

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

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

|   | Individual quarter |                    | Cumulative quarter |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | 30-06-14<br>RM'000 | 30-06-13<br>RM'000 | 30-06-14<br>RM'000 | 30-06-13<br>RM'000 |
| Revenue   | 38,077             | 34,548             | 78,304             | 70,424             |
| Cost of sales   | (16,697)           | (14,942)           | (34,758)           | (31,490)           |
| Gross profit  | 21,380             | 19,606             | 43,546             | 38,934             |
| Other income  | 1,398              | 933                | 2,517              | 1,934              |
| Selling and distribution expenses                               | (7,883)            | (7,583)            | (16,160)           | (14,184)           |
| Administrative and general expenses                             | (14,178)           | (11,533)           | (27,077)           | (22,777)           |
| Interest expense  | (337)              | (297)              | (668)              | (592)              |
| Interest income   | 92                 | 114                | 190                | 233                |
| Share of profits in associates                                  | 95                 | 43                 | 166                | 113                |
| Profit before tax   | 567                | 1,283              | 2,514              | 3,661              |
| Tax expense   | (505)              | (893)              | (1,378)            | (1,987)            |
| Profit for the period   | 62                 | 390                | 1,136              | 1,674              |
| <b>Profit attributable to:</b>                                  |                    |                    |                    |                    |
| Owners of the Parent  | 82                 | 397                | 1,119              | 1,684              |
| Non-controlling interests                                       | (20)               | (7)                | 17                 | (10)               |
|   | 62                 | 390                | 1,136              | 1,674              |
| <b>Total comprehensive income attributable to:</b>              |                    |                    |                    |                    |
| Owners of the Parent  | 82                 | 397                | 1,119              | 1,684              |
| Non-controlling interests                                       | (20)               | (7)                | 17                 | (10)               |
|   | 62                 | 390                | 1,136              | 1,674              |
| <b>Earnings per share attributable to owners of the Parent:</b> |                    |                    |                    |                    |
| Basic (sen)   | 0.05               | 0.24               | 0.68               | 1.02               |
| 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<br>30-06-14<br>RM'000<br>(Unaudited) | As at<br>31-12-13<br>RM'000<br>(Audited) |
|--|--|--|
| <b><u>ASSETS</u></b>   |  |  |
| <b>Non-current assets</b>  |  |  |
| Property, plant and equipment  | 37,103                                     | 35,605                                   |
| Investments in associates  | 530  | 417                                      |
| Deferred tax assets  | 298  | 297                                      |
| Trade and other receivables  | 404  | 442                                      |
|  | 38,335                                     | 36,761                                   |
| <b>Current assets</b>  |  |  |
| Inventories  | 36,528                                     | 33,606                                   |
| Trade and other receivables  | 19,302                                     | 22,933                                   |
| Current tax assets   | 31   | 46                                       |
| Cash and cash equivalents  | 10,963                                     | 14,123                                   |
|  | 66,824                                     | 70,708                                   |
| <b>TOTAL ASSETS</b>  | 105,159                                    | 107,469                                  |
| <b><u>EQUITY AND LIABILITIES</u></b>                                   |  |  |
| <b>Equity attributable to owners of the Parent</b>                     |  |  |
| Share capital  | 33,000                                     | 33,000                                   |
| Reserves   | 21,415                                     | 21,946                                   |
|  | 54,415                                     | 54,946                                   |
| <b>Non-controlling interests</b>                                       | 51   | 34                                       |
| <b>TOTAL EQUITY</b>  | 54,466                                     | 54,980                                   |
| <b>Non-current liabilities</b>   |  |  |
| Borrowings   | 6,035                                      | 5,085                                    |
| Deferred income  | 890  | 854                                      |
| Deferred tax liabilities   | 1,397                                      | 1,397                                    |
|  | 8,322                                      | 7,336                                    |
| <b>Current liabilities</b>   |  |  |
| Borrowings   | 18,744                                     | 21,582                                   |
| Trade and other payables   | 22,045                                     | 22,062                                   |
| Deferred income  | 445  | 450                                      |
| Current tax liabilities  | 1,137                                      | 1,059                                    |
|  | 42,371                                     | 45,153                                   |
| <b>TOTAL LIABILITIES</b>   | 50,693                                     | 52,489                                   |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                    | 105,159                                    | 107,469                                  |
| <br>   |  |  |
| <b>Net assets per share attributable to owners of the Parent (sen)</b> | 32.98                                      | 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 → |                            |                                |                 |  |                           |
|---------------------------------|--|----------------------------|--------------------------------|-----------------|--|---------------------------|
|                                 | ← Non-distributable →                    |                            | Distributable                  |                 |  |                           |
|                                 | Share<br>capital<br>RM'000               | Share<br>premium<br>RM'000 | Retained<br>earnings<br>RM'000 | Total<br>RM'000 | Non-<br>controlling<br>interests<br>RM'000 | Total<br>equity<br>RM'000 |
| <b>At 1 January 2014</b>        | 33,000                                   | 7,096                      | 14,850                         | 54,946          | 34   | 54,980                    |
| Profit for the period           | -  | -                          | 1,119                          | 1,119           | 17   | 1,136                     |
| Other comprehensive income      | -  | -                          | -                              | -               | -  | -                         |
| Total comprehensive income      | -  | -                          | 1,119                          | 1,119           | 17   | 1,136                     |
| <b>Transactions with owners</b> |  |                            |                                |                 |  |                           |
| Dividend paid                   | -  | -                          | (1,650)                        | (1,650)         | -  | (1,650)                   |
| Total transaction with owners   | -  | -                          | (1,650)                        | (1,650)         | -  | (1,650)                   |
| <b>At 30 June 2014</b>          | 33,000                                   | 7,096                      | 14,319                         | 54,415          | 51   | 54,466                    |

|                                 | ← Attributable to owners of the Parent → |                            |                                |                 |  |                           |
|---------------------------------|--|----------------------------|--------------------------------|-----------------|--|---------------------------|
|                                 | ← Non-distributable →                    |                            | Distributable                  |                 |  |                           |
|                                 | Share<br>capital<br>RM'000               | Share<br>premium<br>RM'000 | Retained<br>earnings<br>RM'000 | Total<br>RM'000 | Non-<br>controlling<br>interests<br>RM'000 | Total<br>equity<br>RM'000 |
| <b>At 1 January 2013</b>        | 33,000                                   | 7,096                      | 13,379                         | 53,475          | 55   | 53,530                    |
| Profit for the period           | -  | -                          | 1,684                          | 1,684           | (10)                                       | 1,674                     |
| Other comprehensive income      | -  | -                          | -                              | -               | -  | -                         |
| Total comprehensive income      | -  | -                          | 1,684                          | 1,684           | (10)                                       | 1,674                     |
| <b>Transactions with owners</b> |  |                            |                                |                 |  |                           |
| Dividend paid                   | -  | -                          | (1,650)                        | (1,650)         | -  | (1,650)                   |
| Total transaction with owners   | -  | -                          | (1,650)                        | (1,650)         | -  | (1,650)                   |
| <b>At 30 June 2013</b>          | 33,000                                   | 7,096                      | 13,413                         | 53,509          | 45   | 53,554                    |

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<br>6 months ended<br>30 June 2014<br>RM'000 | For the<br>6 months ended<br>30 June 2013<br>RM'000 |
|--|---|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                    |   |   |
| Profit before tax  | 2,514   | 3,661   |
| Adjustments for :  |   |   |
| Depreciation   | 3,178   | 2,609   |
| Other non-cash items   | 1,313   | 811   |
| Operating profit before working capital changes                | 7,005   | 7,081   |
| Changes in inventories   | (3,327)   | 72  |
| Changes in trade and other receivables                         | 3,669   | 1,633   |
| Changes in trade and other payables                            | (23)  | (1,134)   |
| Cash generated from operations                                 | 7,324   | 7,652   |
| Tax refunded   | 23  | 36  |
| Income taxes paid  | (1,309)   | (1,254)   |
| <b>Net cash generated from operating activities</b>            | <b>6,038</b>  | <b>6,434</b>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                    |   |   |
| Purchase of property, plant and equipment                      | (2,709)   | (5,022)   |
| Proceeds from disposal of property, plant and equipment        | 343   | 223   |
| Interest received  | 90  | 148   |
| Dividend received from an associate                            | 53  | 140   |
| <b>Net cash used in investing activities</b>                   | <b>(2,223)</b>                                      | <b>(4,511)</b>                                      |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                    |   |   |
| Interest paid  | (668)   | (593)   |
| Uplift/(Placement) of fixed deposits pledged to licensed banks | 1,724   | (450)   |
| Net repayment of bankers' acceptances                          | (3,182)   | (1,103)   |
| Net repayment of hire purchase liabilities                     | (1,550)   | (1,037)   |
| Net repayment of term loans                                    | (370)   | (129)   |
| Dividend paid  | (1,650)   | (1,650)   |
| <b>Net cash used in financing activities</b>                   | <b>(5,696)</b>                                      | <b>(4,962)</b>                                      |
| <b>Net decrease in cash and cash equivalents</b>               | <b>(1,881)</b>                                      | <b>(3,039)</b>                                      |
| <b>Cash and cash equivalents at beginning of year</b>          | <b>1,750</b>  | <b>4,299</b>  |
| <b>Cash and cash equivalents at end of period</b>              | <b>(131)</b>  | <b>1,260</b>  |

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

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

|   | <b>For the<br/>6 months ended<br/>30 June 2014<br/>RM'000</b> | <b>For the<br/>6 months ended<br/>30 June 2013<br/>RM'000</b> |
|---|---|---|
| <i>Cash and cash equivalents comprise :</i>     |   |   |
| Cash and bank balances                          | 4,165   | 4,007   |
| Fixed deposits with licensed banks              | 6,798   | 10,096  |
|   | 10,963  | 14,103  |
| Less : Bank overdraft included in borrowings    | (4,446)   | (4,177)   |
|   | 6,517   | 9,926   |
| Less : Fixed deposits pledged to licensed banks | (6,648)   | (8,666)   |
|   | (131)   | 1,260   |

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 second quarter ended 30 June 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

A second interim single-tier tax exempt dividend of 1 sen (2012 : nil) per share in respect of the financial year ended 31 December 2013 was declared on 25 February 2014 and paid on 30 April 2014.

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

### Notes to the Interim Financial Report for the second quarter ended 30 June 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 30 June 2014 is as follows:-

|                                   | <b>Optical and<br/>related<br/>products<br/>RM'000</b> | <b>Franchise<br/>management<br/>RM'000</b> | <b>Food and<br/>beverage<br/>RM'000</b> | <b>Others<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|-----------------------------------|--|--|---|--------------------------|-------------------------|
| <b>Revenue</b>                    |  |  |   |                          |                         |
| Total revenue                     | 64,709   | 2,105                                      | 10,890                                  | 4,439                    | 82,143                  |
| Inter-segment revenue             | (189)  | (40)                                       | (10)                                    | (3,600)                  | (3,839)                 |
| External revenue                  | <u>64,520</u>  | <u>2,065</u>                               | <u>10,880</u>                           | <u>839</u>               | <u>78,304</u>           |
| <b>Segment results</b>            |  |  |   |                          |                         |
|                                   | 5,128  | 286  | (2,472)                                 | (116)                    | 2,826                   |
| Interest income                   | 180  | 4  | 3                                       | 3                        | 190                     |
| Interest expense                  | (420)  | -  | (232)                                   | (16)                     | (668)                   |
| Share of profit of associates     | 166  | -  | -                                       | -                        | 166                     |
| <b>Profit / (loss) before tax</b> | <u>5,054</u>   | <u>290</u>                                 | <u>(2,701)</u>                          | <u>(129)</u>             | <u>2,514</u>            |
| <b>Assets</b>                     |  |  |   |                          |                         |
| Segment assets                    | 80,795   | 1,281                                      | 20,151                                  | 2,073                    | 104,300                 |
| Investments in associates         | 530  | -  | -                                       | -                        | 530                     |
| <b>Total assets</b>               | <u>81,325</u>  | <u>1,281</u>                               | <u>20,151</u>                           | <u>2,073</u>             | <u>104,830</u>          |
| <b>Liabilities</b>                |  |  |   |                          |                         |
| Segment liabilities               | 35,493   | 2,402                                      | 9,715                                   | 549                      | 48,159                  |
| <b>Total liabilities</b>          | <u>35,493</u>  | <u>2,402</u>                               | <u>9,715</u>                            | <u>549</u>               | <u>48,159</u>           |

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

### Notes to the Interim Financial Report for the second quarter ended 30 June 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 30 June 2013 is as follows:-

|                                   | Optical and<br>related<br>products<br>RM'000 | Franchise<br>management<br>RM'000 | Food and<br>beverage<br>RM'000 | Others<br>RM'000 | Total<br>RM'000 |
|-----------------------------------|--|-----------------------------------|--------------------------------|------------------|-----------------|
| <b>Revenue</b>                    |  |                                   |                                |                  |                 |
| Total revenue                     | 62,277                                       | 2,214                             | 5,266                          | 1,834            | 71,591          |
| Inter-segment revenue             | (127)  | (40)                              | -                              | (1,000)          | (1,167)         |
| <b>External revenue</b>           | <b>62,150</b>                                | <b>2,174</b>                      | <b>5,266</b>                   | <b>834</b>       | <b>70,424</b>   |
| <b>Segment results</b>            | <b>5,701</b>                                 | <b>560</b>                        | <b>(2,163)</b>                 | <b>(191)</b>     | <b>3,907</b>    |
| Interest income                   | 220  | 6                                 | 3                              | 4                | 233             |
| Interest expense                  | (472)  | -                                 | (98)                           | (22)             | (592)           |
| Share of profit of associates     | 113  | -                                 | -                              | -                | 113             |
| <b>Profit / (loss) before tax</b> | <b>5,562</b>                                 | <b>566</b>                        | <b>(2,258)</b>                 | <b>(209)</b>     | <b>3,661</b>    |
| <b>Assets</b>                     |  |                                   |                                |                  |                 |
| Segment assets                    | 78,001                                       | 2,395                             | 15,255                         | 1,499            | 97,150          |
| Investments in associates         | 408  | -                                 | -                              | -                | 408             |
| <b>Total assets</b>               | <b>78,409</b>                                | <b>2,395</b>                      | <b>15,255</b>                  | <b>1,499</b>     | <b>97,558</b>   |
| <b>Liabilities</b>                |  |                                   |                                |                  |                 |
| Segment liabilities               | 32,853                                       | 2,340                             | 5,584                          | 752              | 41,529          |
| <b>Total liabilities</b>          | <b>32,853</b>                                | <b>2,340</b>                      | <b>5,584</b>                   | <b>752</b>       | <b>41,529</b>   |

##### 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.



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

### Notes to the Interim Financial Report for the second quarter ended 30 June 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<br>30-06-14<br>RM'000 | As at<br>31-12-13<br>RM'000 |
|---|-----------------------------|-----------------------------|
| <b>Branches</b>   |                             |                             |
| Not later than one (1) year                               | 20,309                      | 19,741                      |
| Later than one (1) year and not later than five (5) years | 15,961                      | 17,570                      |
| Later than five (5) years                                 | -                           | -                           |
|   | 36,270                      | 37,311                      |
| <b>Franchisees</b>  |                             |                             |
| Not later than one (1) year                               | 5,952                       | 7,296                       |
| Later than one (1) year and not later than five (5) years | 2,233                       | 3,586                       |
|   | 8,185                       | 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<br>30-06-14<br>RM'000 | As at<br>31-12-13<br>RM'000 |
|---|-----------------------------|-----------------------------|
| Capital expenditure in respect of purchase of property, plant and equipment |                             |                             |
| - Contracted but not provided for   | 146                         | 611                         |
| - Approved but not contracted for   | -                           | 482                         |
|   | 146                         | 1,093                       |

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

##### 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.

Subsequent to this period and on 1 July 2014, a wholly-owned subsidiary of the Company, Focus Point Vision Care Group Sdn Bhd ("FPVCGSB"), entered into a Share Sale Agreement with a minority shareholder, Lee Kim Huang of Care Point Optical Sdn Bhd ("CPOSB") to acquire the remaining 10% equity interest in CPOSB, a

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

### Notes to the Interim Financial Report for the second quarter ended 30 June 2014

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

##### A12. Change in composition of the Group (continued)

90%-owned subsidiary of FPVCGSB. Following to this, CPOSB became a wholly-owned subsidiary of FPVCGSB.

On 18 July 2014, a new wholly-owned subsidiary of the Company namely Excellent Reward Japanese Restaurants Sdn Bhd was incorporated with an authorised share capital of RM400,000 and issued and paid up capital of RM2 to carry on the business of providing Japanese food and beverage services.

##### 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 |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | 30-06-14<br>RM'000 | 30-06-13<br>RM'000 | 30-06-14<br>RM'000 | 30-06-13<br>RM'000 |
| Sale of eyewear and eye care products  | 524                | 356                | 1,236              | 739                |
| Licensing fee                          | 36                 | 32                 | 107                | 67                 |
| Rental of premises                     | 96                 | 60                 | 161                | 120                |
| Purchase of beers and alcoholic drinks | 2                  | -                  | 3                  | -                  |
| Purchase of transportation service     | 9                  | -                  | 9                  | -                  |

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 second quarter ended 30 June 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

##### Period ended 30 June 2014

Group revenue for the current period was recorded at RM78.3 million, an increase of 11% compared with the corresponding period of RM70.4 million. Higher revenue was mainly attributed to higher contribution from the food and beverage segment as well as optical and related products segment. However, profit before tax ("PBT") for the current period of RM2.5 million was 31% lower compared with RM3.7 million of the corresponding period. The decline in PBT was attributed mainly to lower operating profit attained by the optical and related products segment and higher operating loss incurred by the food and beverage segment. Consequently, profit after tax for the current period at RM1.1 million was 32% lower compared with the corresponding period of RM1.7 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 82% in the current period. Revenue for the current period was higher by 4% at RM64.5 million compared with RM62.2 million of the corresponding period. The increase in revenue was mainly attributed to higher sales attained by retail outlets. However, profit before tax for the current period at RM5.1 million, 9% lower than RM5.6 million of the corresponding period due to higher operating expenses incurred.

##### **Franchise management segment**

Revenue for the current period at RM2.1 million was lower by 5% compared with the corresponding period at RM2.2 million. The decrease was mainly attributed to reduction of royalty fee income as a result of lower retail sales attained by franchise outlets. Profit before tax for the current period at RM0.29 million was 49% lower compared with RM0.57 million of the corresponding period due to lower revenue and higher management fee incurred.

##### **Food and beverage segment**

For the current period, the segment recorded revenue of RM10.9 million and operating loss of RM2.7 million compared with RM5.3 million and RM2.3 million respectively of the corresponding period. As part of the expansion plan, more outlets were in operation compared with the corresponding period, hence higher operating expenses were incurred resulting in higher operating loss despite revenue increased.

##### Quarter ended 30 June 2014

Group revenue was higher by 10% compared with the corresponding quarter due mainly to higher contribution from the food and beverage segment. However, Group profit before tax ("PBT") was 56% lower compared with the corresponding quarter due to lower PBT attained by the 3 business segments.

#### B2. Comparison with immediate preceding quarter's results

|                   | <b>Current<br/>quarter<br/>RM'000</b> | <b>Immediate<br/>preceding<br/>quarter<br/>RM'000</b> | <b>Variance<br/>%</b> |
|-------------------|---------------------------------------|---|-----------------------|
| Revenue           | 38,077                                | 40,227  | -5.3%                 |
| Profit before tax | 567                                   | 1,947   | -70.9%                |

Group revenue and Group profit before tax were 5% and 71% lower compared with the immediate preceding quarter due mainly to lower contribution from the optical and related products segment.

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

### Notes to the Interim Financial Report for the second quarter ended 30 June 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 6.4% in the second quarter of 2014, marginally higher than 6.2% in the first quarter of 2014. In the first half of 2014, GDP strengthened 6.3% year on year. The Group will continue to focus on organic growth to increase its market share and at the same time increase productivity. As to the optical and related products business, the Group is cautiously optimistic to deliver satisfactory performance for the year ahead. For the food and beverage business, much effort will be placed to strengthen its operation and efficiency in order to improve the 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 |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | 30-06-14<br>RM'000 | 30-06-13<br>RM'000 | 30-06-14<br>RM'000 | 30-06-13<br>RM'000 |
| Depreciation  | 1,627              | 1,170              | 3,178              | 2,609              |
| Bad debts written off                                     | -                  | -                  | -                  | -                  |
| Provision for trade and other receivables                 | -                  | -                  | -                  | -                  |
| Inventories written off                                   | 105                | 90                 | 205                | 197                |
| Provision for inventories                                 | 40                 | -                  | 200                | -                  |
| (Gain)/loss on disposal of quoted or unquoted investments | -                  | -                  | -                  | -                  |
| (Gain)/loss on disposal of property, plant and equipment  | (198)              | 67                 | (219)              | 67                 |
| Impairment loss on property, plant and equipment          | -                  | -                  | -                  | -                  |
| Foreign exchange (gain)/loss                              | (29)               | (26)               | 38                 | 10                 |
| (Gain)/loss on derivatives                                | -                  | -                  | -                  | -                  |
| Exceptional items   | -                  | -                  | -                  | -                  |

##### B6. Income tax expense

|                      | Individual quarter |                    | Cumulative quarter |                    |
|----------------------|--------------------|--------------------|--------------------|--------------------|
|                      | 30-06-14<br>RM'000 | 30-06-13<br>RM'000 | 30-06-14<br>RM'000 | 30-06-13<br>RM'000 |
| <b>Current tax:</b>  |                    |                    |                    |                    |
| Current              | 512                | 849                | 1,385              | 1,954              |
| Prior year           | (6)                | 43                 | (6)                | 43                 |
|                      | 506                | 892                | 1,379              | 1,997              |
| <b>Deferred tax:</b> |                    |                    |                    |                    |
| Current              | (1)                | 1                  | (12)               | (10)               |
| Prior year           | -                  | -                  | 11                 | -                  |
|                      | (1)                | 1                  | (1)                | (10)               |
| <b>Total</b>         | <b>505</b>         | <b>893</b>         | <b>1,378</b>       | <b>1,987</b>       |

The Group current effective tax rates for 2014 and 2013 were higher than prima facie tax rate due principally to losses incurred by certain subsidiaries within the Group.

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

### Notes to the Interim Financial Report for the second quarter ended 30 June 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<br>30-06-14<br>RM'000 | As at<br>31-12-13<br>RM'000 |
|------------------------------|-----------------------------|-----------------------------|
| <b>Short term borrowings</b> |                             |                             |
| Secured:                     |                             |                             |
| Banker acceptances           | 10,322                      | 13,504                      |
| Bank overdraft               | 4,446                       | 4,000                       |
| Term loans                   | 888                         | 1,536                       |
| Hire purchase liabilities    | 3,088                       | 2,542                       |
|                              | 18,744                      | 21,582                      |
| <b>Long term borrowings</b>  |                             |                             |
| Secured:                     |                             |                             |
| Term loans                   | 2,115                       | 1,053                       |
| Hire purchase liabilities    | 3,920                       | 4,032                       |
|                              | 6,035                       | 5,085                       |
| <b>Total borrowings</b>      | 24,779                      | 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 interim financial report.

##### B10. Dividend

The Board of Directors are pleased to declare an interim single-tier tax exempt dividend of 1 sen (2013 : 1 sen ) per share in respect of the financial year ending 31 December 2014. The entitlement date and payment date for the interim dividend shall be 31 October 2014 and 21 November 2014 respectively.

##### 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 |          |
|--|--------------------|----------|--------------------|----------|
|  | 30-06-14           | 30-06-13 | 30-06-14           | 30-06-13 |
| Profit attributable to owners of the Parent (RM'000)       | 82                 | 397      | 1,119              | 1,684    |
| Weighted average number of ordinary shares in issue ('000) | 165,000            | 165,000  | 165,000            | 165,000  |
| Basic earnings per share (sen)                             | 0.05               | 0.24     | 0.68               | 1.02     |

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

### Notes to the Interim Financial Report for the second quarter ended 30 June 2014

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

##### B12. Disclosure of realised and unrealised profits

The breakdown of the retained profits of the Group as at 30 June 2014, into realised and unrealised profits/losses is as follows:-

|   | As at<br>30-06-14<br>RM'000 | As at<br>31-12-13<br>RM'000 |
|---|-----------------------------|-----------------------------|
| Total retained profits of the Group :             |                             |                             |
| - Realised  | 33,167                      | 34,155                      |
| - Unrealised                                      | (1,099)                     | (1,100)                     |
|   | 32,068                      | 33,055                      |
| Total share of retained profits from associates : |                             |                             |
| - Realised  | 171                         | 222                         |
| - Unrealised                                      | (5)                         | (5)                         |
|   | 166                         | 217                         |
| Total   | 32,234                      | 33,272                      |
| Less : Consolidation adjustments                  | (17,915)                    | (18,422)                    |
| Total retained profits of the Group               | 14,319                      | 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 Malaysia Securities Berhad 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 28 August 2014.