

FOCUS POINT HOLDINGS BERHAD (Company No. : 884238-U)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (The figures have not been audited)

	Individual quarter		Cumulative quarter	
	31-03-14 RM'000	31-03-13 RM'000	31-03-14 RM'000	31-03-13 RM'000
Revenue	40,227	35,876	40,227	35,876
Cost of sales	(18,061)	(16,548)	(18,061)	(16,548)
Gross profit	22,166	19,328	22,166	19,328
Other income	1,119	1,001	1,119	1,001
Selling and distribution expenses	(8,277)	(6,601)	(8,277)	(6,601)
Administrative and general expenses	(12,899)	(11,244)	(12,899)	(11,244)
Interest expense	(331)	(295)	(331)	(295)
Interest income	98	119	98	119
Share of profits in associates	71	70	71	70
Profit before tax	1,947	2,378	1,947	2,378
Tax expense	(873)	(1,094)	(873)	(1,094)
Profit for the period	1,074	1,284	1,074	1,284
Profit attributable to:				
Owners of the Parent	1,037	1,287	1,037	1,287
Non-controlling interests	37	(3)	37	(3)
	1,074	1,284	1,074	1,284
Total comprehensive income attributable to:				
Owners of the Parent	1,037	1,287	1,037	1,287
Non-controlling interests	37	(3)	37	(3)
	1,074	1,284	1,074	1,284
Earnings per share attributable to owners of the Parent:				
Basic (sen)	0.63	0.78	0.63	0.78
Diluted (sen)	N/A	N/A	N/A	N/A

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial report.

FOCUS POINT HOLDINGS BERHAD (Company No. : 884238-U)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (The figures have not been audited)

	As at 31-03-14 RM'000 (Unaudited)	As at 31-12-13 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	36,064	35,605
Investments in associates	488	417
Deferred tax assets	297	297
Trade and other receivables	297	442
	37,146	36,761
Current assets		
Inventories	32,775	33,606
Trade and other receivables	19,626	22,933
Current tax assets	49	46
Cash and cash equivalents	12,435	14,123
	64,885	70,708
TOTAL ASSETS	102,031	107,469
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	33,000	33,000
Reserves	22,983	21,946
	55,983	54,946
Non-controlling interests	71	34
TOTAL EQUITY	56,054	54,980
Non-current liabilities		
Borrowings	5,136	5,085
Deferred income	862	854
Deferred tax liabilities	1,397	1,397
	7,395	7,336
Current liabilities		
Borrowings	19,120	21,582
Trade and other payables	17,757	22,062
Deferred income	450	450
Current tax liabilities	1,255	1,059
	38,582	45,153
TOTAL LIABILITIES	45,977	52,489
TOTAL EQUITY AND LIABILITIES	102,031	107,469
Net assets per share attributable to owners of the Parent (sen)	33.93	33.30

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial report.

FOCUS POINT HOLDINGS BERHAD (Company No. : 884238-U)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (The figures have not been audited)

	← Attributable to owners of the Parent →			Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Retained earnings RM'000			
At 1 January 2014	33,000	7,096	14,850	54,946	34	54,980
Profit for the period	-	-	1,037	1,037	37	1,074
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	1,037	1,037	37	1,074
Transactions with owners						
Changes in equity interest in a subsidiary	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-
Total transaction with owners	-	-	-	-	-	-
At 31 March 2014	33,000	7,096	15,887	55,983	71	56,054

	← Attributable to owners of the Parent →			Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Retained earnings RM'000			
At 1 January 2013	33,000	7,096	13,379	53,475	55	53,530
Profit for the period	-	-	1,287	1,287	(3)	1,284
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	1,287	1,287	(3)	1,284
Transactions with owners						
Changes in equity interest in a subsidiary	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-
Total transaction with owners	-	-	-	-	-	-
At 31 March 2013	33,000	7,096	14,666	54,762	52	54,814

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial report.

FOCUS POINT HOLDINGS BERHAD (Company No. : 884238-U)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (The figures have not been audited)

	For the 3 months ended 31 March 2014 RM'000	For the 3 months ended 31 March 2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,947	2,378
Adjustments for :		
Depreciation	1,551	1,439
Other non-cash items	681	293
Operating profit before working capital changes	4,179	4,110
Changes in inventories	571	1,198
Changes in trade and other receivables	3,452	(734)
Changes in trade and other payables	(4,297)	(3,055)
Cash generated from operations	3,905	1,519
Tax refunded	-	6
Income taxes paid	(680)	(644)
Net cash generated from operating activities	3,225	881
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,459)	(906)
Proceeds from disposal of property, plant and equipment	27	-
Interest received	39	77
Dividend received from an associate	-	70
Net cash used in investing activities	(1,393)	(759)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(331)	(295)
Uplift/(Placement) of fixed deposits pledged to licensed banks	1,766	(225)
Net repayment of bankers' acceptances	(255)	(1,639)
Net repayment of hire purchase liabilities	(499)	(519)
Net repayment of term loans	(126)	(65)
Net cash generated from/(used in) financing activities	555	(2,743)
Net increase/(decrease) in cash and cash equivalents	2,387	(2,621)
Cash and cash equivalents at beginning of year	1,750	4,299
Cash and cash equivalents at end of year	4,137	1,678

FOCUS POINT HOLDINGS BERHAD (Company No. : 884238-U)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (cont'd)
(The figures have not been audited)

	For the 3 months ended 31 March 2014 RM'000	For the 3 months ended 31 March 2013 RM'000
<i>Cash and cash equivalents comprise :</i>		
Cash and bank balances	5,678	4,363
Fixed deposits with licensed banks	6,757	8,890
	12,435	13,253
Less : Bank overdraft included in borrowings	(1,691)	(3,135)
	10,744	10,118
Less : Fixed deposits pledged to licensed banks	(6,607)	(8,440)
	4,137	1,678

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial report.

FOCUS POINT HOLDINGS BERHAD (Company No. : 884238-U)

Notes to the Interim Financial Report for the first quarter ended 31 March 2014

Part A - Explanatory notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 : Interim Financial Reporting

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with MFRS 134 : *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (MASB) and Paragraph 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2013.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the financial year ended 31 December 2013, except for the adoption of the following standards applicable to the Group's financial year beginning 1 January 2014.

<u>Title</u>	<u>Effective date</u>
Amendments to MFRS 10 <i>Consolidated Financial Statements: Investment Entities</i>	1 January 2014
Amendments to MFRS 12 <i>Disclosure of Interest in Other Entities: Investment Entities</i>	1 January 2014
Amendments to MFRS 127 <i>Separate Financial Statements (2011): Investment Entities</i>	1 January 2014
Amendments to MFRS 132 <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
Amendments to MFRS 136 <i>Recoverable Amount Disclosures for Non-Financial Assets</i>	1 January 2014
Amendments to MFRS 139 <i>Novation of Derivatives and Continuation of Hedge Accounting</i>	1 January 2014
IC Interpretation 21 <i>Levies</i>	1 January 2014

The initial application of the aforesaid applicable standards, amendments or interpretations are not expected to have any material financial impact to the current financial year upon their initial adoption.

A2. Auditors' reports

The auditors' report on the audited financial statements of the Group for the financial year ended 31 December 2013 was not subject to any qualification.

A3. Seasonal or cyclical factors

The business operations of the Group were not materially affected by any seasonal or cyclical factors.

A4. Unusual items affecting assets, liabilities, equity, net income or cash flows

There was no unusual item because of its nature, size or incidence that has affected the assets, liabilities, equity, net income or cash flows of the Group during the current quarter.

A5. Material changes in estimates

There was no change in the estimates of amounts reported that have had a material effect in the current quarter.

A6. Changes in debts and equity securities

There were no issuance, cancellation, repurchase, resale or repayment of debt and/or equity securities, share buy-back, share cancellation, shares held as treasury shares and/or resale of treasury shares during the current quarter.

A7. Dividend paid

No dividend was paid during the current quarter.

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Notes to the Interim Financial Report for the first quarter ended 31 March 2014

Part A - Explanatory notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 : Interim Financial Reporting

A8. Segmental reporting

The Group has three (3) reportable segments, as described below, are the Group's strategic business units.

The following summary described the operations of each of the reportable segment:

- **Optical and related products** : Retailing of optical and related products
- **Franchise management** : Management of franchised professional eye care centres
- **Food and beverage** : Provision of food and beverage services

Other operating segments that do not constitute reportable segments mainly comprise investment holding, laser eye surgery treatment activities as well as retailing of hearing solutions and related accessories.

The segmental information for the financial period ended 31 March 2014 is as follows:-

	Optical and related products RM'000	Franchise management RM'000	Food and beverage RM'000	Others RM'000	Total RM'000
Revenue					
Total revenue	33,635	1,099	5,197	2,411	42,342
Inter-segment revenue	(93)	(21)	(1)	(2,000)	(2,115)
External revenue	33,542	1,078	5,196	411	40,227
Segment results					
Interest income	3,306	189	(1,321)	(65)	2,109
Interest expense	94	2	2	-	98
Share of profit of associates	(215)	-	(108)	(8)	(331)
Profit / (loss) before tax	71	-	-	-	71
Assets					
Segment assets	77,710	2,529	19,375	1,583	101,197
Investments in associates	488	-	-	-	488
Total assets	78,198	2,529	19,375	1,583	101,685
Liabilities					
Segment liabilities	31,018	2,393	9,331	583	43,325
Total liabilities	31,018	2,393	9,331	583	43,325

FOCUS POINT HOLDINGS BERHAD (Company No. : 884238-U)

Notes to the Interim Financial Report for the first quarter ended 31 March 2014

Part A - Explanatory notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 : Interim Financial Reporting

A8. Segmental reporting (cont'd)

The segmental information for the financial period ended 31 March 2013 is as follows:-

	Optical and related products RM'000	Franchise management RM'000	Food and beverage RM'000	Others RM'000	Total RM'000
Revenue					
Total revenue	32,281	1,113	2,200	1,376	36,970
Inter-segment revenue	(75)	(19)	-	(1,000)	(1,094)
External revenue	32,206	1,094	2,200	376	35,876
Segment results					
Interest income	3,323	316	(1,064)	(91)	2,484
Interest expense	113	3	1	2	119
Share of profit of associates	(233)	-	(50)	(12)	(295)
Share of profit of associates	70	-	-	-	70
Profit / (loss) before tax	3,273	319	(1,113)	(101)	2,378
Assets					
Segment assets	79,865	1,369	11,083	2,861	95,178
Investments in associates	435	-	-	-	435
Total assets	80,300	1,369	11,083	2,861	95,613
Liabilities					
Segment liabilities	30,858	2,346	4,635	798	38,637
Total liabilities	30,858	2,346	4,635	798	38,637

Geographical information

The Group operates only in Malaysia.

A9. Valuation of property, plant and equipment

There was no valuation of property, plant and equipment in the current quarter as the Group has not adopted a revaluation policy on its property, plant and equipment.

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Notes to the Interim Financial Report for the first quarter ended 31 March 2014

Part A - Explanatory notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 : Interim Financial Reporting

A10. Commitment

(a) Operating lease commitment

The Group entered into non-cancellable lease agreements for business premises, hence resulting in future rental commitment. The Group has aggregate future minimum lease commitment as at the end of the current quarter as follows :-

	As at 31-03-14 RM'000	As at 31-12-13 RM'000
Branches		
Not later than one (1) year	19,531	19,741
Later than one (1) year and not later than five (5) years	15,504	17,570
Later than five (5) years	-	-
	35,035	37,311
Franchisees		
Not later than one (1) year	6,164	7,296
Later than one (1) year and not later than five (5) years	2,177	3,586
	8,341	10,882

The Group has back-to-back arrangements with its franchisees on the rented business premises whereby the Group enters into rental agreements with the respective landlords and thereafter sub-leases these business premises to its franchisees. The rental expense for these business premises are borne by its franchisees. Furthermore, it should be noted that in the event of any default in any rental payment by the Group's franchisees, the franchisees are bound and the Group's interests are protected by the terms and conditions stated in the respective franchise agreements.

(b) Capital commitment

	As at 31-03-14 RM'000	As at 31-12-13 RM'000
Capital expenditure in respect of purchase of property, plant and equipment		
- Contracted but not provided for	717	611
- Approved but not contracted for	307	482
	1,024	1,093

This represents capital commitment mainly in respect of outlets renovation and furniture and equipment.

A11. Subsequent event

There was no material event subsequent to the end of the current quarter up to the date of this report that has not been reflected in the interim financial report.

A12. Change in composition of the Group

There was no change in composition of the Group during the current quarter.

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Notes to the Interim Financial Report for the first quarter ended 31 March 2014

Part A - Explanatory notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 : Interim Financial Reporting

A13. Change in contingent liability

There was no material change in contingent liability during the current quarter.

A14. Related party transactions

The Group entered into the following transactions with related parties:-

	Individual quarter		Cumulative quarter	
	31-03-14 RM'000	31-03-13 RM'000	31-03-14 RM'000	31-03-13 RM'000
Sale of eyewear and eye care products	356	383	356	383
Licensing fee	36	35	36	35
Rental of premises	65	60	65	60
Purchase of beers	1	-	1	-

The Directors of the Group are of the opinion that, other than the transactions disclosed above which were established on a negotiated basis, all the transactions have been entered into in the normal course of business and have been established at arm's length under terms no more favourable than those transacted with third parties.

FOCUS POINT HOLDINGS BERHAD (Company No. : 884238-U)

Notes to the Interim Financial Report for the first quarter ended 31 March 2014

Part B - Explanatory notes pursuant to Paragraph 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad

B1. Review of performance

Group revenue for the current quarter was recorded at RM40.2 million, an increase of 12% compared with the corresponding quarter of RM35.9 million. Higher revenue was mainly attributed to the higher contribution from the food and beverage segment. However, profit before tax ("PBT") for the current quarter of RM1.9 million was 18% lower compared with RM2.4 million of the corresponding quarter. The decline in PBT was due mainly to higher operating loss incurred by the food and beverage segment. Consequently, profit after tax ("PAT") for the current quarter at RM1.1 million was 16% lower compared with corresponding quarter of RM1.3 million.

Optical and related products segment

The optical and related products segment continued to be the main contributor of the Group's revenue with contribution of 83% in the current quarter. Revenue for the current quarter was higher by 4% at RM33.5 million compared with RM32.2 million of the corresponding quarter. The increase in revenue was mainly attributed to higher sales attained by retail outlets. Profit before tax for the current quarter was in line with the corresponding quarter at RM3.3 million.

Franchise management segment

Revenue for the current quarter was in line with corresponding quarter at RM1.1 million. Profit before tax for the current quarter at RM0.2 million was 40% lower compared with RM0.3 million of the corresponding quarter due to higher management fee incurred.

Food and beverage segment

For the current quarter, the segment recorded revenue of RM5.2 million and operating loss of RM1.4 million compared with RM2.2 million and RM1.1 million respectively. As part of the expansion plan, more outlets were in operation compared with the corresponding quarter, hence higher operating expenses were incurred resulting in higher operating loss despite revenue increased.

B2. Comparison with immediate preceding quarter's results

	Current quarter RM'000	Immediate preceding quarter RM'000	Variance %
Revenue	40,227	40,034	0.5%
Profit before tax	1,947	3,178	-39%

Group revenue was fairly in line with immediate preceding quarter.

Group profit before tax decreased by RM1.2 million or 39% lower was due to lower profit before tax attained by the optical and related products segment.

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Notes to the Interim Financial Report for the first quarter ended 31 March 2014

Part B - Explanatory notes pursuant to Paragraph 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad

B3. Prospect

The Malaysian economy grew by 4.7% in 2013 and 6.2% in the first quarter of 2014. It is projected to grow at above 5.0% in 2014. The Group will continue to focus on organic growth to increase its market share and increase productivity. Despite facing stiff competition inherent in the retail as well as the food and beverage industries, the Group is cautiously optimistic to deliver satisfactory performance for the year ahead.

B4. Profit forecast or profit guarantee

This is not applicable to the Group.

B5. Profit before tax

Profit before tax for the current quarter is arrived at after charging/(crediting):-

	Individual quarter		Cumulative quarter	
	31-03-14 RM'000	31-03-13 RM'000	31-03-14 RM'000	31-03-13 RM'000
Depreciation	1,551	1,439	1,551	1,439
Bad debts written off	-	-	-	-
Provision for trade and other receivables	-	-	-	-
Inventories written off	100	107	100	107
Provision for inventories	160	-	160	-
Loss/(gain) on disposal of quoted or unquoted investments	-	-	-	-
(Gain)/loss on disposal of property, plant and equipment	(21)	-	(21)	-
Impairment loss on property, plant and equipment	-	-	-	-
Foreign exchange loss	67	36	67	36
Loss/(gain) on derivatives	-	-	-	-
Exceptional items	-	-	-	-

B6. Income tax expense

	Individual quarter		Cumulative quarter	
	31-03-14 RM'000	31-03-13 RM'000	31-03-14 RM'000	31-03-13 RM'000
Current tax:				
Current	873	1,105	873	1,105
Deferred tax:				
Current	(11)	(11)	(11)	(11)
Prior year	11	-	11	-
	-	(11)	-	(11)
Total	873	1,094	873	1,094

The current effective tax rates for 2014 and 2013 were higher than prima facie tax rate due mainly to no group relief was applied on certain losses of a subsidiary to set off the Group profit, certain capital expenditure not qualified for capital allowances and certain expenses non deductible for tax purpose.

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Notes to the Interim Financial Report for the first quarter ended 31 March 2014

Part B - Explanatory notes pursuant to Paragraph 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad

B7. Status of corporate proposals

There was no corporate proposal announced but not completed as at the date of this interim financial report.

B8. Borrowings

	As at 31-03-14 RM'000	As at 31-12-13 RM'000
Short term borrowings		
Secured:		
Banker acceptances	13,249	13,504
Bank overdraft	1,691	4,000
Term loans	1,353	1,536
Hire purchase liabilities	2,827	2,542
	19,120	21,582
Long term borrowings		
Secured:		
Term loans	1,110	1,053
Hire purchase liabilities	4,026	4,032
	5,136	5,085
Total borrowings	24,256	26,667

The above borrowings were denominated in Ringgit Malaysia.

B9. Material litigation

There was no material litigation (including any pending material litigation) as at the date of this report.

B10. Dividend

The Board of Directors declared and paid a second interim single-tier dividend of 1 sen (2012: nil) per share for the financial year ended 31 December 2013 on 25 February 2014 and 30 April 2014 respectively.

FOCUS POINT HOLDINGS BERHAD (Company No. : 884238-U)

Notes to the Interim Financial Report for the first quarter ended 31 March 2014

Part B - Explanatory notes pursuant to Paragraph 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad

B11. Earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to owners of the Parent by the weighted average number of ordinary shares in issue during the period.

	Individual quarter		Cumulative quarter	
	31-03-14	31-03-13	31-03-14	31-03-13
Profit attributable to owners of the Parent (RM'000)	1,037	1,287	1,037	1,287
Weighted average number of ordinary shares in issue ('000)	165,000	165,000	165,000	165,000
Basic earnings per share (sen)	0.63	0.78	0.63	0.78

B12. Disclosure of realised and unrealised profits

The breakdown of the retained profits of the Group as at 31 March 2014, into realised and unrealised profits/losses is as follows:-

	As at 31-03-14 RM'000	As at 31-12-13 RM'000
Total retained profits of the Group :		
- Realised	35,132	34,155
- Unrealised	(1,100)	(1,100)
	34,032	33,055
Total share of retained profits from associates :		
- Realised	76	222
- Unrealised	(5)	(5)
	71	217
Total	34,103	33,272
Less : Consolidation adjustments	(18,216)	(18,422)
Total retained profits of the Group	15,887	14,850

The determination of realised and unrealised profits or losses is compiled based on Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Main Market Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits/losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

B13. Authorisation for issue

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Board of Directors on 27 May 2014.