

**Focus Dynamics Group Berhad (“Focus” or the “Company”)
(Registration No: 200201015261 (582924-P))
Interim Financial Report for the six (6) months period ended 31 December 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:-

| 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 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.

[The rest of this page has been intentionally left blank]

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 December 2022 are as follows:-

| | ←----- Results for 6 months ended 31 December 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 |
| Revenue | | | | | | | | |
| External revenue | - | - | - | 31,973 | 2 | 31,975 | - | 31,975 |
| Intersegment revenue | - | - | - | 20,005 | - | 20,005 | (20,005) | - |
| Total revenue | - | - | - | 51,978 | 2 | 51,980 | (20,005) | 31,975 |
| Results | | | | | | | | |
| Segment results | (642) | (104) | 34 | (1,383) | (40) | 631 | 29 | 660 |
| Interest income | 286 | * | - | 16 | * | 302 | - | 302 |
| (Loss)/Profit from operations | (356) | (104) | 34 | 1,399 | (40) | 933 | 29 | 962 |
| Interest expenses | - | - | (26) | (1,499) | - | (1,525) | (323) | (1,848) |
| Fair value loss on market securities | - | - | - | (1,883) | - | (1,883) | - | (1,883) |
| Share of loss in associates | - | - | - | (1,498) | - | (1,498) | - | (1,498) |
| (Loss)/Profit before taxation | (356) | (104) | 8 | (3,481) | (40) | (3,973) | (294) | (4,267) |
| Taxation | - | - | (5) | (1,931) | - | (1,936) | - | (1,936) |
| (Loss)/Profit for the period | (356) | (104) | 3 | (5,412) | (40) | (5,909) | (294) | (6,203) |
| Other information | | | | | | | | |
| Bad debts written off | - | - | - | * | - | * | - | * |
| Depreciation of PPE | 174 | 2 | - | 2,934 | 5 | 3,115 | - | 3,115 |
| Depreciation of RUA | - | - | - | 3,857 | - | 3,857 | (29) | 3,828 |
| Gain on disposal of ROU assets | - | - | - | (412) | - | (412) | - | (412) |
| Gain on disposal of PPE | - | - | - | (7) | - | (7) | - | (7) |
| PPE written-off | - | - | - | 52 | - | 52 | - | 52 |
| Waiver of debts | - | - | - | (2,615) | - | (2,615) | - | (2,615) |

| | ←----- Results for 6 months ended 31 December 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 |
| Assets and Liabilities | | | | | | | | |
| Segment assets | 162,791 | 71,276 | * | 182,597 | 1,809 | 418,473 | (205,802) | 212,671 |
| Current tax assets | 561 | - | - | 9,734 | - | 10,295 | - | 10,295 |
| | 163,352 | 71,276 | * | 192,331 | 1,809 | 428,768 | (205,802) | 222,966 |
| Goodwill | | | | | | | | 2,537 |
| Consolidated assets | | | | | | | | 225,503 |
| Segment liabilities | 10,293 | 69,431 | 2,185 | 285,051 | 2,335 | 369,295 | (304,580) | 64,715 |
| Current tax liabilities | - | 238 | 5 | 1,876 | - | 2,119 | - | 2,119 |
| Deferred tax liabilities | - | - | - | 278 | - | 278 | - | 278 |
| Consolidated liabilities | 10,293 | 69,669 | 2,190 | 287,205 | 2,335 | 371,691 | (304,580) | 67,112 |

* Denotes amount below RM1,000

Note:

1. The financial year ended has been changed from 31 December to 30 June. The previous reporting financial period will be for a period of 18 months, made up from 1 January 2021 to 30 June 2022. As such, there are no comparative figures for the current six months ended 31 December 2022.

[The rest of this page has been intentionally left blank]

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, except for the acquisition of 55% shareholding in W Club Sdn Bhd ("**W Club**") by Focus International Holding Sdn Bhd, a wholly-owned subsidiary of Focus Dynamics Group Berhad ("**FDGB**") for a cash consideration of RM715,000. FDGB previously owned 45% of shareholdings in W Club via its subsidiary, Marquee International Sdn Bhd. The transaction has been completed on 16.12.2022 and thus, W Club Sdn Bhd has become an indirect subsidiary of Focus Dynamics Group Berhad.

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 31 December 2022 are as follows:-

| | As at 31.12.2022 |
|--------------------------|-------------------------|
| | RM |
| Construction of building | 60,133,976 |
| Purchase of property | 1,339,975 |
| | <hr/> |
| | 61,473,951 |
| | <hr/> |

[The rest of this page has been intentionally left blank]

**Focus Dynamics Group Berhad (“Focus” or the “Company”)
(Registration No: 200201015261 (582924-P))**

Interim Financial Report for six (6) months period ended 31 December 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 31.12.2022 RM'000 | Corresponding quarter ended 31.12.2021 RM'000 | RM'000 | % |
| Revenue | 16,276 | 24,145 | (7,869) | (32.59) |
| Gross profit | 8,606 | 11,002 | (2,396) | (21.78) |
| Profit/(Loss) before interest and tax | 6,708 | (4,610) | 11,318 | 245.51 |
| Profit/(Loss) before tax | 5,818 | (4,317) | 10,135 | 234.77 |
| Profit/(Loss) after tax | 4,567 | (5,596) | 10,163 | 181.61 |
| Profit/(Loss) attributable to ordinary equity holders of the parent | 4,140 | (5,914) | 10,054 | 170.00 |

The Company changed its financial year end from 31 December to 30 June and therefore the current financial period will be for 6 months ended 31 December 2022. As such, there is no comparative figures for the current period to date for the 6 months ended 31 December 2022 and period to date for the 6 months 31 December 2021. However, for the purpose of reference, the Company provides hereunder the comparative for the quarter 1 October 2022 to 31 December 2022 compared against 1 October 2021 to 31 December 2021 for reference.

The Group recorded a revenue of RM16.276 million for the current financial quarter ended 31 December 2022 as compared to RM24.145 million in the previous year's corresponding quarter, representing a decrease of RM7.869 million or 32.59%. This was mainly due to a decrease in sales for the Food and Beverage (“F&B”) segment.

The Group registered a profit after tax (“PAT”) of RM4.567 million for the 3-month quarter ended 31 December 2022 as compared to a loss after tax (“LAT”) of RM5.596 million in the previous year's corresponding quarter due to the fair value gain on market securities and share of profit on the investment in associate.

[The rest of this page has been intentionally left blank]

B2. COMPARISON OF CURRENT QUARTER RESULTS WITH THE PRECEDING QUARTER

| | Current quarter ended 31.12.2022 RM'000 | Preceding quarter ended 30.09.2022 RM'000 | Changes | |
|---|---|---|---------|---------|
| | | | RM'000 | % |
| Revenue | 16,276 | 15,699 | 577 | 3.68 |
| Gross profit | 8,606 | 9,674 | (1,068) | (11.04) |
| Profit/(Loss) before interest and tax | 6,708 | (9,429) | 16,137 | 171.14 |
| Profit/(Loss) before tax | 5,818 | (10,085) | 15,903 | 157.69 |
| Profit/(Loss) after tax | 4,567 | (10,770) | 15,337 | 142.40 |
| Profit/(Loss) attributable to ordinary equity holders of the parent | 4,140 | (11,517) | 15,657 | 135.94 |

The Group recorded a revenue of RM16.276 million for the current financial quarter ended 31 December 2022 as compared to RM15.699 million in the previous year's corresponding quarter representing an increase of RM0.577 million or 3.68%.

The Group registered a PAT of RM4.567 million for the current quarter as compared to LAT of RM10.770 million in the preceding quarter due to the fair value gain on market securities and share of profit on the investment in associate.

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" 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 31.12.2022 RM'000 | Cumulative period-to-date 31.12.2022 RM'000 |
|---|--|--|
| Loss for the period is arrived at after charging | | |
| Bad debts written off | * | - |
| Depreciation of property, plant and equipment ("PPE") | 1,677 | 3,115 |
| Depreciation of Right of Use Asset ("RUA") | 1,304 | 3,828 |
| Fair value (gain)/loss on investment in quoted shares | (3,250) | 1,883 |
| PPE written-off | - | 52 |
| Interest on lease liabilities | 986 | 1,782 |
| Interest expense | 52 | 65 |
| Share of (profit)/loss on investment in associates | (2,238) | 1,498 |
| And after crediting | | |
| Dividend income | * | 1 |
| Management fee | 54 | 126 |
| Interest income | 150 | 302 |
| Gain on disposal of PPE | - | 7 |
| Gain on disposal of ROU | 412 | 412 |

* Denotes amount below RM1,000.

B6. INCOME TAX EXPENSE

| | Current quarter ended 31.12.2022 RM'000 | Cumulative period-to-date 31.12.2022 RM'000 |
|-----------------------------------|--|--|
| Deferred tax | - | - |
| Current tax | 1,251 | 1,844 |
| Share of associate's tax expenses | - | 92 |
| Tax Expense | 1,251 | 1,936 |

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 December 2022 are as follows:

| | As at 31.12.2022 RM'000 | As at 30.06.2022 RM'000 |
|--------------------------|--|--|
| Non current | | |
| Term loan – secured | 3,413 | - |
| Current | | |
| Bank overdraft – secured | 1,209 | 1,207 |
| Term loan – secured | 222 | - |
| | 1,431 | 1,207 |

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

B9 LEASE LIABILITIES

| | As at 31.12.2022 RM'000 | As at 30.06.2022 RM'000 |
|---|--|--|
| As 1 July 2022/1 January 2021 | 20,378 | 5,426 |
| Additions during the period | 4,737 | 19,985 |
| Adjustment due to lease modification | (22) | (698) |
| Termination of lease | (8,480) | - |
| Interest expense recognised in profit or loss | 1,782 | 2,039 |
| Repayment of principal | (3,557) | (4,335) |
| Repayment of interest expense | (1,459) | (2,039) |
| Balance | 13,379 | 20,378 |
| Analysed by:- | | |
| Non-current liabilities | 11,276 | 10,543 |
| Current liabilities | 2,103 | 9,835 |
| Balance | 13,379 | 20,378 |

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.

[The rest of this page has been intentionally left blank]

B12. EARNINGS PER SHARE**(a) Basic**

Basic earnings/(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.

| | Individual quarter | | Cumulative quarter | |
|---|----------------------|----------------------|---------------------------|-----------------------------------|
| | Current quarter | Comparative quarter | Cumulative period-to-date | Cumulative preceding year-to-date |
| | 31.12.2022 RM'000 | 31.12.2021 RM'000 | 31.12.2022 RM'000 | 31.12.2021 RM'000 |
| Profit/(Loss) attributable to equity holders of the Company | 4,140 | (5,914) | (7,377) | N/A |
| Weighted average number of shares in issue ('000) | 6,372,206 | 6,372,206 | 6,372,206 | N/A |
| Basic earnings/(loss) per share (sen) | 0.06 | (0.09) | (0.12) | N/A |

(b) Dilutive

For the purpose of calculating diluted earnings/(loss) per share, the net profit/(loss) 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 | Comparative quarter | Cumulative period-to-date | Cumulative preceding year-to-date |
| | 31.12.2022 RM'000 | 31.12.2021 RM'000 | 31.12.2022 RM'000 | 31.12.2021 RM'000 |
| Profit/(Loss) attributable to equity holders of the Company | 4,140 | (5,914) | (7,377) | 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 earnings/(loss) per share (sen) | 0.06 | (0.08) | (0.10) | 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 31 December 2022:-

| | Revised 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 ⁽¹⁾ | 50,238 | 33,752 | 16,486 | 2 December 2023 |
| Renovations, fixtures and fittings for the Arch ⁽¹⁾ | 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 business and working capital ⁽¹⁾ | ⁽¹⁾ 15,042 | 15,042 | - | Within 24 months |
| | <u>112,435</u> | <u>75,549</u> | <u>36,886</u> | |

Note:

1. *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