss)/profit per ordinary share is calculated by dividing the net (loss)/profit 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.

	Individual quarter		Cumulative quarter	
	Current quarter 31.03.2022 RM	Comparative quarter 31.03.2021 RM	Cumulative period-to-date 31.03.2022 RM	Cumulative preceding year-to-date 31.03.2021 RM
(Loss)/Profit attributable to equity holders of the Company	(12,332,126)	10,722,758	(3,486,775)	N/A
Weighted average number of shares in issue	6,372,205,736	6,207,245,110	6,326,548,495	N/A
Basic (loss)/earnings per share (sen)	(0.19)	0.17	(0.06)	N/A

(b) Dilutive

For the purpose of calculating diluted (loss)/earnings per share, the net (loss)/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 and ICPS.

	Current quarter ended		Cumulative period-to-date	
	Current quarter 31.03.2022 RM	Comparative quarter 31.03.2021 RM	Cumulative period-to-date 31.03.2022 RM	Cumulative preceding year-to-date 31.03.2021 RM
(Loss)/Profit attributable to equity holders of the Company	(12,332,126)	10,722,758	(3,486,775)	N/A
Weighted average number of shares in issue (shares split and ICPS conversion and full exercise of ICPS and Warrants D)	7,275,549,028	8,060,318,202	7,229,911,787	N/A
Diluted (loss)/earnings per share (sen)	(0.17)	0.13	(0.05)	N/A

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B.13 Status of the Rights Issue Proceeds

The status of the utilisation of the proceeds raised from the right issue of 2,044,266,042 ICPS at an issue price of RM0.055 per share together with 3,066,399,051 Warrants D amounting to RM112,434,632 as at 31 March 2022:-

	Proposed utilisation RM'000	Actual utilisation RM'000	Balance of proceeds RM'000	Time frame for the utilisation of proceeds RM'000
Construction works for the Arch	65,280	17,756	47,524	Within 24 months
Renovations, fixtures and fittings for the Arch	14,280	-	14,280	Within 3 months from Completion of the Arch
Working capital for the Arch	6,120	-	6,120	Upon completion of the Arch
Working capital for the Group	6,000	6,000	-	Within 24 months
Acquisition and/or investment in other complementary F&B businesses	20,125	20,125	-	Within 24 months
Defraying expenses	630	630	-	Immediate
	<u>112,435</u>	<u>44,511</u>	<u>67,924</u>	

B14. AUTHORITY FOR ISSUE

The interim financial report was 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