

**Focus Dynamics Group Berhad (“Focus” or the “Company”)  
(Registration No: 200201015261 (582924-P))  
Interim Financial Report for the three (3) months period ended 30 September 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 period ended 30 June 2022. 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 period ended 30 June 2022.

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 period ended 30 June 2022, except for the adoption of the following new Amendments to MFRSs issued by MASB, effective for the annual periods beginning on or after 1 July 2022:-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>		<b>Effective Date</b>
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 period ended 30 June 2022 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.

**A5. MATERIAL ESTIMATES AND CHANGES IN ESTIMATES**

There were no changes in estimates that have a material effect on 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.

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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 30 September 2022 are as follows:-

	←----- Results for 3 months ended 30 September 2022 ----->							
	Investment holding RM'000	Property investment and management RM'000	Engineering services RM'000	F&B RM'000	Others RM'000	Total RM'000	Elimination RM'000	Consolidation RM'000
<b>Revenue</b>								
External revenue	-	-	-	15,699	*	15,699	-	15,699
Intersegment revenue	-	-	-	14,827	-	14,827	(14,827)	-
<b>Total revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,526</b>	<b>*</b>	<b>30,526</b>	<b>(14,827)</b>	<b>15,699</b>
<b>Results</b>								
Segment results	(274)	(60)	12	(222)	(31)	(575)	14	(561)
Interest income	146	*	-	8	*	154	-	154
Profit/(Loss) from operations	(128)	(60)	12	(214)	(31)	(421)	14	(407)
Interest expenses	-	-	(13)	(739)	-	(752)	(57)	(809)
Fair value loss on market securities	-	-	-	(5,133)	-	(5,133)	-	(5,133)
Share of loss in associates	-	-	-	(3,736)	-	(3,736)	-	(3,736)
<b>Profit/(Loss) before taxation</b>	<b>(128)</b>	<b>(60)</b>	<b>(1)</b>	<b>(9,822)</b>	<b>(31)</b>	<b>(10,042)</b>	<b>(43)</b>	<b>(10,085)</b>
Taxation	-	-	(3)	(682)	-	(685)	-	(685)
<b>(Loss)/Profit for the period</b>	<b>(128)</b>	<b>(60)</b>	<b>(4)</b>	<b>(10,504)</b>	<b>(31)</b>	<b>(10,727)</b>	<b>(43)</b>	<b>(10,770)</b>
<b>Other information</b>								
<u>Bad debts written off</u>	-	-	-	*	-	*	-	*
Depreciation of PPE	87	1	-	1,347	3	1,438	-	1,438
Depreciation of RUA	-	-	-	2,539	-	2,539	(15)	2,524
Gain on disposal of PPE	-	-	-	(7)	-	(7)	-	(7)
PPE written-off	-	-	-	52	-	52	-	52

←----- Results for 3 months ended 30 September 2022 ----->								
	Investment holding RM'000	Property investment and management RM'000	Engineering services RM'000	F&B RM'000	Others RM'000	Total RM'000	Elimination RM'000	Consolidation RM'000
<b>Assets and Liabilities</b>								
Segment assets	162,346	64,303	*	172,823	1,909	401,381	(184,560)	216,821
Current tax assets	498	-	(3)	8,900	-	9,395	-	9,395
	162,844	64,303	(3)	181,723	1,909	410,776	(184,560)	226,216
Goodwill								88
<b>Consolidated assets</b>								<b>226,304</b>
Segment liabilities	9,566	62,414	2,193	279,122	2,629	355,924	(284,303)	71,621
Current tax liabilities	-	238	-	626	-	864	-	864
Deferred tax liabilities	-	-	-	198	-	198	-	198
<b>Consolidated liabilities</b>	<b>9,566</b>	<b>62,652</b>	<b>2,193</b>	<b>279,945</b>	<b>2,629</b>	<b>356,986</b>	<b>(284,303)</b>	<b>72,683</b>

\* Denotes amount below RM1,000

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 3 months, made up from 1 July 2022 to 30 September 2022. As such, there are no comparative figures for the preceding year corresponding periods.

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**A9. MATERIAL EVENTS**

There is no significant event during the current quarter under review.

**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 period ended 30 June 2022.

**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 period ended 30 June 2022.

**A13. CAPITAL COMMITMENTS**

Capital expenditure contracted and not provided for in the interim financial statements as at 30 September 2022 are as follows:-

	<b>As at 30.09.2022</b>
	<b>RM</b>
Construction of building	68,335,034
Purchase of property	5,389,975
	<hr/>
	<b>73,725,009</b>

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**Focus Dynamics Group Berhad (“Focus” or the “Company”)  
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**Interim Financial Report for three (3) months period ended 30 September 2022**

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

**B1. REVIEW OF PERFORMANCE**

**CURRENT QUARTER COMPARED TO THE CORRESPONDING QUARTER**

	Individual Quarter Unaudited		Changes	
	Current quarter ended 30.09.2022 RM'000	Corresponding quarter ended 30.09.2021 RM'000	RM'000	%
Revenue	15,699	16,452	(753)	(4.58)
Gross profit	9,674	7,042	2,632	37.38
(Loss)/Profit before interest and tax	(9,429)	3,407	(12,836)	(376.75)
(Loss)/Profit before tax	(10,085)	3,773	(13,858)	(367.29)
(Loss)/Profit after tax	(10,770)	1,651	(12,421)	(752.33)
(Loss)/Profit attributable to ordinary equity holders of the parent	(11,517)	1,788	(13,305)	(744.13)

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

The Group recorded a revenue of RM15.699 million for the current financial quarter ended 30 September 2022 as compared to RM16.452 million in the previous year's corresponding quarter, representing a decrease of RM0.753 million or 4.58%. This was mainly due to a decrease of sales in the Food and Beverage (“**F&B**”) segment.

The Group registered a loss after tax (“**LAT**”) of RM10.770 million for the 3-month quarter ended 30 September 2022 as compared to a profit after tax (“**PAT**”) of RM1.651 million in the previous year's corresponding quarter due to an increase in operating expenses and fair value loss on quoted investment.

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

	Current quarter ended 30.09.2022 RM'000	Preceding quarter ended 30.06.2022 RM'000	Changes	
			RM'000	%
Revenue	15,699	14,929	770	5.16
Gross profit	9,674	9,371	303	3.23
Loss before interest and tax	(9,429)	(70,594)	61,165	86.64
Loss before tax	(10,085)	(72,231)	62,146	86.04
Loss after tax	(10,770)	(71,366)	60,596	84.91
Loss attributable to ordinary equity holders of the parent	(11,517)	(71,660)	60,143	83.93

The Group recorded a revenue of RM15.669 million for the current financial quarter ended 30 September 2022 as compared to RM14.929 million in the previous year's corresponding quarter representing an increase of RM0.770 million or 5.16%.

The Group registered a LAT of RM10.770 million for the current quarter as compared to LAT of RM71.366 million in the preceding quarter due to the decrease in operating expenses in the current quarter, impairment loss on investment in associates and the fair value loss on quoted investment recognised in the preceding quarter.

## B3. COMMENTARY ON PROSPECTS

The Group continues to concentrate its management resources on 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", "Lavo Gallery", "FINCH", "Diao Yu Tai", 'The Lemon Tree' and 'Spark Club KL' 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**

	Current quarter ended 30.09.2022 RM'000	Cumulative period-to-date 30.09.2022 RM'000
<b>Loss for the period is arrived at after charging</b>		
Depreciation of property, plant and equipment ("PPE")	1,438	1,438
Depreciation of Right of Use Asset ("RUA")	2,524	2,524
Fair value loss on investment in quoted shares	5,133	5,133
PPE written-off	52	52
Interest on lease liabilities	796	796
Interest expense	13	13
Share of loss on investment in associates	3,736	3,736
<b>And after crediting</b>		
Dividend income	1	1
Management fee	72	72
Interest income	153	153
Gain on disposal of PPE	7	7

**B6. INCOME TAX EXPENSE**

	Current quarter ended 30.09.2022 RM'000	Cumulative period-to-date 30.09.2022 RM'000
Deferred tax	-	-
Current tax	593	593
Share of associate's tax expenses	92	92
Tax Expense	685	685

**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 30 September 2022 are as follows:

	<b>As at 30.09.2022 RM'000</b>	<b>As at 30.06.2022 RM'000</b>
<b>Non current</b>		
Term loan – secured	3,413	-
<b>Current</b>		
Bank overdraft – secured	1,208	1,207
Term loan – secured	227	-
	<u>1,435</u>	<u>1,207</u>

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

**B9 LEASE LIABILITIES**

	<b>As at 30.09.2022 RM'000</b>	<b>As at 30.06.2020 RM'000</b>
As 1 July 2022/1 January 2021	20,378	5,426
Additions during the period	4,737	19,985
Adjustment due to lease modification	-	(698)
Interest expense recognised in profit or loss	796	2,039
Repayment of principal	(2,387)	(4,335)
Repayment of interest expense	(739)	(2,039)
Balance	<u>22,785</u>	<u>20,378</u>
Analysed by:-		
Non-current liabilities	15,060	10,543
Current liabilities	7,725	9,835
Balance	<u>22,785</u>	<u>20,378</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 30.09.2022 RM'000	Comparative quarter 30.09.2021 RM'000	Cumulative period-to-date 30.09.2022 RM'000	Cumulative preceding year-to-date 30.09.2021 RM'000
(Loss)/Profit attributable to equity holders of the Company	(11,517)	1,788	(11,517)	N/A
Weighted average number of shares in issue ('000)	6,372,206	6,372,204	6,372,206	N/A
Basic (loss)/earnings per share (sen)	(0.18)	0.03	(0.18)	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 30.09.2022 RM'000	Comparative quarter 30.09.2021 RM'000	Cumulative period-to-date 30.09.2022 RM'000	Cumulative preceding year-to-date 30.09.2021 RM'000
(Loss)/Profit attributable to equity holders of the Company	(11,517)	1,788	(11,517)	N/A
Weighted average number of shares in issue (shares split and ICPS conversion and full exercise of ICPS and Warrants D) ('000)	7,275,569	7,275,567	7,275,569	N/A
Diluted (loss)/earnings per share (sen)	(0.16)	0.02	(0.16)	N/A

### 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 30 September 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 <sup>(1)</sup>	50,238	30,171	20,067	Within 24 months
Renovations, fixtures and fittings for the Arch <sup>(1)</sup>	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
Investment in F&B Businesses and working capital <sup>(1)</sup>	<sup>(1)</sup> 15,042	5,523	9,519	Within 24 months
	<u>112,435</u>	<u>62,449</u>	<u>49,986</u>	

Note:

- With reference to the Clause 6 on the utilisation of proceeds of the Circular dated 17 September 2020, If the actual funding requirement for The Arch is less than the budgeted amount of RM85.68 million, any surplus funds can be reallocated for the acquisition and/or investment in other complementary F&B businesses or working capital. Thus, the surplus funds have been reallocated for the investment in F&B businesses and working capital.*

### 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