FOCUS POINT®

Focus Point Holdings Berhad (884238-U)
Unit 1,3 & 5, Jalan PJU 1/37, Dataran Prima
47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Tel: 03-7880 5520 Fax: 03-7880 5530

FOCUS POINT HOLDINGS BERHAD (884238-U)

ANNUAL REPORT 2011

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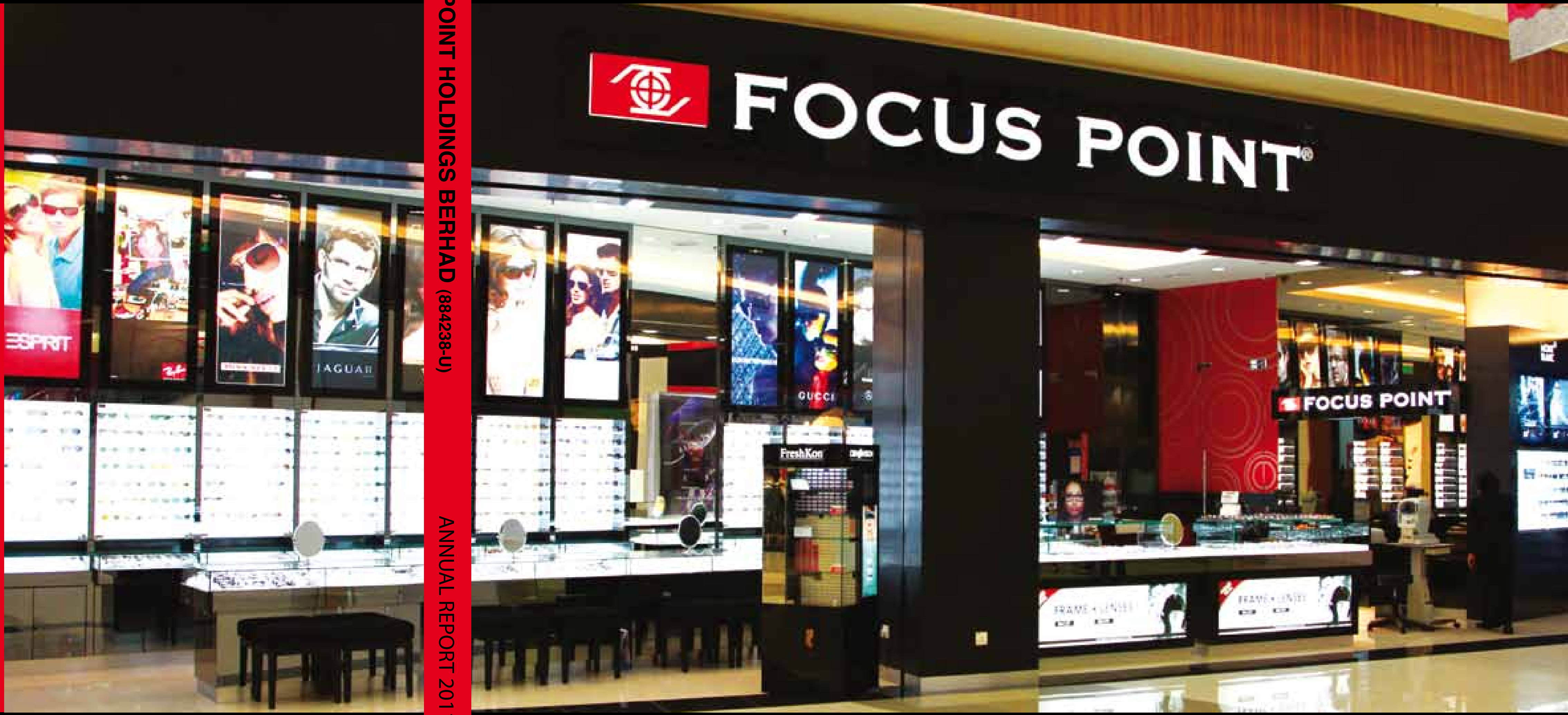
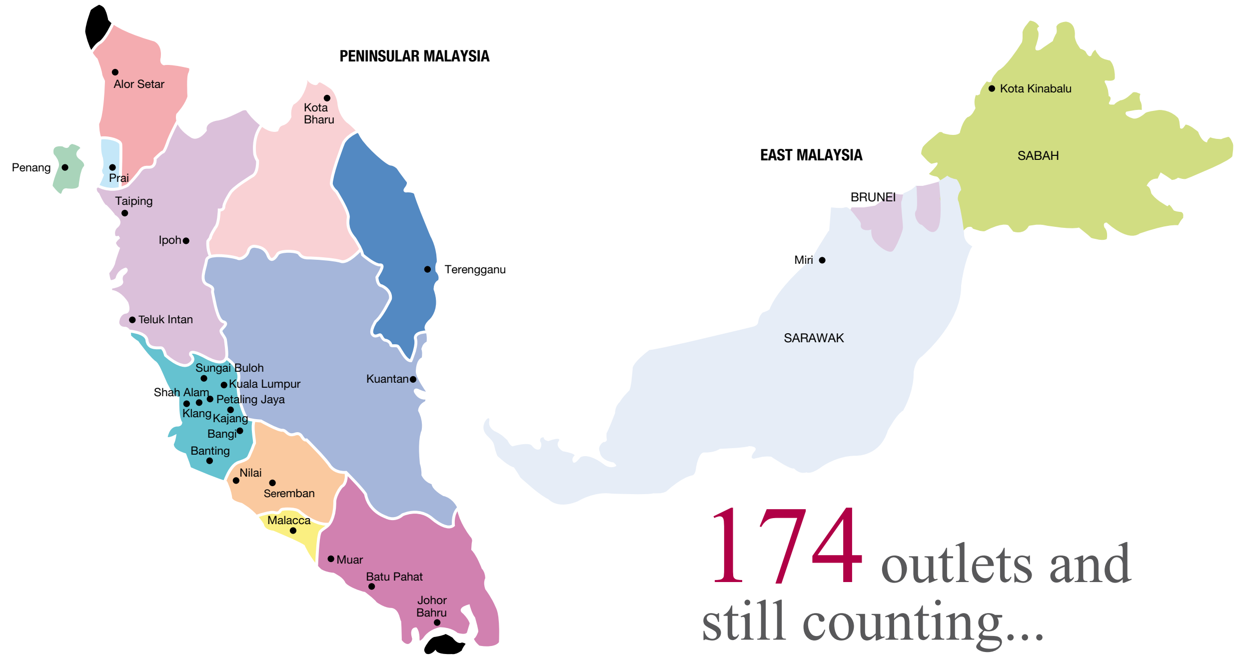


www.focus-point.com



174 outlets and still counting...

FOCUS POINT®

HEAD OFFICE
Unit 1, 3 & 5 Jln PJU 1/37, Dataran Prima,
47301 Petaling Jaya, Selangor, Malaysia.
Tel: 03-7880 5520 Fax: 03-7880 5530

WILAYAH PERSEKUTUAN

KL Metro	
• Parkson Grand The Mall	03-4044 6396
• Suria KLCC	03-2166 8318
• Fahrenheit 88	03-2141 0527
• Pavilion KL	03-2141 4866
• Maju Junction Mall	03-2691 0730
• Berjaya Times Square	03-2141 5398
• Kenanga City	03-9221 0868
• Mid Valley Megamall, Carrefour	03-2287 3790
• Mont Kiara	03-6411 0166
Ampang	
• Carrefour Ampang	03-4297 7721
• Tesco Ampang	03-9285 7767
• Ampang Point Shopping Centre	03-4252 0758
• Pandan Kapital, Pandan Indah	03-4296 0053
• Taman Putra	03-4295 2310
• Axis Atrium	03-9281 2449
Cheras	
• Tesco Extra Cheras	03-9133 5130
• Plaza 393 Carrefour	03-9285 6568
• AEON Cheras Selatan	03-9075 3975
• Giant Batu 9, Cheras	03-9076 0125
Gombak	
• 26, Jln 2/21D, Medan Idaman	03-4021 1341
• Sri Gombak Lot G-38, Jalan Prima SG2	03-6186 7721
Kepong	
• Carrefour Kepong	03-6259 3403
• Tesco Kepong	03-6273 4010
Setapak	
• KL Festival City Mall	03-4131 8977
Sri Hartamas	
• Hartamas Shopping Centre	03-6201 6686
Sri Petaling	
• Endah Parade Shopping Centre	03-9543 3200
Wangsa Maju	
• Carrefour Wangsa Maju	03-4149 6437
• Wangsa Walk Mall	03-4142 7063
• Wangsa Maju Seskyen 1	03-4143 0162
Putrajaya, Federal Territory	
• Alamanda	03-8889 3093

SELANGOR

Bandar Sunway	
• Sunway Pyramid	03-7494 0480
Bangi	
• Bandar Baru Bangi	03-8927 5561
Batu Caves	
• Giant Batu Caves	03-6188 4799
• Selayang Mall	03-6136 9566
Damansara	
• 1 Utama (New Wing)	03-7722 1266
• The Curve	03-7727 9852
• Sunway Giza	03-6148 1808
• Carrefour Kota Damansara	03-6142 3988
• Tesco Mutiara Damansara	03-7725 4071
Petaling Jaya	
• Kelana Jaya	03-7804 3013
• Tropicana City Mall	03-7710 6630
• SS2 PJ	03-7873 6220
• Section 14 PJ	03-7960 2726
• PJ Old Town	03-7781 5341
• Uptown Damansara	03-7729 6268
Kajang	
• 59, Jalan Tun Abdul Aziz	03-8736 0220
• Giant Superstore Kajang	03-8733 3714
• Metro Point Kajang	03-8737 0970
• Tesco Kajang	03-8733 4175
Klang	
• Shaw Centrepoint	03-3341 2575
• Jusco Bukit Raja	03-3344 5155
• Giant Hypermarket Klang	03-3323 5195
• Klang Parade	03-3343 5850
Kuala Selangor	
• Tesco Kuala Selangor	03-3289 6418
Puchong	
• IOI Mall	03-5882 1652
Rawang	
• Tesco Rawang	03-6091 4809
• 9, Jalan Bandar Rawang 2	03-6092 2599
• AEON Rawang	03-6092 0843
Shah Alam	
• Plaza Shah Alam	03-5891 0535
• Tesco Shah Alam	03-5512 1686
• Shah Alam City Centre	03-5510 9593
• Tesco Setia Alam	03-3341 0482
• Section 7 Shah Alam	03-5510 2292
• Carrefour Bukit Rimau	03-5121 7415
Sri Kembangan	
• The Mines Shopping Fair	03-8941 6158
• Giant Seri Kembangan	03-8938 2784
Subang Jaya	
• USJ Taipan II (No. 20-G)	03-5631 0801
• USJ Taipan I (No. 10-G)	03-5637 1536
• Giant Putra Heights	03-5191 5197
• Carrefour Subang Jaya	03-5637 4318
• Empire Shopping Gallery	03-5632 4171
• Summit City Subang USJ	03-8024 9605
Sungai Buloh	
• Sungai Buloh Complex	03-6148 8360

MALACCA

Bandaraya Malacca	
• Tesco Malacca	06-292 1939
Ayer Keroh	
• AEON Malacca	06-232 8634

NEGERI SEMBILAN

Seremban

The Store	06-761 8979
Seremban Parade	06-767 8360
Terminal One	06-763 9193
Carrefour Seremban	06-762 8988

Senawang

Giant Hypermarket Senawang	06-679 7696
Tesco Senawang	06-678 0160

Nilai

Giant Nilai	06-794 0180
Tesco Putra Nilai	06-799 8081

JOHOR

Kulai

Tesco Kulai	07-663 8679

Johor Bahru

Carrefour Johor Bahru	07-352 4078
Johor Bahru City Square	07-226 6133
Holiday Plaza (LG 25)	07-333 2018
Holiday Plaza (LG 83)	07-333 0257
Giant Plentong	07-358 3318
AEON Taman University	07-520 8323
Kompleks Lien Hoe	07-331 5262
Skudai Parade	07-554 9784
Tesco Extra Plentong	07-352 2827
Giant Tampoi	07-238 8589
Tesco Desa Tebrau	07-353 9780
AEON Permas Jaya	07-386 1790

Batu Pahat

Carrefour Batu Pahat	07-438 5520
The Summit Batu Pahat	07-434 6842
21, Jalan Soga	07-432 8964
Batu Pahat Mall	07-435 2306

Kluang

8, GF, Jalan Syed Abdul Hamid Sagaff	07-776 0303

Kota Tinggi

Plaza Kota Tinggi	07-883 9689
No.26, Jalan Niaga 1	07-882 4967

Masai

Tesco Sri Alam	07-388 6231
1A, Jalan Bayan, Taman Bunga Raya	07-251 8778

Muar

Astaka Shopping Centre	06-952 3012
Giant Hypermarket Muar	06-952 9619

Segamat

Upwell Shopping Centre Optical Dept	07-932 4681

Ulu Tiram

97, Jalan Durian, Taman Tiram Baru	07-861 8363

Yong Peng

184, Jalan Besar, Taman Sembrong Baru	07-467 5278

PERAK

Ipoh

Tesco Extra Ipoh	05-546 1490
Giant Superstore Sunway City	05-547 4384
Tesco Ipoh	05-548 4906
Tesco Station 18, Lot G-09	05-322 3509
Tesco Station 18 – Zania, Lot G-07	05-322 3609
Rapid Mall, Teluk Intan	05-625 4229
AEON Ipoh Station 18	05-321 7225

Taiping

Tesco Taiping	05-808 1225

Kampar

Tesco Kampar	05-466 6850

Sitiawan

Tesco Seri Manjung	05-692 9887

PENANG

Butterworth

Carrefour Seberang Jaya	04-370 5155
Megamall Penang	04-390 4227
Sunway Carnival Mall LG-K3	04-390 5520
Tesco Extra Seberang Jaya	04-399 6972
Tesco Bukit Mertajam	04-530 4440
Carrefour Bukit Minyak	04-507 6077

Penang Island

Tesco Extra Sg Dua	04-655 3193
Bukit Jambul Complex	04-642 5155
Tesco Penang	04-659 5070
Queensbay Mall 1F-52 & 53	04-641 1975
Pulau Tikus	04-226 0672
Gurney Plaza 170-01-43A	04-228 0816

PAHANG

Kuantan

Giant Kuantan	09-515 8279
East Coast Mall	09-560 9231

TERENGGANU

Kemaman

Mesra Mall	09-864 9469
Giant Hypermarket	09-622 6967

KELANTAN

Kota Bharu

Kota Bharu Trade Center	09-746 2112
Tesco Kota Bharu	09-741 6520
KB Mall (G16)	09-747 7993
KB Mall (G36)	09-743 2636

KEDAH

Alor Setar

Tesco Mergong	04-733 5894
Alor Setar Mall	04-771 2150

Sungai Petani

Tesco Sg Petani Selatan	04-425 9858
Tesco Sungai Petani	04-425 8858
Tesco Kulim	04-490 1752

SABAH

Kota Kinabalu

1 Borneo, Concourse, Lot C-219	088-447 581
1 Borneo, Lot C-201C	088-488 292
Suria Sabah	088-487 787
Karamunsing Mall	088-233 289

SARAWAK

Miri

Bintang Mall	085-428 262
The Imperial Mall & Court	085-418 262

BRUNEI

Hua Ho Department Store	+673 223 4037
Times Square	+673 234 2903

Subsidiary brands of FOCUS POINT® :

Optical City®

Ikano Power Centre	03-7725 8766
Ipoh Parade	05-2435 717

Opulence®
eyewear boutique

1-Utama (Old Wing)	03-7724 1395
IOI Mall (New Wing)	03-8075 7556
Sunway Pyramid	03-5638 8913
Subang Parade	03-5622 1458
AEON Seremban 2	06-6015 018
Holiday Plaza, LG 28	07-3354 121
Sunway Carnival Mall	04-3978 997
Gurney Plaza, Phase II	04-2296 482
Queensbay Mall	04-6425 381

eyefont™

Intermark Mall	03-2161 3708
Bangsar Baru	03-2282 2717

EXCELVIEW™

AEON Bandaraya Melaka	06-2921 107
Kepong AEON Metro Prima	03-6259 0235
Mid Valley	03-2282 0007

Solariz™

Pavilion KL	03-2141 8586
Alamanda	03-8888 0053
Mid Valley Megamall	03-2282 1099
1Borneo Hypermall	088-488 282

WAZZUP

Sunway Pyramid Asian Avenue	03-5622 1041

Focus Point

A professional eye care centre that caters to consumers of all age groups.

Opulence

An exclusive optical centre for luxurious eyewear brands.

Wazzup

A concept store targeted at young adults and the fashion-conscious.

eyefont

The first ever professional eyecare in Malaysia with the ZEISS Retail Experience Concept. A collaborative effort with German lens expert Carl Zeiss in Asia.

Outlet Concept

Our range of stores provides customers with a unique experience that is tailored to their needs. Just another way for us to ensure there is something for everyone.

Focus Point prides on being your all-in-one solution when it comes to eye care, eyewear and accessories, and we truly believe that we have something for everyone. In addition to our Focus Point stores, we have also launched a variety of different brands and concepts in order to better serve consumer's needs.

Optical City

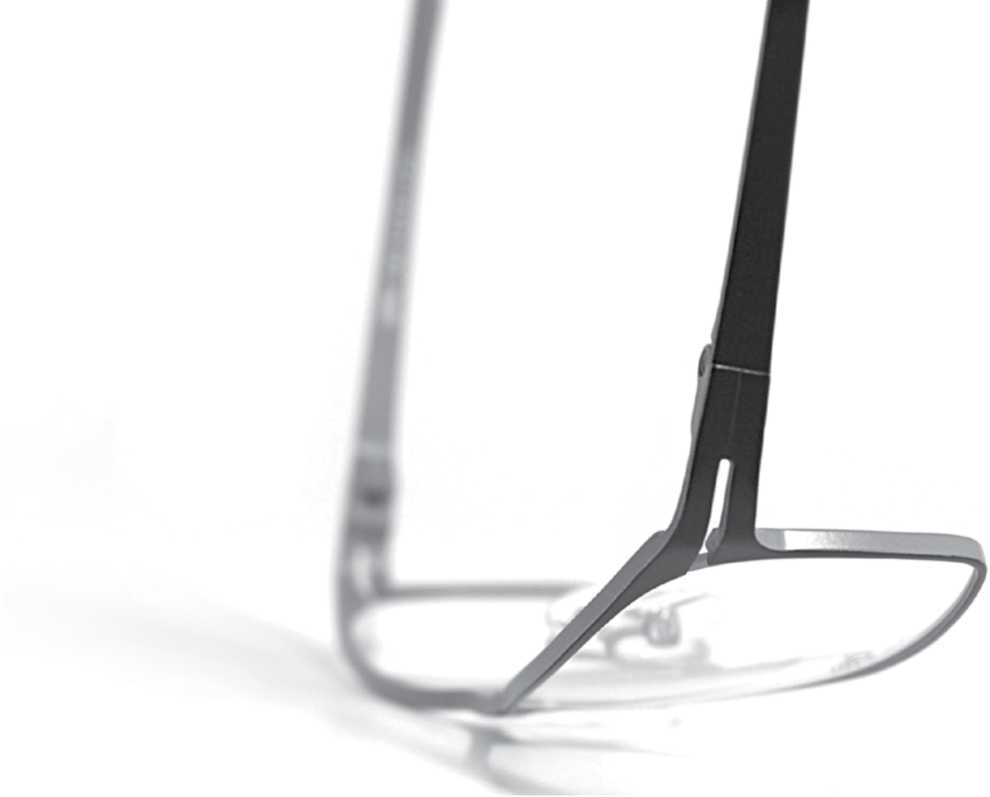
A one-stop solution centre for eye care and eyewear products incorporated under one roof.

ExcelView

More than just an optical store, specialising in professional eye care.

Solariz

A dedicated sunglasses specialist centre carrying one of the largest range of sunglasses.



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Corporate Information

BOARD OF DIRECTORS

Dato' Hamzah bin Mohd Salleh
(Independent Non-Executive Chairman)

Dato' Liaw Choon Liang
(President/Chief Executive Officer)

Leow Ming Fong @ Leow Min Fong
(Independent Non-Executive Director)

Datin Goh Poi Eong
(Non-Independent Executive Director)

Datuk Idris bin Hashim
(Non-Independent Non-Executive Director)

NOMINATION AND REMUNERATION COMMITTEE

Leow Ming Fong @ Leow Min Fong
(Chairman)

Dato' Liaw Choon Liang
(Member)

Dato' Hamzah bin Mohd Salleh
(Member)

AUDIT COMMITTEE

Leow Ming Fong @ Leow Min Fong
(Chairman)

Dato' Hamzah bin Mohd Salleh
(Member)

Datuk Idris bin Hashim
(Member)

HEAD OFFICE

Unit 1, 3 & 5, Jalan PJU 1/37
Dataran Prima
47301 Petaling Jaya
Selangor Darul Ehsan

T : (03) 7880 5520
F : (03) 7880 5530

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

ACE Market

Stock Code : 0157

COMPANY SECRETARIES

Wong Wai Foong
(MAICSA 7001358)

Wong Peir Chyun
(MAICSA 7018710)

REGISTERED OFFICE

Level 18, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

T : (03) 2264 8888
F : (03) 2282 2733

SPONSOR

OSK Investment Bank Berhad
(14152-V)
20th Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur

T : (03) 2333 8333
F : (03) 2175 3333

AUDITORS

BDO (AF0206)
Chartered Accountants
12th Floor, Menara Uni.Asia
No. 1008, Jalan Sultan Ismail
50250 Kuala Lumpur

T : (03) 2616 2888
F : (03) 2616 3190

SOLICITOR

Cheang & Ariff
39 Court @ Loke Mansion
No. 273A, Jalan Medan Tuanku
50300 Kuala Lumpur

T : (03) 2691 0803
F : (03) 2693 4475

WEBSITE

http://www.focus-point.com

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad
(295400-W)

United Overseas Bank (Malaysia)
Berhad (271809-K)

Alliance Bank Malaysia Berhad
(88103-W)

Hong Leong Bank Berhad
(97141-X)

REGISTRAR

Tricor Investor Services Sdn Bhd
(118401-V)
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

T : (03) 2264 3883
F : (03) 2282 1886

FOCUS POINT®

Our Vision

To become a leading brand name in Asia through our focused approach in vision care

Our Mission

To provide consumers with the very best in vision care and eyewear services and upholding the highest standards in reliability, quality and professionalism

Corporate Profile

A Focused Vision

We started out with one humble outlet in the backwaters of Muar town in 1989. As a small outlet, we had little resources and carried a small range of products, perhaps, just enough to serve the community in a small town. Even back then, the vision of our future was clear to us – we knew we wanted to grow and thus, we persisted on to stay focused.

We embraced change in the industry. We cultivated innovation. We stood by professionalism. We served the community. These ethics have progressed with us throughout our years in business – providing us change, growth, and sustainability.

Through our focused vision, that one outlet had led us to succeed in our subsequent expansion into different towns and states; eventually achieving 174 outlets nationwide and the numbers still counting. In the span of 23 years, our annual sales had grown to RM120.2 million. As the country's leading professional eye care and eyewear retailer, Focus Point is headed to become a leading retail name in vision care in Asia.

Embracing change and cultivating innovation

Like the rest of the world, we embrace a knowledge-based economy where innovation and technology are key to staying ahead of competition. We continuously innovate our business to add value to our practice in providing professional eye care services. Focus Point started many 'firsts' in Malaysia – we were the first and only to operate a fully-equipped mobile optical unit; the first to successfully embark on an optical franchise program; and the first optical chain to be listed in the ACE Market of Bursa Malaysia Securities Berhad.

Professionalism as code of conduct

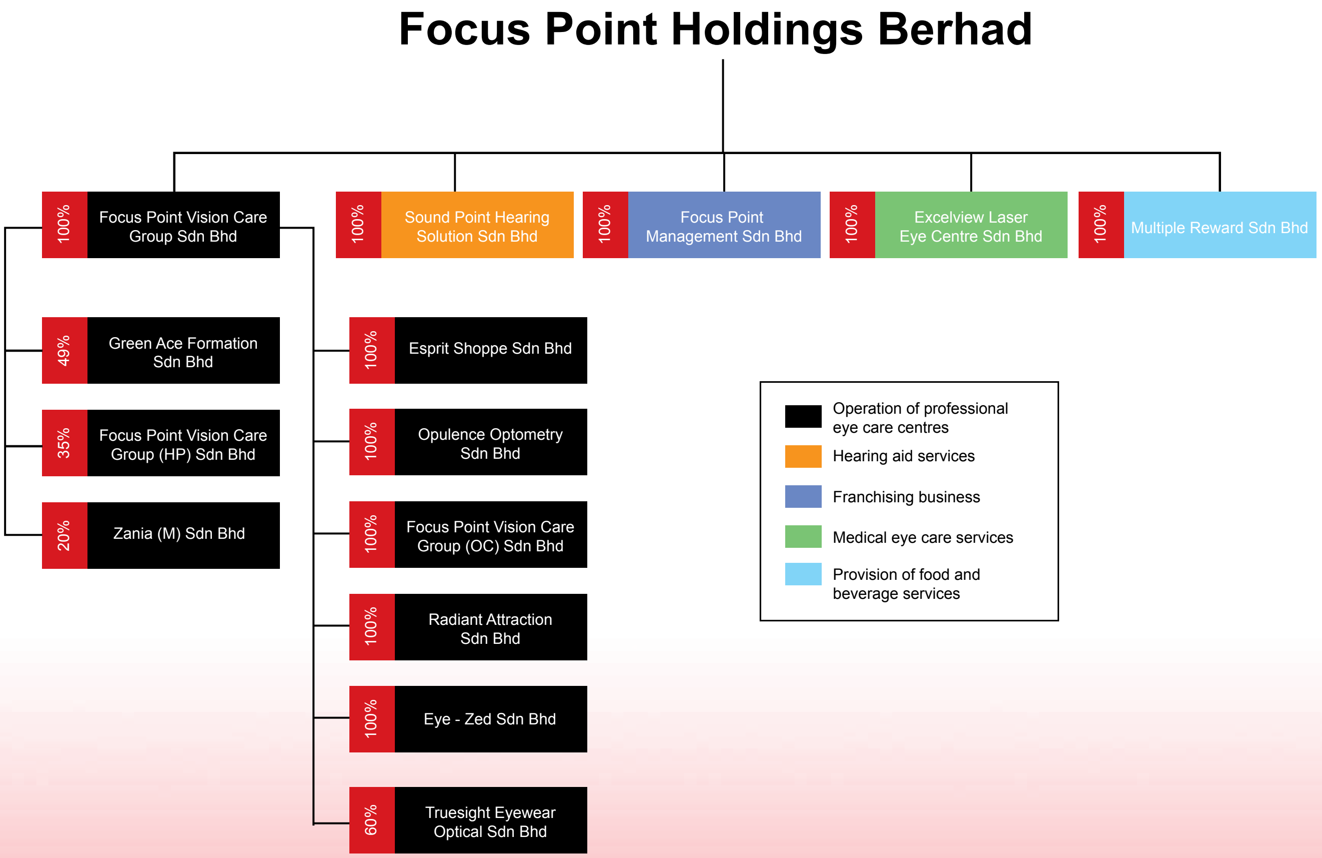
The eye care and eyewear industry is a professional practice. As an industry leader, Focus Point proclaims professionalism as our code of conduct, where it remains top in our list of business practice priorities. We are not just in business for the profits, but also for long-term brand value; hence, our professionalism upholds our reputation. Our services, expertise, and staff plays a major role in making us among the best, and that is the reason why Focus Point is always first in mind among consumers when it comes to optical stores.

Growing a business, strengthening brands

The decision to formulate a Focus Point franchise program was sparked by the belief that our people are the most important asset. Our franchise program offers both career progression and business opportunities. In growing our business, Focus Point Group takes a long-term view on sustainability, allowing franchisees to take charge of their financial independence while creating opportunities for rising young entrepreneurs in the optometry industry. The success of our franchise program is evident in our award credentials achieved over the years, including the prestigious "Franchise of the Year" award from the Malaysia Franchise Association (MFA) in 2009. More than a testament to the success of Focus Point's franchising endeavors, the award also underscores our position as the country's leading and preferred optical chain with over 80 franchise partners, and the number continuously grows.

Today, Focus Point is a household name in vision care. More importantly, we are cohesively strengthening our own retail names – Focus Point, Optical City, Opulence, Solariz, eyefont, Excelview, and Wazzup – to serve different segments of the consumer market.

Corporate Structure



Focus Point Holdings Berhad

- 100% Focus Point Vision Care Group Sdn Bhd
  - 49% Green Ace Formation Sdn Bhd
  - 35% Focus Point Vision Care Group (HP) Sdn Bhd
  - 20% Zania (M) Sdn Bhd
  - 100% Esprit Shoppe Sdn Bhd
  - 100% Opulence Optometry Sdn Bhd
  - 100% Focus Point Vision Care Group (OC) Sdn Bhd
  - 100% Radiant Attraction Sdn Bhd
  - 100% Eye - Zed Sdn Bhd
  - 60% Truesight Eyewear Optical Sdn Bhd
- 100% Sound Point Hearing Solution Sdn Bhd
- 100% Focus Point Management Sdn Bhd
- 100% Excelview Laser Eye Centre Sdn Bhd
- 100% Multiple Reward Sdn Bhd

⬛ Operation of professional eye care centres

🟧 Hearing aid services

🟦 Franchising business

🟩 Medical eye care services

🟦 Provision of food and beverage services

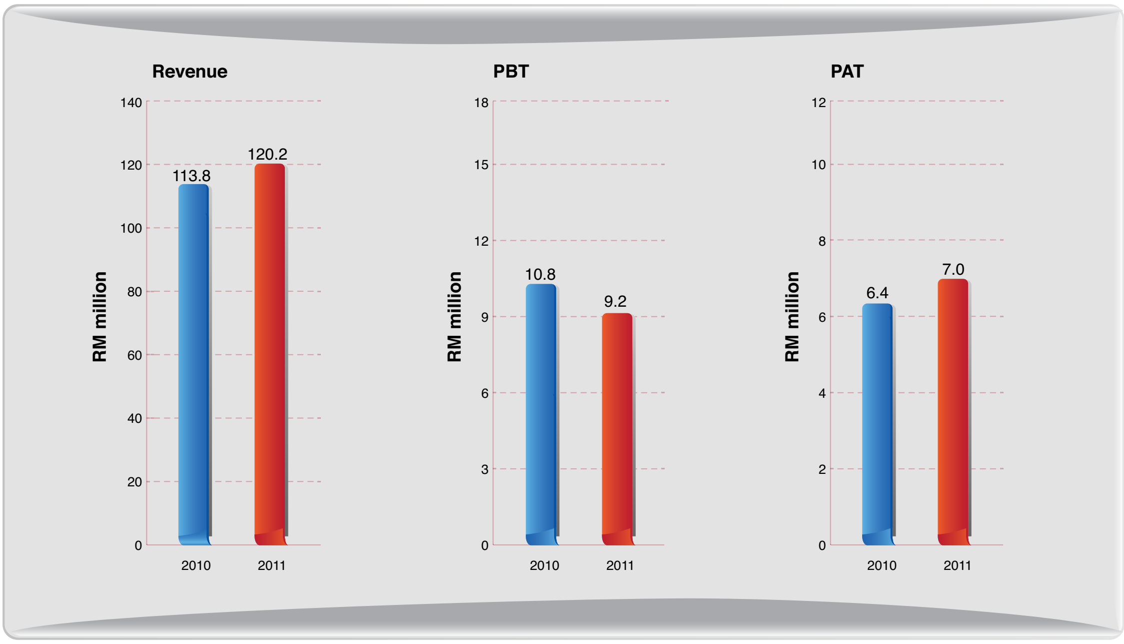
Financial Summary

FY2011	Audited FY2011 RM'000	Proforma* FY2010 RM'000
Statements of Comprehensive Income		
Revenue	120,226	113,767
Profit before taxation ("PBT")	9,170	10,811
Profit after taxaton ("PAT")	6,961	6,318
Dividend rate (sen)	2.00 #	2.00
	As at 31.12.2011 RM'000	**As at 31.12.2010 RM'000**
Statements of Financial Positions		
Share capital	33,000	33,000
Total assets	91,617	88,312
Total liabilities	41,627	41,886
Others		
Earnings per share (sen)	4.23	4.53
Net assets per share (sen)	30.30	28.07

The audited financial statements for FY2010 was for a period of 8.5 months as the acquisition of Focus Point Vision Care Group Sdn Bhd and its subsidiaries by Focus Point Holdings Berhad as well as the internal restructuring were completed on 14 April 2010. Focus Point Holdings Berhad was listed on the ACE Market of Bursa Malaysia Securities Berhad in August 2010.

* *After incorporating the pre-acquisition results from 1 January 2010 to 13 April 2010, the results represent a full year results for 2010.*

\# *The Board proposed a final single tier tax exempt dividend of 2.0 sen per ordinary share amounting to RM3.3 million in respect of the financial year ended 31 December 2011, subject to Shareholders' approval at forthcoming the Annual General Meeting.*



Profiles of Directors

Dato' Hamzah bin Mohd Salleh

Malaysian, aged 64

Dato' Hamzah bin Mohd Salleh is our Independent Non-Executive Chairman and was appointed to our board on 1 April 2010. He was subsequently appointed as a member of the Audit Committee and a member of Nomination and Remuneration Committee. He graduated with a Diploma in Management in 1980 from the Malaysian Institute of Management and a Master's Degree in Business Administration in 1989 from the University of Bath, United Kingdom. His career began in 1969 as an Audit Assistant at PricewaterhouseCoopers, Kuala Lumpur. In 1975, he was appointed as Finance and Administration Manager at Pillar Naco Malaysia Sdn Bhd, a company involved in the fabrication of architectural metal. In 1980, he joined Pernas Sime Darby Group and held several senior management positions within the group of affiliated companies, as well as in Sime Darby Group of Companies. He is currently the Chief Executive Officer of Spanco Sdn Bhd, a company involved in automotive vehicle fleet management. He is also a Non-Independent Non-Executive Director with PDZ Holdings Berhad and an Independent Non-Executive Director with Furniweb Industrial Products Berhad. In addition, he is a Director of various other private companies.

Dato' Liaw Choon Liang ("Dato' Liaw")

Malaysian, aged 45

Dato' Liaw is our President/CEO and was appointed to our Board on 30 December 2009. He was subsequently appointed as a member of the Nomination and Remuneration Committee on 3 May 2010. He is a registered optician with the Malaysian Optical Council. He brings with him invaluable industry experience, having accumulated over 23 years of experience in the professional eye care industry. He has been instrumental in the growth and development of our Group and more importantly, has been the key driving force in the expansion of our chain of professional eye care centres. As our Group's President/CEO, his overall management has contributed significantly to the success and growth of our Group. During the early years of our operations, he recognised the importance of brand building and development, ownership and management as the key components in differentiating our Group from our competitors. In addition, he was instrumental in building our "Focus Point" brand as the chain of professional eye care centres which has become the largest in Malaysia today. His expertise and contributions also extend to strategy planning and business development where his sound management skills have contributed to the continuing success and growth of our Group. In 2002, he was awarded the Certificate of Merit for The Outstanding Young Malaysian Awards 2002 by the Junior Chamber, Malaysia. In 2009, he was a finalist for the Best Franchise Entrepreneur Award by the Malaysian Franchise Association. Subsequently, at the Malaysian Retailers-Chain Association ("MRCA") – 8TV Entrepreneur Awards in 2009, Dato' Liaw was given an award in recognition of his outstanding entrepreneurship. In 2010, Dato' Liaw was elected as a council of MRCA from year 2010 to 2012. He holds several directorships in the companies within the Group. He is the spouse of Datin Goh and also a major shareholder of the Company.

Profiles of Directors

Leow Ming Fong @ Leow Min Fong

Malaysian, aged 62

Leow Ming Fong @ Leow Min Fong is our Independent Non-Executive Director and was appointed to our Board on 1 April 2010. He was subsequently appointed as Chairman of the Audit Committee, Chairman of Nomination Committee and Chairman of Remuneration Committee on 3 May 2010. He is a Retired Audit Partner of KPMG, Kuala Lumpur. He is a Fellow of Institute of Chartered Accountants in England and Wales, member of the Malaysian Institute of Certified Public Accountants, member of the Malaysian Institute of Chartered Accountants and member of Malaysian Institute of Management. He began his career in 1969 when he started his articleship with a chartered accounting firm in London, United Kingdom. He returned to Malaysia in 1974 and joined KPMG, Kuala Lumpur as an Audit Senior and Supervisor. In 1976, he was appointed as the Audit Manager in KPMG, Sandakan, Sabah and subsequently, in 1980, he was appointed as the Partner overseeing the tax and audit department of KPMG, Sandakan and Tawau, Sabah. In 1995, he returned to KPMG, Kuala Lumpur to take up the position of Audit Partner and during the years between 1996 and 2000, he also acted as the Partner-in-Charge of KPMG, Cambodia for 3 ½ years . He carried out short-term assignments such as fraud investigation, due diligence for merger and acquisitions, reporting accountant for various corporate exercises for public listed companies during his KPMG experience in Singapore and in British Guinea in South America and Vietnam. He is the Independent Non-Executive Director of Kurnia Asia Berhad and a Canadia Bank PLC, a bank operating in Cambodia.

Datin Goh Poi Eong ("Datin Goh")

Malaysian, aged 45

Datin Goh is our Non-Independent Executive Director and was appointed to our Board on 30 December 2009. She is a registered optician with the Malaysian Optical Council. She has accumulated approximately 22 years of experience in the industry. Her expertise and contribution extends to resource planning and management where her prudent management has contributed to the continuing business success and growth of our Group. She is currently actively involved in the planning and implementation of various corporate social responsibility efforts to further enhance the corporate image and awareness of our Group. She holds several directorships in the companies within the Group. She is the spouse of Dato' Liaw and also a major shareholder of the Company.

Datuk Idris bin Hashim ("Datuk Idris")

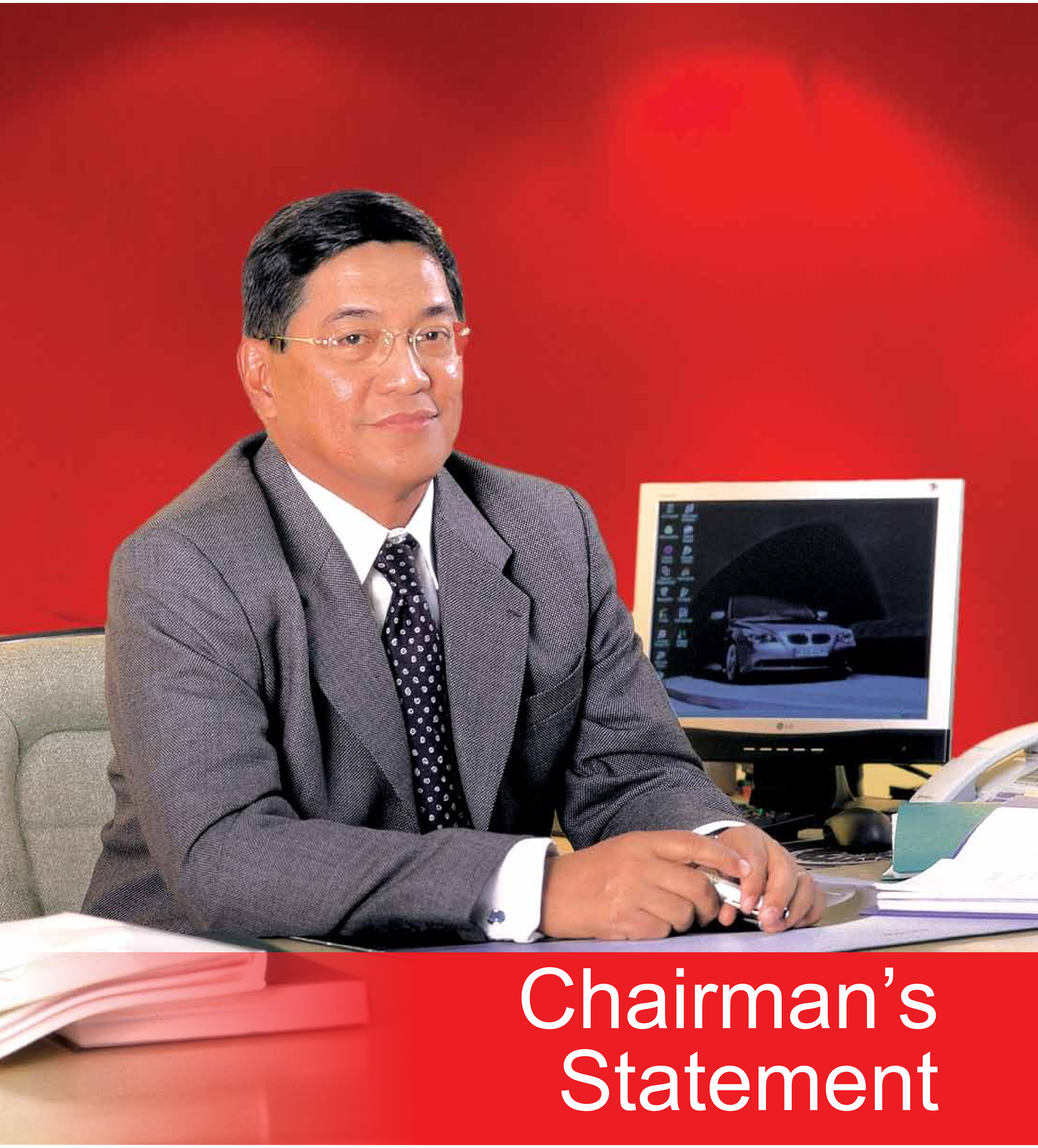
Malaysian, aged 60

Datuk Idris Bin Hashim was appointed as our Non-Independent Non-Executive Director and a member of the Audit Committee on 1 July 2011. He holds a Diploma in Town and Regional Planning from ITM, Shah Alam in 1975, and subsequently a Masters of Science - City & Regional Planning from Illinois Institute of Technology, Chicago, USA in 1978. Datuk Idris has an impressive career in town planning, having served as Planner at North-Eastern Illinois Planning Commission (NIPC), Chicago where he was involved in several large projects in the State of Illinois as well as the New Jeddah International Airport and King Abdul Aziz University, both in the Kingdom of Saudi Arabia. Back home, he was attached with Arkitek Bersekutu Malaysia, where he participated in projects such as Pusat Bandar Bukit Ridan and Kompleks Perdagangan Kuantan in Pahang, Bangunan Sri MARA in Kuala Lumpur, and Skim Penebusan Tanah in Melaka. He was also a lecturer at his alma mater, The School of Architecture, Planning & Surveying, ITM. Datuk Idris is currently the Chairman of Perbadanan Nasional Berhad (PNS), an institution set up by the government to develop and increase the size of Bumiputra participation in the commercial and industrial sectors. He is also the Chairman of Perak Industrial Resources Sdn Bhd, Kolej Komuniti Teluk Intan, Perak, Majlis Kebajikan dan Pembangunan Masyarakat Kawasan Parlimen Teluk Intan, and Majlis Pembangunan Pertanian Kawasan Parlimen Teluk Intan.

Notes :

Save as disclosed above, none of the Directors have:

- *Any family relationship with any Directors and/or major shareholders of the Company.*
- *Any conflict of interest with the Company and the Group.*
- *Any conviction for offences within the past 10 years other than traffic offences.*



Chairman's Statement

Chairman's Statement

Dear Valued Shareholders,

On behalf of the Board of Directors ("Board"), it is with great pleasure that I present the Annual Report together with the Audited Financial Statements of Focus Point Holdings Berhad ("Focus Point" or "Company") and of the Group for the year ended 31 December 2011.

FINANCIAL PERFORMANCE

I am pleased to report that the Group achieved revenue of RM120.2 million and profit before tax ("PBT") of RM9.2 million for the financial year 31 December 2011 ("FY2011"). The audited revenue of RM74.6 million and PBT of RM9.4 million in the preceding year ended 31 December 2010 ("FY2010") were based on the post-acquisition contributions from its subsidiary companies which were acquired on 14 April 2010 as an integral part of the Company's listing exercise. Consequently, the audited result for FY2010 was for a period of 8.5 months. Included in the previous year audited results was a one-off gain related to negative goodwill of RM3.2 million and RM1.4 million in expenses from the listing of Focus Point Holdings Berhad on the ACE Market of Bursa Malaysia Securities Berhad in August 2010.

The Group would have achieved revenue growth of 5.6% from RM113.8 million in FY2010 to RM120.2 million in FY2011 and PBT for FY2011 was RM9.2 million as compared to RM10.8 million in preceding year if the acquisition of the subsidiary companies has been completed on 1 January 2010.

The higher revenue was contributed from both new and existing outlets in FY2011 whilst the decline in PBT were partially contributed by lower profit margins mainly attributable to higher incubation and certain start-up costs in selling and distribution and administrative expenses as a result of the opening of our 11 new outlets in the current financial year under review.

The basic earnings per share and net assets per share for the financial year ended 31 December 2011 stood at 4.23 sen and 30.3 sen respectively.

CORPORATE DEVELOPMENTS

In line with our vision as the largest chain of professional eye care centres in Malaysia and to continue to capture a significant market share in the professional eye care industry, Focus Point had initiated the following strategic corporate events:-

On 7 January 2011, a subsidiary, Focus Point Vision Care Group Sdn Bhd completed the acquisition of some of the assets of Hightex Vision Sdn Bhd, a retailer of optical and related products for a purchase consideration of RM708,271. The purchase consideration was arrived based on the fair value of its property, plant and equipment and inventories.

On 9 March 2011, a subsidiary, Focus Point Management Sdn Bhd signed a Memorandum of Collaboration ("MoC") with Perbadanan Nasional Berhad ("PNS").

The MoC sets out a collaboration action plan by both Focus Point Management Sdn Bhd and PNS in developing and promoting the Focus Point Franchise Programme to Bumiputra entrepreneurs. Under the collaborative plan, PNS will offer a financing scheme known as Focus Point Financing Facility while Focus Point Management Sdn. Bhd. commits to transfer business know-how and entrepreneurial skills to successful applicants.

The parties hereby acknowledge that the collaboration shall be construed as a platform for the creation and development of Bumiputra entrepreneurs as well as creating a new dimension for PNS in financing the franchisees under the Focus Point Financing Facility, to be in line with the aspiration and objective of the Government.

On 20 June 2011, a subsidiary, Focus Point Vision Care Group Sdn Bhd acquired the remaining 49% of the issued and paid-up ordinary share capital of Eye-Zed Sdn Bhd for a total cash consideration of RM97,086.

Chairman's Statement

On 25 October 2011, a subsidiary, Focus Point Vision Care Group Sdn Bhd incorporated a 60% owned subsidiary known as Truesight Eyewear Optical Sdn Bhd with an initial issued and paid-up share capital of RM10 comprising 10 ordinary shares of RM1.00 each.

On 29 March 2012, the Group undertook an internal group reorganisation by entering into a sale of shares agreement with its wholly-owned subsidiary, Focus Point Vision Care Group Sdn Bhd to acquire the entire equity interest in Multiple Reward Sdn Bhd for a cash consideration of RM20,503.

On 23 April 2012, a subsidiary, Focus Point Vision Care Group Sdn Bhd entered into the sale of business and asset agreement with its wholly-owned subsidiaries, Radiant Attraction Sdn Bhd, Eye-Zed Sdn Bhd and Esprit Shoppe Sdn Bhd ("the Vendors") for the purchase of the business and the assets of the Vendors at consideration of RM371,743, RM206,657 and RM543,673 respectively.

ECONOMIC AND BUSINESS OVERVIEW

The Government projects the economic growth to improve in 2012, contributed by the country's strong economic fundamentals, pragmatic macoreconomic policies and the Economic Transformation Programme to enhance domestic sources of growth. Domestic demand, in particularly the private sector expenditure, is expected to play a more significant role in driving economic expansion in 2012. The services sector for 2012 would be underpinned by the wholesale and retail trade, finance and insurance as well communication sub-sectors. GDP is expected to grow between 5% to 6% in 2012. On the demand side, growth in private consumption was expected to be broad-based growing at 7.1% in 2012, underpinned by steady consumer confidence with stable employment outlook and higher household income. *(Sources: Economic Report 2011/2012 Ministry of Finance Malaysia)*

GOING FORWARD

Putting 'Focus' in our plans going forward, the Group continues to further improve its core business activities and hence will further improve its retail sales through aggressive marketing campaigns, opening new Outlets and expanding its presence in Brunei, as well as increasing profit margins through cost efficiency plans. The performance of the Group is expected to remain satisfactory underscored by the rising income of Malaysian individuals as well as greater consumer spending in Malaysia.

DIVIDEND FOR FINANCIAL YEAR 2011

The Board proposes a final single tier tax exempt dividend of 2.0 sen per ordinary share amounting to RM3,300,000 in respect of the financial year ended 31 December 2011, subject to the approval of members at the forth coming Annual General Meeting.

APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to extend my deepest and heartfelt gratitude to our valued customers, suppliers, business associates, partners, bankers, regulatory authorities and most importantly, our loyal shareholders for their continued support, guidance and confidence, without which, our success would not be achievable. We look forward to serving you better.

Last but not least, I wish to extend my sincere thanks to my fellow colleagues on the Board for the wisdom, continued support, faith and insightful contribution that they bring into our business, to our President/CEO, Dato' Liaw Choon Liang, for his excellent stewardship and foresight, and to the management and staffs, for their tireless efforts, dynamism and teamwork in bringing the Group to where we are today.

Dato' Hamzah bin Mohd Salleh
Independent Non-Executive Chairman

President / CEO's Message

President / CEO's Message

BELIEVING IN OURSELVES

Taking the company public in 2010 was a priceless experience. It brought a new perspective to our organisation and gave our team a boost in confidence. As such, 2011 was an important year for me and my management team, as we not only become answerable to a few shareholders but have included public investors and a wide array of stakeholders in our strategic business decisions.

STRATEGIC GROWTH

Focus Point now have presence in both Malaysia and Brunei and the Group continues to lead as the largest retail chain of professional eye care centers in Malaysia with 174 optical outlets, both wholly-owned, as well as franchised. We currently serve consumers in major urban and sub-urban retails malls and hypermarket malls. In our retail business in both fashion and professional eye care industry, expansion can only be as promising as the developments of malls, hypermarkets and new retail centres. Together with our franchisees, we are constantly on the lookout for new location opportunities to widen our geographical reach to more customers.

Our venture into the overseas market took a positive note with the opening of the first Focus Point outlet in Brunei through our franchise program in December 2010. The success of this franchise relationship subsequently led to the opening of a second Brunei outlet recently. This is a major step in our ambition to transform Focus Point into a regional franchisor in the vision care industry. We continue to pursue opportunities in the region for growth in the professional vision care industry and to serve a larger group of target audience nationwide, we continue to cast our net wider to more geographical locations.

OUR RESULTS

The Group recorded revenue of RM120.2 million in the current financial year ended 31 December 2011 ("FY2011"), representing an increase of 5.6% from the preceding full year pro-forma revenue of RM113.8 million. The increase was recorded in the optical related segment owing to the higher sales volume recorded in its optical related products such as prescription lenses, prescription frames and sunglasses of RM6.2 million from RM108.9 million in the preceding year to RM115.1 million in the current financial year. The Group also recorded growth in franchise management segment of RM0.3 million, which was in tandem with that of optical related products. The Group also achieved higher suppliers' rebates as we continue to achieve better deals on bulk orders with our principal brands through economies of scale.

The revenue contribution in the current year from the other segments such as laser eye surgery treatment and hearing aid solutions and related accessories was RM1.4 million and RM48,000 respectively in FY2011. Both segments are at its infancy stage and with greater market activities to enhance the public awareness and the acceptance of the laser eye surgery and hearing aid solutions and surgeries, we anticipate better growth in both segments in the coming years.

The audited revenue of RM74.6 million and PBT of RM9.4 million in FY2010 were based on the post-acquisition contributions from its subsidiary companies which were acquired on 14 April 2010 as an integral part of the Company's listing exercise. Consequently, the audited result for FY2010 was for a period of 8.5 months.

Profit before tax ("PBT") stood at RM9.2 million, which was lower as compared to RM10.8 million recorded in the preceding year ended 31 December 2010 ("FY2010"). The PBT of RM10.8 million in FY2010 was based on the pro-forma 12 months results assuming the acquisition of the subsidiary companies were completed on 1 January 2010. The lower PBT was partly due to the increase in incubation and certain start-up costs in selling and distribution and administrative expenses as a result of the opening of our 11 new outlets in the current financial year under review.

The proceeds raised from the listing of Focus Point on the ACE Market of Bursa Malaysia Securities Berhad of RM16.07 million have enabled us to achieve our expansion plans. As at the financial year ended 31 December 2011, the Group has fully utilised the proceeds.

The Group's total assets strengthened by 3.7% from RM88.3 million as at 31 December 2010 to RM91.6 million as at 31 December 2011. This was mainly due to higher property, plant and equipment from RM6.8 million acquisitions including optical and office equipment and furniture and fittings, partially offset by the depreciation charges of RM4.0 million coupled with the higher inventories of RM8.7 million owing to the opening of new outlets and higher sales activities. The Group's total liabilities decreased marginally by 0.7% from RM41.9 million in FY2010 to RM41.6 million in FY2011 due mainly to the lower borrowings of RM6.0 million partially offset by the increase in trade payables of RM7.3 million and lower current tax liabilities of RM1.6 million. The Group strengthened its financial capacity during the year, with net debt reducing from RM21.3 million as at 31 December 2010 to RM15.2 million as at 31 December 2011, as bank borrowings were paid down through operating cash flows and from listing proceeds of RM1.5 million.

The Group's shareholders' equity as at 31 December 2011 was RM50.0 million, an increase of 8.0% from RM46.3 million as at 31 December 2010. Correspondingly, the net assets per share of the Group increased from 28.1 sen for the year ended 31 December 2010 to 30.3 sen for the year ended 31 December 2011.

STRATEGIC INITIATIVES

Over the course of 2011, we made good progress with our strategic initiatives to strengthen the business and to sharpen our competitive edge, against the highly challenging marketplace in which we compete.

President / CEO's Message

We are leveraging on our marketing efforts to generate increased business volumes and high levels of brand awareness. In addition to this, we are enhancing and widening our strong relationship with our international partners, which have given rise to Focus Point seizing the opportunities to be the country's first to market Swarovski eyewear and carry a fresh season collection of Loewe eyewear. This has clearly distinguished us from the other retail players and reinforces Focus Point's leading position in the market. We have every confidence this position brings invaluable brand value that could translate into consumer loyalty.

We are anticipating sustained growth at both franchised outlets as well as our self-owned outlets for the financial year ending 31st December 2012. Within the year, Focus Point signed a Memorandum of Collaboration ("MoC") with Perbadanan Nasional Berhad ("PNS"), laying out a collaborative action plan for both the company and PNS in developing and promoting the Focus Point Franchise Program to Bumiputera entrepreneurs.

Under the collaborative plan, PNS will offer a financing scheme known as 'Focus Point Financing Facility' to Bumiputera entrepreneurs while Focus Point Management Sdn Bhd will assist the franchisees by transferring business know-how and helping them to develop entrepreneurial skills.

The MoC further solidifies our working relationship with PNS, one that has lasted for many years, in support of developing Bumiputera entrepreneurial participation in the optical industry. We are pleased to be one of the parties selected for this scheme. This is a positive initiative carried out in line with the Government's aspiration to meet a higher-income nation objective and we believe this will be mutually beneficial to all parties including the franchisees. The next few years should see the establishment of more franchises with full rights and license to operate a Focus Point franchised outlet under this scheme.

In response to improving cost efficiencies in areas to help optimize margin, we aim to achieve this through our on-going efficiency measures, particularly in all areas of our operation activities. At the same time, we are focused on building a strong performance culture, on developing and continuously improving our customer service capabilities across all our owned and franchise outlets so that we can deliver the highest standards of service to our customers and be more responsive to their needs.

2011 also mark new initiatives undertaken by the Group to progress not only for our company but also for the industry.

The existence of counterfeit products in the Malaysian market continues to escalate and it has affected genuine and proprietary products especially in the eyewear and eye care industry. With the support of the Malaysian Retailer-Chains Association, we launched the 'Go Original' campaign as a step forward in combating counterfeit problems. Focus Point is committed in taking the lead to promote awareness and educate consumers to be better informed and make smarter choices. Along this campaign, we also launched an "Original Guarantee" card by Focus Point to enable consumers to distinguish purchase of genuine products. I believe we are the first retailer in Malaysia to provide such a guarantee to customers for their eyewear and eye care products.

Through the Focus Point Caring Hearts Charity Foundation, we organised a World Sight Day campaign endorsed by Optometry Giving Sight, a global fund-raising initiative that targets the prevention of blindness and impaired vision due to uncorrected refractive error, to enrich public knowledge on eye health and wellness in line with the global initiative of Vision 2020: The Right to Sight. We successfully raised awareness amongst consumers on the importance of regular eye checks and promote knowledge in early detection for myopia as well as other visual impairing diseases and carried out a fundraising initiative in aid of Yayasan Bakti Nusa Malaysia and the Jeffrey Cheah Foundation. This CSR campaign was carried through Save A Sight eye health awareness involving 500 students in several schools in Klang Valley.

We believe our initiatives in the promotion of eye health education and vision care awareness enables us to foster greater customer relations for long term business sustainability.

NEXT SIGHTING

In staying focus as we grow, emphasis is placed on branding and positioning for long-term sustainability. All our retail outlets are given continued branding support where we also work very closely with global brand partners in pursuing efforts to promote the good best practices of the vision care industry through consumer education.

The increasing target population due to high prevalence of eye disorders such as presbyopia, myopia and hyperopia will drive market growth. Incidences of presbyopia will increase due to the aging population. According to United Nations ("UN") estimates, 90 countries will have a median age above 40 years by 2050, which is the age when presbyopia begins to affect people. The global vision care devices market is expected to grow at a compound annual growth rate (CAGR) of 4.4% over the period 2010 – 2017.

We remain optimistic on our performance for the coming year. I wish to express my sincere appreciation for the guidance and management of the Board of Directors, the dedication and commitment of our staffs, the support of our suppliers and our loyal customers.

Dato' Liaw Choon Liang
President/Chief Executive Officer

Corporate Highlights

Corporate Highlights

19 January 2011 – WazzUp opening

Regardless of age, everyone can be fashion-forward with WazzUp now.

22 April 2011 – Go Original Campaign

The Go Original Campaign was launched to create awareness on the benefits of using original eyewear and eye care products.

3 May 2011 – Focus Point Glamorous Eye-Con Fashion Show 2011

Swarovski debuts its first optical collection during the Glamorous Eye-con Fashion Show, appearing alongside with other 7 international eyewear brands.

Corporate Highlights

2 July 2011 – Eyewear Fashion Show at Berjaya Times Square

Incorporating fashion and style with optometry, Focus Point showcased some of its latest collections during the Eyewear Fashion Show.

22 September 2011
Launch of Swarovski 2012 Sunglassses Collection

Focus Point presents Swarovski's 2012 Sunglasses Collection ahead of its official launch in Europe.

Corporate Highlights

7,8,9 October 2011 – World Sight Day

Focus Point celebrates World Sight Day by launching a 3-day eye healthcare awareness campaign.

23 December 2011 – Miss Focus Point Dazzling 2011

Focus Point hosted a beauty pageant cum charity gala dinner at the Grand Lagoon Ballroom of Sunway Resort Hotel & Spa. The night saw the crowning of Ms Mariam Natasha Sibaja Bermudez from Costa Rica as Miss Focus Point Dazzling 2011.

Corporate
Social Responsibility

Caring Hearts
Together, we make a difference

GIVING BACK

As an industry leader in the professional eye care industry, we always recognises our role in playing a part in the community Corporate Social Responsibility ("CSR") towards the community. The Group has in place a CSR program as one of its basic tenets of operations. We have always been involved with charity work, including the donation of spectacles to the needy and the less privileged; campaign to encourage people to donate blood and contributing to disaster funds.

Blood Donation

In conjunction with the Focus Point 5th Blood Donation Drive, the public donated 185 pints of blood to the National Blood Centre.

Annual Home Visitation

Focus Point lifts up the spirit of Christmas to the Selangor King George V Silver Jubilee Home, Kuala Lumpur.

Corporate Social Responsibility

Mobile Optical Service

With the Mobile Optical Service, we make eye care accessible to the people in rural areas.




Eye Care Education at Schools

A project aimed to educate young children on the importance of eye care.



Charity Gala dinner

A total of RM60,000 was raised and donated to Yayasan Harapan Kanak-Kanak Malaysia, Persatuan Kebajikan Ti-Ratana, and Pusta Penjagaan Kanak-Kanak Cacat, during the Miss Focus Point Dazzling 2011 event cum charity gala dinner.

Statement on Corporate Governance

The Board of Directors ("Board") of Focus Point Holdings Berhad ("Focus Point" or "Company") is committed to ensure a good culture of corporate governance is practiced throughout the Company and its subsidiary companies ("Group"). The Group acknowledges the importance of corporate governance in enhancing its business prosperity and corporate accountability with the absolute objective to protect and enhance shareholders' value.

Set out below are descriptions of how the Group applied the Principles of the Malaysian Code on Corporate Governance (''Code'') and how the Board has complied with the Best Practices set out in the Code.

1. BOARD OF DIRECTORS

1.1 Board Responsibilities

The Board assumes responsibility for leading and controlling the Group towards realising long term shareholders value. The Board has the overall responsibilities for corporate governance, strategic direction, formulation of policies and overseeing the investment and business of the Group.

In carrying out its functions, the Board has delegated specific responsibilities to three (3) Board Committees, namely Audit Committee, Nomination Committee and Remuneration Committee. All Board Committees have written terms of reference and procedures and the Board receives report of their proceedings and deliberations. These Board Committees have the authority to scrutinise particular issues and report back to the Board with their recommendations. However, the ultimate responsibility for the final decisions on all matters is reserved with the entire Board.

1.2 Board Balance

Rules 15.02 of the Listing Requirement of ACE Market of Bursa Malaysia Securities Berhad (''Bursa Securities'') states that at least two (2) directors or one third of the directors, whichever is higher, are independent non-executive directors. The Company has fully complied with this requirement, as the Board currently has five (5) members, comprising of a President/CEO, one (1) Non-Independent Executive Director, one (1) Non-Independent Non-Executive Director, one (1) Independent Non-Executive Director and one (1) Independent Non-Executive Chairman.

The roles of the Chairman of the Board and the President/ CEO are separated and clearly defined to ensure that there is a balance of power and authority. The Board is led by Dato' Hamzah bin Mohd Salleh as the Independent Non-Executive Chairman whilst the executive management of the Company is led by Dato' Liaw Choon Liang, the President/CEO.

The Independent Non-Executive Chairman leads strategic planning at the Board level whilst the President/CEO is generally responsible for the implementation of the policies laid down and making executive and investment decisions.

Independent Non-Executive Directors are of the calibre to provide an independent judgement on the issues of strategy, performance, resources allocation and standards of conducts.

The Board is of the opinion that its current composition is fairly balanced to ensure the long-term interest of the shareholders, employees, customers and other stakeholders.

1.3 Supply of Information

The Directors have full and timely access to all information pertaining to the Group's business and affairs, whether as a full Board or in their individual capacity, to enable them to discharge their duties.

Prior to the Board meetings, the agenda for every meeting together with a full set of Board papers containing information relevant to the business of the meetings are circulated to the Directors for their perusal in advance before the meeting date. This is to allow the Directors to have sufficient time to review and consider the agenda items before the meeting and to obtain further explanations or clarifications, where necessary.

The Board normally meets at least four (4) times a year at quarterly intervals, although additional meetings may be convened when important matters need to be deliberated and decided in between the scheduled quarterly meetings.

During the financial year under review, there were five (5) Board Meetings held. The details of attendance of each Director at the Board Meetings held during the financial year are set out below.

1.3 Supply of Information (Continued)

Directors	Total Number of Meetings attended by Directors
Dato' Hamzah bin Mohd Salleh	5/5
Dato' Liaw Choon Liang	5/5
Datin Goh Poi Eong	5/5
Leow Ming Fong @ Leow Min Fong	5/5
Datuk Idris bin Hashim *	2/2
Dr Choo Wei Chong **	1/3

* *(Appointed with effect from 01.07.2011)*
** *(Resigned with effect from 01.07.2011)*

During the Board meetings, the Board shall discuss and deliberate on the issues being raised of which all proceedings and resolutions from the Board meetings will be documented by the Company Secretaries in the minutes of the Board Meeting, which are kept at the registered office.

Besides Board meetings, the Board exercises control on matters that requires the Board's approval through circulation of Directors resolutions. Similarly for circular resolutions, Board members will be provided with sufficient information for approvals.

All Board members have unhindered access to the advice and services of the Company Secretaries, and may seek external independent professional advice at the Company's expense, where necessary, in furtherance of their duties to make well-informed decisions. Before incurring such professional fees, the Director concerned must consult with the Chairman of the Board.

The appointment of the Company Secretaries is based on the capability and proficiency determined by the Board. The Company Secretaries are responsible for ensuring the Board Meetings procedures are followed and that applicable rules and regulations are complied with.

1.4 Audit Committee

The Audit Committee assists in the monitoring of the adequacy and effectiveness of the internal control systems in place and also in the reviewing and reporting of financial information.

The Board would review the term of office and performance at each and every Audit Committee member at once in every three (3) years pursuant to Rule 15.20 of the Listing Requirements for the ACE Market of Bursa Securities.

The Audit Committee Report is set out separately on pages 30 to 33 of the Annual Report.

1.5 Appointments to the Board

The Code endorses, as good practice, a formal procedure for appointments to the Board, with a Nomination Committee making recommendations to the Board. The Code, however, states that this procedure may be performed by the Board as a whole, although, as a matter of best practice, it recommends that these responsibilities be delegated to a committee.

1.6 Nomination Committee

On 3 May 2010, the Board has effectively established a Nomination Committee ("NC") and the composition of the NC is as follows:

1 Leow Ming Fong @ Leow Min Fong - Chairman
2 Dato' Hamzah bin Mohd Salleh - Member
3 Dato' Liaw Choon Liang - Member

The primary terms of reference of the NC are set out as follows:

In accomplishing its objectives, the NC shall perform the following functions:-

(i) To be responsible for the recommendation of candidates for all directorship for the Board's consideration and decision. When making such recommendations, the NC shall consider the candidates' skills, knowledge, experience, integrity, expertise and the candidate's ability to discharge the responsibilities/functions as expected;

(ii) To consider, in making its recommendations, candidates for directorships proposed by the President/CEO and, within the bounds of practicability, by any other senior executive or any Director or shareholder;

(iii) To recommend to the Board, the Directors to seat on Board Committees;

(iv) To assess annually the effectiveness of the Board as a whole, the Board Committees and the contribution of each existing individual Director and thereafter, recommend its findings to the Board;

(v) To ensure that all Directors undergo appropriate induction programmes and receive continuous training;

(vi) To review annually the required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board and thereafter, recommend its findings to the Board; and

(vii) To apply the process as determined by the Board, for assessing the effectiveness of the Board as a whole, the Board Committees, and for assessing the contribution of each individual Director, including Independent Non-Executive Directors, as well as the President/CEO where all assessments and evaluations carried out by the NC in the discharge of all its functions should be properly documented.

1.7 Directors' Training

As an integral element of the process of appointing new Directors, the NC ensures that there is an orientation and education programmes for new Board members. The Directors also receive further training from time to time, particularly on relevant new laws and regulations and changing business risks.

Conferences, seminars and training programmes attended by Directors in 2011 are set out below. The Directors shall continue to attend the relevant seminars and courses annually to further enhance and update their skills and knowledge and to keep abreast with developments in the dynamic business environments.

1.7 Directors' Training (Continued)

Director	Name of conferences, seminars and training programmes	Date
Dato' Hamzah bin Mohd Salleh	• Business Sustainability - An Issue of Business Survival conducted by Asia Academy	8 November 2011
Dato' Liaw Choon Liang	• The 15th Asia-Pacific Retailers Convention & Exhibition by Aeon Co. (M) Bhd	10 – 14 October 2011
Datin Goh Poi Eong	• The 15th Asia-Pacific Retailers Convention & Exhibition by Aeon Co. (M) Bhd	10 – 14 October 2011
Leow Ming Fong @ Leow Min Fong	• MIA-AFA Conference	2 & 3 November 2011
Datuk Idris bin Hashim	• International Franchise, License & Business Concept Expo & Conference 2011 in Jakarta, Indonesia	16 - 22 June 2011

1.8 Re-election

In accordance with the Company's Articles of Associations, one third of the Board, including the President/CEO, shall retire from office and be eligible for re-election at each Annual General Meeting ("AGM") and all the Directors including the President/CEO shall retire from office once in every three (3) years but shall be eligible for re-election.

The Directors appointed by the Board during the financial year shall be subject to retirement and re-election by shareholders in the next AGM held following their appointments.

2. DIRECTORS' REMUNERATION

2.1 Objective of Directors' Remuneration

The Company has adopted the objective as recommended by the Code to determine the remuneration for a Director so as to ensure that the Group could attract and retain the Directors with relevant and necessary skills and experience to manage the Group successfully. In the case of President/CEO, the component parts of remuneration are structured so as to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular non-executive concerned.

2.2 Remuneration Committee

The Remuneration Committee ("RC") has been established on 3 May 2010 and the current members are as follows:

- Leow Ming Fong @ Leow Min Fong - Chairman
- Dato' Hamzah bin Mohd Salleh - Member
- Dato' Liaw Choon Liang - Member

The RC shall recommend to the Board, the remuneration of the Executive Directors in all its forms, drawing from external advice when necessary and the Executive Directors shall play no part in decisions on their own remuneration.

Determination of remuneration packages of Non-Executive Directors, including Independent Non-Executive Chairman, should be determined by the Board as a whole and the individuals concerned should abstain from discussing their own remuneration.

2.3 Details of Directors' Remuneration

The aggregate remuneration paid to the Directors for the financial ended 31 December 2011 is summarised as follows:

Amount in RM'000	Executive Directors	Non-Executive Directors
Salaries and other emoluments	2,780	119

Band of Remuneration	Executive Directors	Non-Executive Directors
Less than RM50,000	–	3
RM50,001 to RM100,000	–	–
RM100,001 to RM150,000	–	–
RM550,001 to RM600,000	1	–
RM2,200,001 to RM2,250,000	1	–

The Board has considered disclosure details of the remuneration of each Director. The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to Directors' remuneration are appropriately served by the "range disclosure" as required by the listing requirements.

3. SHAREHOLDERS

3.1 Dialogue between the Company and Investors

The Board values and recognises the importance of keeping the shareholders and investors informed of the Group's business and corporate developments. Press release and announcements for public dissemination would serve as a platform to communicate with the shareholders and investors as and when there are significant corporate events. Bursa Securities also requires the Company to electronically publish all its announcements, including full versions of its quarterly financial results, announcements and Annual Report which can be accessed through Bursa Securities' website at www.bursamalaysia.com.

3.2 Annual General Meeting

The Annual General Meeting ("AGM") represents the principal forum for dialogue and interaction with all the shareholders of the Company. At the AGM, the Board provides opportunities for shareholders to participate in the question and answer session where all Directors, Senior Management as well as the external auditors are present to respond to the shareholders' questions during the AGM.

Other than the forum at the AGM, communications between the Company and shareholders and/or investors could also be made through the Company's website at www.focus-point.com.

4. ACCOUNTABILITY AND AUDIT

4.1 Financial Reporting

The Board has a responsibility and aims to provide and present a fair, balanced, clear and meaningful assessment of the Group's financial performance for the current financial year and its prospects. This is achieved primarily through the annual financial statements, quarterly announcements/reports to Bursa Securities and the annual report to the shareholders.

The Audit Committee assists the Board in the following manner:

- scrutinise information for disclosure to ensure accuracy and completeness; and
- oversee the Group's financial reporting processes and the quality of its financial reporting.

4.2 Statement of Directors' Responsibility for preparing the Financial Statements

The Directors are required by the Companies Act, 1965 and the ACE Market Listing Requirements of the Bursa Securities to confirm that the financial statements for each financial year have been made out in accordance with the applicable approved accounting standards and that they give a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting period. In preparing the financial statements, the Directors have ensured that the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied.

In preparing the above financial statements, the Directors have carried out their responsibilities by:

- selecting suitable accounting policies and applied them consistently;
- making judgements and estimates that are prudent and reasonable;
- ensuring that all applicable accounting standards have been followed; and
- ensuring that the financial statements are prepared on a going concern basis as the Directors have a reasonable expectation, after having made enquiries that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors are responsible for ensuring the Company keeps its accounting records which discloses with reasonable accuracy, the financial positions of the Group and the Company to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have overall responsibilities for taking such steps as are reasonably available to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

4.3 Internal Control

The Board acknowledges its overall responsibility for maintaining a sound internal control and risk management practices towards maintaining good corporate governance. The Board is of the view that the Group's system of internal control system can only provide reasonable but not absolute assurance against material misstatement, operational failures, fraud or loss.

The Statement on Internal Control presented on pages 34 to 35 of this Annual Report provides an overview on the state of internal controls within the Group.

4.4 Relationship with the Auditors

Through the Audit Committee of the Board, the Company has always established and maintained a transparent and appropriate relationship with its external auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.

A summary of the activities of the Audit Committee during the year are set out under the Audit Committee Report on pages 30 to 33 of this Annual Report.

The above Statement is made in accordance with the Board of Directors' resolution dated 23 April 2012.

Audit Committee Report

1. MEMBERS OF THE AUDIT COMMITTEE

The members of the Audit Committee ("Committee") are:

Designation	Name	Directorship
Chairman	Leow Ming Fong @ Leow Min Fong	Independent Non-Executive Director
Member	Dato' Hamzah bin Mohd Salleh	Independent Non-Executive Chairman
Member	Datuk Idris bin Hashim	Non Independent Non-Executive Director

Mr Leow Ming Fong @ Leow Min Fong is a fellow of Institute of Chartered Accountants in England and Wales, and a member of the Malaysian Institute of Certified Public Accountants, the Malaysian Institute of Accountants and the Malaysian Institute of Management.

2. SUMMARY OF TERMS OF REFERENCE OF THE AUDIT COMMITTEE

2.1 OBJECTIVES

The Committee was established to act as a Board Committee to fulfil its fiduciary responsibilities. The duties and authorities of the Committee shall be extended to Focus Point Holdings Berhad ("Company") and its subsidiary companies ("Group").

2.2 DUTIES OF THE COMMITTEE

The duties of the Committee are to:-

Review the following and report the same to the Board of Directors ("Board");

(a) To consider the appointment of the external auditor, the audit fee and any question of resignation or dismissal;

(b) To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one (1) audit firm is involved;

(c) To review the quarterly and year-end financial statements of the Board focusing particularly on:

- any change in accounting policies and practices;
- significant adjustments arising from the audit;
- the going concern assumption; and
- compliance with accounting standards and other legal requirements.

(d) To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary);

(e) To review the external auditor's management letter and management's responses;

2. SUMMARY OF TERMS OF REFERENCE OF THE AUDIT COMMITTEE (CONTINUED)

2.2 DUTIES OF THE COMMITTEE (CONTINUED)

(f) To perform the following, in relation to the internal audit function,

- Review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- Review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
- Review any appraisal or assessment of the performance of members of the internal audit function;
- Approve any appointment or termination of senior staff members of the internal audit function;
- Take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

(g) To consider any related-party transactions that may arise within the Company or Group;

(h) To consider the major findings of internal investigations and management's response;

(i) To consider other topics as defined by the Board;

(j) Review and verify the allocation of options under the Company's share scheme for employees ("ESOS") to ensure consistent compliance with the criteria as set out in the scheme by the ESOS Committee (if any) ; and

(k) Report promptly to Bursa Securities on any matter the Committee had reported to the Board, which was not satisfactorily resolved and/or resulted in a breach of the Listing Requirement of Bursa Securities.

2.3 AUTHORITIES OF THE COMMITTEE

For the performance of its duties, the Committee shall:

(a) have authority to investigate any matter within its terms of reference;

(b) have the resources which are required to perform its duties and full access to information;

(c) have direct communication channels with the external auditors and the persons carrying out the internal audit function;

(d) be able to obtain external/independent professional or other advice at a cost to be approved by the Board and to invite outsiders with relevant experience to attend, if necessary;

(e) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the company whenever deemed necessary.

3. MEETINGS OF THE COMMITTEE

During the financial year under review, five (5) Audit Committee Meetings were held and the details of attendance at the meetings are as follows:

Name	Total Meetings attended by Directors	Percentage Attendance
Leow Ming Fong @Leow Min Fong	5 / 5	100%
Dato' Hamzah bin Mohd Salleh	5 / 5	100%
Datuk Idris bin Hashim *	2 / 2	100%
Dr Choo Wei Chong **	1 / 3	33%

* *(Appointed with effect from 01.07.2011)*
** *(Resigned with effect from 01.07.2011)*

4. SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

In discharging its duties, the Committee is supported by an internal audit function which is outsourced to an independent internal audit service company ("Internal Auditor"), who undertakes the necessary activities to enable the Committee to discharge its functions effectively. The Internal Auditor is independent of the activities audited by the external auditors. The Committee regards the internal audit function as essential to assist in obtaining the assurance it requires regarding the effectiveness of the systems of internal controls within the Company and the Group.

During the financial year under review, the Internal Auditor has conducted internal audits on the operation of the subsidiaries of the Company in accordance with the approved audit plan by the Committee. The Internal Audit Reports with findings and recommendations for improvements were presented to the Committee at the Committee Meeting for deliberation. The cost incurred by the Group for the internal audit function during the financial year ended 31 December 2011 amounted to RM37,500.

5. SUMMARY OF ACTIVITIES OF THE COMMITTEE

During the financial year, the Committee met at scheduled times, with due notices of meetings issued, and with agendas planned and itemised so that issues raised in respect of financial statements and any audit related matters were deliberated and discussed in a focused and detailed manner.

The main activities undertaken by the Committee were as follows:

- Reviewed the external auditor's scope of work and the audit plan for the audit of the Group and Company for the financial year ended 31 December 2011. Prior to the audit, representatives from the external auditors presented their audit strategy and plan.

- Reviewed, with the external auditors, the results of the audit and the audit report for the audit of the Group and the Company for the financial year ended 31 December 2011 for recommendation to the Board for approval;

- Reviewed the internal audit reports, which highlighted the internal audit findings, recommendations and management's response. Discussed with Management, actions taken to improve the system of internal control based on improvement opportunities identified in the internal audit reports.

5. SUMMARY OF ACTIVITIES OF THE COMMITTEE (CONTINUED)

- Reviewed the quarterly unaudited financial results announcements and year-end financial statements of the Group and the Company to Bursa Securities before submission to the Board for approval, focusing particularly on:-
    - Any changes in accounting policies and practices;
    - Significant adjustments arising from the audit;
    - The going concern assumption; and
    - Compliance with accounting standards and other legal requirements.
- Reviewed the Annual Report and the Audited Financial Statements of the Group and the Company, prior to the submission to the Board for their consideration and approval, to ensure that the Audited Financial Statements were drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable Approved Accounting Standards as determined and set out by The Malaysian Accounting Standard Board (“MASB”). Any significant issues arising from the audit of the financial statements by the external auditors were deliberated upon.
- Reviewed related party transactions entered into by the Group and the Company to ensure that such transactions were undertaken in line with the Group’s normal commercial terms and the internal control procedures with regards to such transactions are sufficient.

Statement on Internal Control

Introduction

The Board is committed to maintain a sound system of internal control in the Group and is pleased to provide the following statement, which outlines the nature and scope of internal control of the Group during the financial year under review. This statement is guided by the Statement on Internal Control: Guidance for Directors of Public Listed Companies issued by The Institute of Internal Auditors Malaysia (“the Internal Control Guidance”) and Bursa Malaysia Securities Berhad (“Bursa Securities”) Listing Requirements.

Board Responsibility

The Board affirms its overall responsibility for maintaining a sound internal control and risk management practices towards maintaining good corporate governance. This includes reviewing the effectiveness, adequacy and integrity of these systems throughout the Group. However, the Board recognises that reviewing the effectiveness of the Group’s system of internal control is a concerted and continuous process, designed to manage rather than to eliminate the risk of failure to achieve business objectives. Accordingly, the Board is of the view that the Group’s system of internal control can only provide reasonable but not absolute assurance against material misstatement, operational failures, fraud or loss.

In accordance with the Internal Control Guidance, the Group has in place an ongoing process for identifying, evaluating, monitoring and managing significant risks faced by the Group throughout the year. This process is being reviewed by the management and reported to the Board as and when required.

Audit Committee

The Audit Committee reviews that Group’s accounting and reporting policies and practices, and the adequacy and effectiveness of the systems of internal control with the internal and external auditors. The Audit Committee also ensures that there is continuous effort by management to address and resolve areas where control weaknesses exist.

The Audit Committee reviews the quarterly results of the Group and recommends adoption of such results to the Board before announcement to Bursa Securities is made.

Internal Audit Function

An annual operation based internal audit plan is reviewed and approved by the Audit Committee at the beginning of the year. The objectives of the said audit plan are to ensure, through regular internal audit reviews, that the Group’s policies and procedures are being complied with in order to provide assurance on the adequacy and effectiveness of the Group’s system of internal controls. Follow-up reviews on previous audit reports are carried out to ensure that appropriate actions are taken to address internal control weaknesses highlighted. Other internal audit assignments also include the evaluation of Branch Operations, Franchise and Inventories management.

Statement on Internal Control

Key Processes of Internal Control

The key processes that the Board has established in reviewing the effectiveness, adequacy and integrity of the system of internal control, are as follows:

- The Group has in place an organisational structure that is aligned to business and operational requirements, with clearly defined level of responsibility, lines of accountability and delegated authority with appropriate reporting procedures.
- There is active involvement by the President / Chief Executive Officer in the day-to-day business operations of the Group including periodical visits to the operating units and monthly dialogue with senior management. Scheduled operational and management meetings are held monthly to identify, discuss and resolve business and operational issues. Significant matters identified during these meetings are highlighted to the Board on a timely basis.
- The Board is committed to identify business and other risks that are inherent in the sector in which the Group operates and to ensure the implementation of appropriate control mechanism to manage these risks. In assisting it to discharge its duties and responsibilities, the Board through the Audit Committee, senior management and the Internal Audit function, will carry out quarterly reviews of the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

Board Conclusion

The Board is of the view that the Group's system of Internal Control in place is able to detect any material losses and contingencies. There were no material losses reported during the current financial year as a result of weaknesses in internal control. The Management of the Company continues to take measures to strengthen the internal control environment and reviewing the adequacy and integrity of the system of Internal Control.

The above Statement is made in accordance with the resolution of the Board of Directors dated 23 April 2012.

Other Disclosure Information

1. NON-AUDIT FEES

The non-audit fees paid/payable to the external auditors by the Group and by the Company for the financial year amounted to RM7,000.

2. REVALUATION POLICY ON LANDED PROPERTIES

The Group did not carry out any revaluation on its landed properties classified as property, plant and equipment during the financial year.

3. SHARE BUY-BACK

There were no share buy-back transactions entered by the Company during the financial year.

4. SANCTIONS AND/OR PENALTIES IMPOSED

There were no material sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies/authorities during the financial year.

5. DEPOSITORY RECEIPT (DR)

The Company did not sponsor any DR programme during the financial year.

6. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving Directors and major shareholders of the Company either subsisting at the end of the financial year ended 31 December 2011 or entered into since the end of the previous financial year.

7. VARIATION IN RESULTS

There were no variances of 10% or more between the results for the financial year and the unaudited results previously announced.

There were no profit forecasts or projections issued by the Group during the financial year.

8. PROFIT GUARANTEE

There were no profit guarantees given or received by the Company during the financial year.

9. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no options, warrants or convertible securities issued by the Company during the financial year and there are no options, warrants or convertible securities outstanding and exercisable at the end of the financial year.

10. UTILISATION OF PROCEEDS

The gross proceeds of RM16,069,000 from the public issues pursuant to the Listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad has been fully utilised in the following manner:

Description	Utilisation Period	Proposed Utilisation RM'000	Amount Utilised RM'000	Balance Unutilised RM'000
Expansion of new outlets	Within two (2) years after listing of Focus Point	7,744	7,744	–
Upgrade and refurbishment of existing outlet	Within one (1) year after listing of Focus Point	1,200	1,200	–
Repayment of bank borrowings	Within one (1) year after listing of Focus Point	1,500	1,500	–
Working capital	Within one (1) year after listing of Focus Point	3,825	3,825	–
Estimated listing expenses	Upon completion of listing of Focus Point	1,800	1,800	–
Total		**16,069**	**16,069**	**–**

In the previous financial year ended 31 December 2010, the Group incurred total listing expenses of RM2.10 million, of which RM0.73 million was offset against share premium as these transaction costs are directly attributable to the issuance of new shares in conjunction of our initial public offering exercise. The deviation of RM0.30 million from estimated listing expenses was utilised against working capital.

11. RECURRENT RELATED PARTY TRANSACTIONS

At the forthcoming Annual General Meeting to be held on 20 June 2011, the Company intends to seek shareholders' general mandate in respect of recurrent related party transactions of revenue or trading nature. The details of the general mandate to be sought are set out in the Circular to Shareholders dated 29 May 2012 attached to the Annual Report.

Financial Statements

Directors' Report

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the subsidiaries and associates are set out in Note 8 and Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	6,961	3,757
Attributable to:		
Owners of the parent	6,974	3,757
Non-controlling interests	(13)	–
	6,961	3,757

DIVIDENDS

Dividends paid, declared and proposed since the end of the previous financial year were as follows:

	Company RM'000
In respect of financial year ended 31 December 2010:	
Interim single tier tax exempt dividend of 1.5 sen per ordinary share, declared on 3 March 2011 and paid on 4 April 2011	2,475
Final single tier tax exempt dividend of 0.5 sen per ordinary share, declared on 13 May 2011 and paid on 1 August 2011	825
	3,300

The Directors propose a final single tier tax exempt dividend of 2.0 sen per ordinary share amounting to RM3,300,000 in respect of the financial year ended 31 December 2011, subject to the approval of members at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

There were no issues of new shares and debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS

The Directors who have held office since the date of the last report are:

Dato' Liaw Choon Liang
Datin Goh Poi Eong
Leow Ming Fong @ Leow Min Fong
Dato' Hamzah bin Mohd Salleh
Datuk Idris bin Hashim (Appointed on 1 July 2011)
Dr. Choo Wei Chong (Resigned on 1 July 2011)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2011 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act 1965, were as follows:

	Number of ordinary shares of RM0.20 each			
	Balance as at 1.1.2011	**Bought**	**Sold**	**Balance as at 31.12.2011**
Shares in the Company				
<u>Direct interests:</u>				
Dato' Liaw Choon Liang	94,675,000	–	(16,476,799)	78,198,201
Datin Goh Poi Eong	24,277,700	4,431,799	(8,600,000)	20,109,499
Leow Ming Fong @ Leow Min Fong	500,000	–	–	500,000

Dato's Liaw Choon Liang is the spouse of Datin Goh Poi Eong. By virtue of their relationship, they are also deemed to have interests in shares held by each other, both direct and indirect.

By virtue of their interests in the ordinary shares of the Company, Dato' Liaw Choon Liang and Datin Goh Poi Eong are also deemed to be interested in the ordinary shares of all the subsidiaries to the extent the Company has an interest.

The interest and deemed interests in the ordinary shares of its non-wholly owned subsidiary, held by Dato' Liaw Choon Liang and Datin Goh Poi Eong at year end were as follows:

	Number of ordinary shares of RM1.00 each			
	Balance as at date of incorporation 21.10.2011	**Bought**	**Sold**	**Balance as at 31.12.2011**
Subsidiary				
- Truesight Eyewear Optical Sdn. Bhd.				
<u>Indirect interests:</u>				
Dato' Liaw Choon Liang	6	–	–	6
Datin Goh Poi Eong	6	–	–	6

None of the other Directors holding office at the end of the financial year held any beneficial interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than the transactions entered into in the ordinary course of business with companies in which certain Directors of the Company have substantial financial interests as disclosed in Note 35 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

  (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

  (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent; and

  (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

  (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) In the opinion of the Directors:

  (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and

  (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 39 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

The significant events subsequent to the end of the reporting period are disclosed in Note 40 to the financial statements.

AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors.

Dato' Liaw Choon Liang
Director

Dato' Hamzah bin Mohd Salleh
Director

Petaling Jaya
23 April 2012

Statement by Directors

In the opinion of the Directors, the financial statements set out on pages 46 to 135 have been drawn up in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Dato' Liaw Choon Liang
Director

Dato' Hamzah bin Mohd Salleh
Director

Petaling Jaya
23 April 2012

Statutory Declaration

I, **Kong Seong Hee**, being the officer primarily responsible for the financial management of **Focus Point Holdings Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 46 to 135 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly
declared by the abovenamed
at Kuala Lumpur in Malaysia
this 23 April 2012

Kong Seong Hee

Before me:

Commissioner for Oaths

Independent Auditors' Report

to the Members of Focus Point Holdings Berhad

Report on the Financial Statements

We have audited the financial statements of Focus Point Holdings Berhad, which comprise the statements of financial position as at 31 December 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 46 to 134.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2011 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(c) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 42 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO
AF : 0206
Chartered Accountants

Chan Wai Leng
2893/08/13 (J)
Chartered Accountant

Kuala Lumpur
23 April 2012

Statements of Financial Position

as at 31 December 2011

		Group		Company	
		2011	2010	2011	2010
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	7	24,287	22,779	–	–
Investments in subsidiaries	8	–	–	29,187	29,235
Investments in associates	9	472	379	–	–
Held-to-maturity investment	10	–	500	–	–
Goodwill on consolidation	11	–	410	–	–
Deferred tax assets	12	296	283	–	–
Trade and other receivables	13	1,328	1,665	–	–
		26,383	26,016	29,187	29,235
Current assets					
Inventories	14	34,064	25,400	–	–
Trade and other receivables	13	16,845	16,931	7,831	1,268
Current tax assets		345	162	36	18
Cash and cash equivalents	15	13,980	19,803	3,585	9,668
		65,234	62,296	11,452	10,954
TOTAL ASSETS		91,617	88,312	40,639	40,189
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	16	33,000	33,000	33,000	33,000
Reserves	17	16,999	13,324	7,589	7,132
		49,999	46,324	40,589	40,132
Non-controlling interests		(9)	102	–	–
TOTAL EQUITY		49,990	46,426	40,589	40,132

The accompanying notes form an integral part of the financial statements.

Statements of Financial Position

as at 31 December 2011 (Continued)

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	12	1,171	1,104	–	–
Borrowings	18	2,733	4,883	–	–
Deferred income	24	837	998	–	–
		4,741	6,985	–	–
Current liabilities					
Trade and other payables	23	23,932	16,543	50	57
Deferred income	24	464	388	–	–
Borrowings	18	12,480	16,398	–	–
Current tax liabilities		10	1,572	–	–
		36,886	34,901	50	57
TOTAL LIABILITIES		41,627	41,886	50	57
TOTAL EQUITY AND LIABILITIES		91,617	88,312	40,639	40,189

The accompanying notes form an integral part of the financial statements.

Statements of Comprehensive Income

for the Financial Year 31 December 2011

		Group		Company	
		1.1.2011 to 31.12.2011	**14.4.2010# to 31.12.2010**	**1.1.2011 to 31.12.2011**	**1.1.2010 to 31.12.2010**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	26	120,226	74,649	4,192	1,700
Cost of sales	27	(49,712)	(30,088)	–	–
Gross profit		70,514	44,561	4,192	1,700
Other operating income		4,971	6,791	101	104
Selling and distribution costs		(26,592)	(14,361)	–	–
Administrative expenses		(38,802)	(26,959)	(490)	(1,680)
Finance costs	28	(1,049)	(738)	–	–
Share of profits in associates		128	99	–	–
Profit before tax	29	9,170	9,393	3,803	124
Tax expense	30	(2,209)	(3,179)	(46)	(82)
Profit for the financial year/period		6,961	6,214	3,757	42
Other comprehensive income		–	–	–	–
Total comprehensive income		6,961	6,214	3,757	42
Profit/(Loss) attributable to:					
Owners of the parent		6,974	6,234	3,757	42
Non-controlling interests		(13)	(20)	–	–
		6,961	6,214	3,757	42
Total comprehensive income/(loss) attributable to:					
Owners of the parent		6,974	6,234	3,757	42
Non-controlling interests		(13)	(20)	–	–
		6,961	6,214	3,757	42

The Group was incorporated on 14 April 2010.

The accompanying notes form an integral part of the financial statements.

Statements of Comprehensive Income

for the Financial Year 31 December 2011 (Continued)

		Group	
	Note	1.1.2011 to 31.12.2011 RM'000	14.4.2010 # to 31.12.2010 RM'000
Earnings per ordinary share attributable to equity holders of the Company (sen):			
- Basic	31	4.23	4.53
Dividend per ordinary share in respect of the financial year, tax exempt (sen)			
- Interim (paid)	32	–	1.50
- Final (paid)	32	–	0.50
- Final (proposed)	32	2.00	–
		2.00	2.00

The Group was incorporated on 14 April 2010.

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

for the Financial Year ended 31 December 2011

Group	Note	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance as at 14 April 2010		*	–	(6)	(6)	–	(6)
Profit for the financial period		–	–	6,234	6,234	(20)	6,214
Other comprehensive income		–	–	–	–	–	–
Total comprehensive income		–	–	6,234	6,234	(20)	6,214
Transactions with owners							
Issuance of ordinary shares pursuant to acquisition of a subsidiary	16	24,760	**	–	24,760	503	25,263
Issuance of ordinary shares pursuant to public issue	16	8,240	7,829	–	16,069	–	16,069
Share issue expenses		–	(733)	–	(733)	–	(733)
Acquisition of non-controlling interests in subsidiaries		–	–	–	–	(381)	(381)
Total transactions with owners		33,000	7,096	–	40,096	122	40,218
Balance as at 31 December 2010		33,000	7,096	6,228	46,324	102	46,426
Balance as at 1 January 2011		33,000	7,096	6,228	46,324	102	46,426
Profit for the financial year		–	–	6,974	6,974	(13)	6,961
Other comprehensive income		–	–	–	–	–	–
Total comprehensive income		–	–	6,974	6,974	(13)	6,961
Transactions with owners							
Changes in equity interest in a subsidiary	33	–	–	1	1	(98)	(97)
Acquisition of a subsidiary		–	–	–	–	***	***
Dividend paid	32	–	–	(3,300)	(3,300)	–	(3,300)
Total transactions with owners		–	–	(3,299)	(3,299)	(98)	(3,397)
Balance as at 31 December 2011		33,000	7,096	9,903	49,999	(9)	49,990

* *Represents RM2*
** *Represents RM397*
*** *Represents RM4*

The accompanying notes form an integral part of the financial statements.

Statement of Changes in Equity

for the Financial Year ended 31 December 2011

Company	**Note**	**Share capital RM'000**	**Share premium RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
Balance as at 1 January 2010		*	–	(6)	(6)
Profit for the financial year		–	–	42	42
Other comprehensive income		–	–	–	–
Total comprehensive income		–	–	42	42
Transactions with owners					
Issuance of ordinary shares pursuant to acquisition of a subsidiary	16	24,760	**	–	24,760
Issuance of ordinary shares pursuant to public issue	16	8,240	7,829	–	16,069
Share issue expenses		–	(733)	–	(733)
Total transactions with owners		33,000	7,096	–	40,096
Balance as at 31 December 2010		33,000	7,096	36	40,132
Balance as at 1 January 2011		33,000	7,096	36	40,132
Profit for the financial year		–	–	3,757	3,757
Other comprehensive income		–	–	–	–
Total comprehensive income		–	–	3,757	3,757
Transactions with owners					
Dividends paid	32	–	–	(3,300)	(3,300)
Total transactions with owners		–	–	(3,300)	(3,300)
Balance as at 31 December 2011		33,000	7,096	493	40,589

* *Represents RM2*
** *Represents RM397*

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows

for the Financial Year ended 31 December 2011

	Note	Group 1.1.2011 to 31.12.2011 RM'000	Group 14.4.2010 to 31.12.2010 RM'000	Company 1.1.2011 to 31.12.2011 RM'000	Company 1.1.2010 to 31.12.2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		9,170	9,393	3,803	124
Adjustments for:					
Bad debts written off		45	14	–	–
Deposits forfeited		–	6	–	–
Depreciation of property, plant and equipment	7	4,024	2,314	–	–
Gross dividend income		–	–	(4,192)	(1,700)
Gain on disposal of property, plant and equipment		(65)	–	–	–
Gain on disposal of held-to-maturity investment		(1)	–	–	–
Impairment losses on:					
- goodwill on consolidation	11	410	1	–	–
- investments in subsidiaries	8	–	–	48	–
- property, plant and equipment	7	406	107	–	–
- trade receivables	13	487	370	–	–
Interest expense					
- hire-purchase		158	129	–	–
- term loans		194	231	–	–
- bankers' acceptances		496	338	–	–
- bank overdrafts		1	20	–	–
- others		200	20	–	–
Interest income					
- fixed deposits		(271)	(161)	(91)	(70)
- others		(193)	(245)	(10)	(34)
Inventories written down	14	–	565	–	–
Inventories written off	14	150	–	–	–
Listing expenses		–	1,372	–	1,372
Loss on disposal of an associate		–	12	–	–
Loss on disposal of property, plant and equipment		28	38	–	–
Negative goodwill	33	–	(3,185)	–	–
Property, plant and equipment written off	7	309	160	–	–
Reversal of impairment loss on trade and other receivables	13	(140)	–	–	–
Reversal of inventories previously written down	14	(20)	–	–	–
Loss on realisation of derivative assets		–	83	–	–
Share of profits in associates, net of pre-acquisition dividends		(128)	(10)	–	–
Operating profit/(loss) before working capital changes		15,260	11,572	(442)	(308)

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows

for the Financial Year ended 31 December 2011 (Continued)

	Note	Group 1.1.2011 to 31.12.2011 RM'000	Group 14.4.2010 to 31.12.2010 RM'000	Company 1.1.2011 to 31.12.2011 RM'000	Company 1.1.2010 to 31.12.2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (continued)					
Operating profit/(loss) before working capital changes		15,260	11,572	(442)	(308)
Increase in inventories		(8,794)	(4,655)	–	–
(Increase)/Decrease in trade and other receivables		(5)	4,786	13	(17)
Increase/(Decrease) in trade and other payables		7,389	(1,423)	(7)	50
(Decrease)/Increase in deferred income		(85)	184	–	–
Cash generated from/ (used in) operations		13,765	10,464	(436)	(275)
Tax paid		(3,998)	(3,088)	(64)	–
Tax refunded		98	52	–	–
Net cash from/(used in) operating activities		9,865	7,428	(500)	(275)
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisitions of subsidiaries, net of cash and cash equivalents	33	–	4,779	–	(4,174)
Increase in share capital in a subsidiary	33	–	–	–	(300)
Advances to a subsidiary		–	–	(6,574)	(1,251)
Dividend received from an associate		35	–	–	–
Dividend received from subsidiaries		–	–	4,192	1,600
Proceeds from disposal of an associate	9	–	148	–	–
Acquisition of additional interest in a subsidiary	33	(97)	(534)	–	–
Interest received		300	195	99	104
Proceeds from disposal of property, plant and equipment		585	274	–	–
Proceeds from disposal of held-to-maturity investment		501	–	–	–
Purchase of property, plant and equipment	7(a)	(6,641)	(6,395)	–	–
Net cash used in investing activities		(5,317)	(1,533)	(2,283)	(4,021)

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows

for the Financial Year ended 31 December 2011 (Continued)

	Note	Group 1.1.2011 to 31.12.2011 RM'000	Group 14.4.2010 to 31.12.2010 RM'000	Company 1.1.2011 to 31.12.2011 RM'000	Company 1.1.2010 to 31.12.2010 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Net (repayments)/drawdown of bankers' acceptances		(1,222)	53	–	–
Dividends paid		(3,300)	–	(3,300)	–
Interest paid		(849)	(718)	–	–
Net (repayments)/drawdown of term loans		(2,422)	320	–	–
Net repayments of hire-purchase liabilities		(1,235)	(1,054)	–	–
Placements of fixed deposits pledged to licensed banks		(1,210)	(5,282)	–	–
Share issue and listing expenses paid		–	(2,105)	–	(2,105)
Proceeds from public issue of shares		–	16,069	–	16,069
Net cash (used in)/from financing activities		(10,238)	7,283	(3,300)	13,964
Net (decrease)/increase in cash and cash equivalents		(5,690)	13,178	(6,083)	9,668
Cash and cash equivalents at the beginning of the financial year/period		13,178	*	9,668	*
Cash and cash equivalents at the end of the financial year/period	15	7,488	13,178	3,585	9,668

* *Represents RM2*

The accompanying notes form an integral part of the financial statements.

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Ace Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The principal place of business of the Company is located at Unit 1, 3 & 5-1, Jalan PJU 1/37, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan.

The financial statements are presented in Ringgit Malaysia (“RM”), which is also the Company’s functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 23 April 2012.

2. PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the subsidiaries and associates are set out in Note 8 and Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 46 to 134 have been prepared in accordance with applicable approved Financial Reporting Standards (‘FRSs’) and the provisions of the Companies Act, 1965 in Malaysia. However, Note 42 to the financial statements set out on page 135 has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants (‘MIA Guidance’) and the directive of Bursa Malaysia Securities Berhad.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors’ best knowledge of events and actions, actual results could differ from those estimates.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Subsidiaries are entities (including special purposes entities) over which the Company has the power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights, so as to obtain benefits from their activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions are also eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies.

Non-controlling interests represents the equity in subsidiaries that are not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured at either fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by FRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

The Group has applied the revised FRS 3 *Business Combinations* in accounting for business combinations from 1 January 2011 onwards. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the Standard.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 *Financial Instruments: Recognition and Measurement*.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Business combinations

Business combinations from 1 January 2011 onwards

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 112 *Income Taxes* and FRS 119 *Employee Benefits* respectively;

(b) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with FRS 2 *Share-based Payment* at the acquisition date; and

(c) assets (or disposal groups) that are classified as held for sale in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the serviced are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

(a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of FRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with FRS 139. All other subsequent changes are recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profits or loss.

During the financial year, the Group elected to recognise non-controlling interest in the acquiree on the date of acquisition at the non-controlling interest's proportionate share of the acquiree net identifiable assets for each individual business combination.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 4.7 to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Business combinations (continued)

Business combinations before 1 January 2011

Under the purchase method of accounting, the cost of business combination is measured at the aggregate of fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued plus any costs directly attributable to the business combination.

At the acquisition date, the cost of a business combination is allocated to the identifiable assets acquired, liabilities assumed and contingent liabilities in the business combination which are measured initially at their fair values at the acquisition date. The excess of the cost of a business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill (See Note 4.7 to the financial statements on goodwill). If the cost of a business combination is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will:

(a) reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination; and

(b) recognise immediately in profit or loss any excess remaining after that reassessment.

When a business combination includes more than one exchange transaction, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the subsequent costs will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has a different useful life, is depreciated separately.

After initial recognition, property, plant and equipment except for freehold properties are stated at cost less any accumulated depreciation and any accumulated impairment losses. The freehold properties are stated at valuation, which is the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The freehold properties are revalued with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. The surplus arising from such revaluations is credited to shareholders' equity as a revaluation reserve and any subsequent deficit is offset against such surplus to the extent of a previous increase for the same property. In all other cases, the deficit will be charged to profit or loss. For a revaluation increase subsequent to a revaluation deficit of the same asset, the surplus is recognised as income to the extent that it reverses the deficit previously recognised as an expense with the balance of increase credited to revaluation reserve.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Property, plant and equipment and depreciation (continued)

Depreciation is calculated to write off the cost or valuation of the assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

Alarm and security system	20%
Computers	33 ⅓%
Freehold properties	2%
Furniture and fittings	10%
Hearing equipment	10%
Lab tools and equipment	10%
Motor vehicles	10% - 20%
Office equipment	20%
Optical equipment	10%
Renovation and electrical installations	10%
Signboards	20%

Freehold properties comprise freehold land and buildings. Freehold land has an unlimited useful life and is not depreciated. Depreciation has been provided on certain freehold land as the Group has not been able to segregate the cost of the buildings from the cost of the related freehold land. The Directors are of the opinion that the depreciation of the freehold land has no material effect on the financial statements of the Group.

Construction-in-progress represents renovation-in-progress and is stated at cost. Construction-in-progress is not depreciated until such time when the asset is available for use.

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.8 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss and the revaluation surplus related to those assets, if any, is transferred directly to retained earnings.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Leases and hire purchase

(a) Finance leases and hire purchase

Assets acquired under finance leases and hire purchase which transfer substantially all the risks and rewards of ownership of the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the Group's incremental borrowing rate is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire purchase liabilities.

(b) Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

4.6 Investments

(a) Subsidiaries

A subsidiary is an entity in which the Group and the Company have the power to control the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

An investment in subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost less accumulated impairment losses, if any. Investments accounted for at cost shall be accounted for in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with FRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Investments (continued)

(b) Associates

An associate is an entity over which the Group and the Company have significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

In the Company's separate financial statements, an investment in associate is stated at cost less accumulated impairment losses, if any.

An investment in associate is accounted for in the consolidated financial statements using the equity method of accounting. The investment in associate in the consolidated statement of financial position is initially recognised at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets of the investment.

The interest in the associate is the carrying amount of the investment in the associate under the equity method together with any long term interest that, in substance, form part of the Group's net interest in the associate.

The Group's share of the profit or loss of the associate during the financial period is included in the consolidated financial statements, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Group's proportionate interest in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The Group's share of those changes is recognised directly in equity of the Group.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

When the Group's share of losses in the associate equals to or exceeds its interest in the associate, the carrying amount of that interest is reduced to nil and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

The most recent available financial statements of the associate are used by the Group in applying the equity method. When the end of reporting periods of the financial statements are not coterminous, the share of results is arrived at using the latest audited financial statements for which the difference in end of the reporting periods is no more than three (3) months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening periods.

Upon disposal of an investment in associate, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill arising on acquisition of an associate is the excess of the cost of investment over the Group's share of the net fair value of net assets of the associates' identifiable assets and liabilities at the date of acquisition.

Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised.

4.8 Impairment of non-financial assets

The carrying amounts of assets, except for financial assets (excluding investments in subsidiaries and associates), inventories and deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill that has an indefinite useful life is tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ('CGU') to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the Group's CGU or groups of CGU that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with FRS 8.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the goodwill, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Impairment of non-financial assets (continued)

The impairment loss is recognised in profit or loss immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation reserve to the extent of the surplus credited from the previous revaluation for the same asset with the excess of the impairment loss charged to profit or loss.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss on other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in profit or loss except for the reversal of an impairment loss on a revalued asset where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation reserve account of the same asset. However, to the extent that an impairment loss in the same revalued asset was previously recognised in profit or loss, a reversal of that impairment loss is also recognised in profit or loss.

4.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the following method:

Cost of optical and related products and hearing aids and related accessories are determined using the weighted average cost method while cost of operation consumables is determined on a first-in, first-out method.

The cost of inventories comprises all costs of purchase plus the cost of bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

4.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statements of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

4.10.1Financial assets

A financial asset is classified into the following four categories after initial recognition for the purpose of subsequent measurement:

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

However, derivatives that are linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

(b) Held-to-maturity investment

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(c) Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

4.10.1 Financial assets (continued)

(d) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the Group’s right to receive payment is established.

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short term, highly liquid investments with original maturities of three (3) months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

4.10.2 Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two categories after initial recognition for the purpose of subsequent measurement:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

4.10.2 Financial liabilities (continued)

(b) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

4.10.3 Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary share capital and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

If the Company reacquires its own equity instruments, the consideration paid, including any attributable transaction costs, is deducted from equity as treasury shares until they are cancelled. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Where such shares are issued by resale, the difference between the sales consideration and the carrying amount is shown as a movement in equity.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

Held-to-maturity investment and loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable or investee, and default or significant delay in payments to determine whether there is objective evidence that an impairment loss on held-to-maturity investment and loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of held-to-maturity investment is directly reduced by the impairment loss whilst the carrying amount of loans and receivables are reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

4.12 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualified asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.13 Income taxes

Income taxes include all domestic taxes on taxable profit. Taxes in the statements of comprehensive income comprise current tax and deferred tax.

4.13.1Current tax

Current tax is the amount of income taxes payable or receivable in respect of the taxable profit or loss for a period.

Current tax for the current and prior periods is measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted by the end of the reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Income taxes (continued)

4.13.2Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profits will be available, such reductions will be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax will be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different accounting period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

Deferred tax assets and liabilities should be measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

4.14 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Where the effect of the time value of money is material, the amount of a provision will be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.15 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any non-controlling interest.

4.16 Employee benefits

4.16.1Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial period when employees have rendered their services to the Group and the Company.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

4.16.2Defined contribution plan

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund. The contributions are recognised as a liability after deducting any contributions already paid and as an expense in the period in which the employees render their services.

4.17 Foreign currencies

4.17.1Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The consolidated financial statements are presented in Ringgit Malaysia, which is the Company’s functional and presentation currency.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.17 Foreign currencies (continued)

4.17.2Foreign currency translations and balances

Transactions in foreign currencies are converted into the functional currency of each company in the Group at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of the reporting period are translated into the functional currency of each company in the Group at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

4.18 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's activities as follows:

(a) Sale of goods

Revenue from sale of goods represents the invoiced value arising from the sale of optical related products and hearing aid solutions and related accessories.

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the customers and where the Group retains no continuing managerial involvement over the goods, which coincides with delivery of goods and services and acceptance by customers.

(b) Services

Revenue from services represents the invoiced value arising from laser eye surgery treatment and is recognised upon performance of services.

(c) Franchise fee income

Franchise fee income is recognised on an accrual basis over the period of the respective franchise agreements unless collectibility is in doubt with the unrecognised portion being recorded as deferred income in the statement of financial position.

(d) Licensing fee income

Licensing fee income is recognised on accrual basis unless collectibility is in doubt.

(e) Royalty fee income

Royalty fee income is recognised on accrual basis unless collectibility is in doubt.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Revenue recognition (continued)

(f) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(g) Rental income

Rental income is recognised on a straight line basis over the lease term of an ongoing lease.

(h) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

4.19 Operating segments

Operating segments are defined as components of the Group that:

(a) engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) whose operating results are regularly reviewed by the Group's chief operating decision maker (i.e. the Group's Chief Executive Officer) in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten (10) per cent or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is ten (10) per cent or more of the greater, in absolute amount of:

  (i) the combined reported profit of all operating segments that did not report a loss; and

  (ii) the combined reported loss of all operating segments that reported a loss.

(c) Its assets are ten (10) per cent or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy five (75) percent of the Group's revenue. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds, if any, would result in a restatement of prior period segment date for comparative purposes.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Earnings per share

Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

4.21 Deferred income

Deferred income represents franchise fees and is recognised as revenue on a time apportionment basis over the remaining period of the respective franchise agreements in line with the services to be rendered. Portion expected to be realised not more than twelve (12) months after the end of the reporting period is classified as current. All other portions shall be classified as non-current.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs

5.1 New FRSs and amendment to FRSs adopted during the current financial year

(a) Amendments to FRS 132 are mandatory for annual periods beginning on or after 1 March 2010 in respect of the classification of rights issues respectively.

These Amendments clarify that rights, options or warrants to acquire a fixed number of the Group’s own equity instruments for a fixed amount of any currency shall be classified as equity instruments rather than financial liabilities if the Group offers the rights, options or warrants pro rata to all of its own existing owners of the same class of its own non-derivative equity instruments.

There is no impact upon adoption of these Amendments during the financial year.

(b) IC Interpretation 12 *Service Concession Arrangements* is mandatory for annual periods beginning on or after 1 July 2010.

This Interpretation applies to operators for public-to-private service concession arrangements, whereby infrastructure within the scope of this Interpretation shall not be recognised as property, plant and equipment of the operator. The operator shall recognise and measure revenue in accordance with FRS 111 *Construction Contracts* and FRS 118 for the services performed. The operator shall also account for revenue and costs relating to construction or upgrade services in accordance with FRS 111.

Consideration received or receivable by the operator for the provision of construction or upgrade services shall be recognised at its fair value. If the consideration consists of an unconditional contractual right to receive cash or another financial asset from the grantor, it shall be classified as a financial asset. Conversely, if the consideration consists of a right to charge users of the public service, it shall be classified as an intangible asset.

There is no impact upon adoption of this Interpretation during the financial year.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

5.1 New FRSs and amendment to FRSs adopted during the current financial year (continued)

(c) FRS 1 *First-time Adoption of Financial Reporting Standards* is mandatory for annual periods beginning on or after 1 July 2010.

This Standard supersedes the existing FRS 1 and shall be applied when the Group adopts FRSs for the first time via the explicit and unreserved statement of compliance with FRSs. An opening FRS statement of financial position shall be prepared and presented at the date of transition to FRS, whereby:

(i) All assets and liabilities shall be recognised in accordance with FRSs;
(ii) Items of assets and liabilities shall not be recognised if FRSs do not permit such recognition;
(iii) Items recognised in accordance with previous GAAP shall be reclassified in accordance with FRSs; and
(iv) All recognised assets and liabilities shall be measured in accordance with FRSs.

All resulting adjustments shall therefore be recognised directly in retained earnings at the date of transition to FRSs.

There is no impact upon adoption of this Standard during the financial year.

(d) FRS 3 *Business Combinations* is mandatory for annual periods beginning on or after 1 July 2010.

This Standard supersedes the existing FRS 3 and now includes business combinations involving mutual entities and those achieved by way of contract alone. Any non-controlling interest in an acquiree shall be measured at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The time limit on the adjustment to goodwill due to the arrival of new information on the crystallisation of deferred tax benefits shall be restricted to the measurement period resulting from the arrival of the new information. Contingent liabilities acquired arising from present obligations shall be recognised, regardless of the probability of outflow of economic resources.

Acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred and the services are received. Consideration transferred in a business combination, including contingent consideration, shall be measured and recognised at fair value at acquisition date. Any changes in the amount of consideration to be paid will no longer be adjusted against goodwill but recognised in profit or loss.

In business combinations achieved in stages, the acquirer shall remeasure its previously held equity interest at its acquisition date fair value and recognise the resulting gain or loss in profit or loss.

The revised FRS 3 has been applied prospectively in accordance with its transitional provisions. Assets and liabilities that arose from business combinations whose acquisition dates were before 1 July 2010 are not adjusted.

During the financial year, the newly acquired subsidiary was accounted for in accordance with this new Standard.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

5.1 New FRSs and amendment to FRSs adopted during the current financial year (continued)

(e) FRS 127 *Consolidated and Separate Financial Statements* is mandatory for annual periods beginning on or after 1 July 2010.

This Standard supersedes the existing FRS 127 and replaces the current term ‘minority interest’ with the new term ‘non-controlling interest’ which is defined as the equity in a subsidiary that is not attributable, directly or indirectly, to a parent. Accordingly, total comprehensive income shall be attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. If the Group loses control of a subsidiary, any gains or losses are recognised in profit or loss and any investment retained in the former subsidiary shall be remeasured at its fair value at the date when control is lost.

According to its transitional provisions, the revised FRS 127 has been applied prospectively, and does not impact the Group’s consolidated financial statements in respect of transactions with non-controlling interest, attribution of losses to non-controlling interest, and disposal of subsidiaries before 1 July 2010. These changes would only affect future transactions with non-controlling interest.

(f) Amendments to FRSs are mandatory for annual periods beginning on or after 1 July 2010.

Amendments to FRS 2 *Share-based Payments* clarify that transactions in which the Group acquired goods as part of the net assets acquired in a business combination or contribution of a business on the formation of a joint venture are excluded from the scope of this Standard. There is no impact upon adoption of these Amendments during the financial year.

Amendments to FRS 5 clarify that non-current asset classified as held for distribution to owners acting in their capacity as owners are within the scope of this Standard. The amendment also clarifies that in determining whether a sale is highly probable, the probability of shareholders’ approval, if required in the jurisdiction, shall be considered. In a sale plan involving loss of control of a subsidiary, all assets and liabilities of that subsidiary shall be classified as held for sale, regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale. Discontinued operations information shall also be presented. Non-current asset classified as held for distribution to owners shall be measured at the lower of its carrying amount and fair value less costs to distribute. There is no impact upon adoption of these Amendments during the financial year.

Amendments to FRS 138 clarify that the intention of separating an intangible asset is irrelevant in determining the identifiability of the intangible asset. In a separate acquisition and acquisition as part of a business combination, the price paid by the Group reflects the expectations of the Group of an inflow of economic benefits, even if there is uncertainty about the timing or the amount of the inflow. Accordingly, the probability criterion is always considered to be satisfied for separately acquired intangible assets. The useful life of a reacquired right recognised as an intangible asset in a business combination shall be the remaining contractual period of the contract in which the right was granted, and do not include renewal periods. In the case of a reacquired right in a business combination, if the right is subsequently reissued to a third party, the related carrying amount shall be used in determining the gain or loss on reissue. There is no impact upon adoption of these Amendments during the financial year.

Amendments to IC Interpretation 9 clarify that embedded derivatives in contracts acquired in a business combination, combination of entities or business under common controls, or the formation of a joint venture are excluded from this Interpretation. There is no impact upon adoption of these Amendments during the financial year.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

5.1 New FRSs and amendment to FRSs adopted during the current financial year (continued)

(g) IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation* is mandatory for annual periods beginning on or after 1 July 2010.

This Interpretation applies to hedges undertaken on foreign currency risk arising from net investments in foreign operations and the Group wishes to qualify for hedge accounting in accordance with FRS 139.

Hedge accounting is applicable only to the foreign exchange differences arising between the functional currency of the foreign operation and the functional currency of any parent (immediate, intermediate or ultimate parent) of that foreign operation. An exposure to foreign currency risk arising from a net investment in a foreign operation may qualify for hedge accounting only once in the consolidated financial statements.

Hedging instruments designated in the hedge of a net investment in a foreign operation may be held by any companies within the Group, as long as the designation, documentation and effectiveness requirements of FRS 139 are met. There is no impact upon adoption of this Interpretation during the financial year.

(h) IC Interpretation 17 *Distributions of Non-cash Assets to Owners* is mandatory for annual periods beginning on or after 1 July 2010.

This Interpretation applies to non-reciprocal distributions of non-cash assets by the Group to its owners in their capacity as owners, as well as distributions that give owners a choice of receiving either non-cash assets or a cash alternative. This Interpretation also applies to distributions in which all owners of the same class of equity instruments are treated equally.

The liability to pay a dividend shall be recognised when the dividend is appropriately authorised and is no longer at the discretion of the Group. The liability shall be measured at the fair value of the assets to be distributed. If the Group gives its owners a choice of receiving either a non-cash asset or a cash alternative, the dividend payable shall be estimated by considering the fair value of both alternatives and the associated probability of the owners' selection.

At the end of each reporting period, the carrying amount of the dividend payable shall be remeasured and any changes shall be recognised in equity. At the settlement date, any difference between the carrying amounts of the assets distributed and the carrying amount of the dividend payable shall be recognised in profit or loss. The new accounting policy (see Note 4.10.3) has been applied prospectively. There is no impact upon adoption of this Interpretation during the financial year.

(i) Amendment to FRS 1 *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters* is mandatory for annual periods beginning on or after 1 January 2011.

This Amendment permits a first-time adopter of FRSs to apply the exemption of not restating comparatives for the disclosures required in Amendments to FRS 7.

There is no impact upon adoption of this Amendment during the financial year.

(j) Amendments to FRS 1 *Additional Exemptions for First-time Adopters* are mandatory for annual periods beginning on or after 1 January 2011.

These Amendments permit a first-time adopter of FRSs to apply the exemption of not restating the carrying amounts of oil and gas assets determined under previous GAAP.

There is no impact upon adoption of these Amendments during the financial year.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

5.1 New FRSs and amendment to FRSs adopted during the current financial year (continued)

(k) Amendments to FRS 7 *Improving Disclosures about Financial Instruments* are mandatory for annual periods beginning on or after 1 January 2011.

These Amendments require enhanced disclosures of fair value of financial instruments based on the fair value hierarchy, including the disclosure of significant transfers between Level 1 and Level 2 of the fair value hierarchy as well as reconciliations for fair value measurements in Level 3 of the fair value hierarchy.

By virtue of the exemption provided under paragraph 44G of FRS 7, the impact of applying these Amendments on the financial statements upon first adoption of FRS 7 as required by paragraph 30(b) of FRS 108 are not disclosed.

(l) Amendments to FRS 2 *Group Cash-settled Share-based Payment Transactions* are mandatory for annual periods beginning on or after 1 January 2011.

These Amendments clarify the scope and the accounting for group cash-settled share-based payment transactions in the separate financial statements of the entity receiving the goods or services when that entity has no obligation to settle the share-based payment transaction.

There is no impact upon adoption of these Amendments during the financial year.

(m) IC Interpretation 4 *Determining whether an Arrangement contains a Lease* is mandatory for annual periods beginning on or after 1 January 2011.

This Interpretation requires the determination of whether an arrangement is, or contains, a lease based on an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and whether the arrangement conveys a right to use the asset. This assessment shall be made at the inception of the arrangement and subsequently reassessed if certain condition(s) in the Interpretation is met.

There is no impact upon adoption of this Interpretation during the financial year because there are no arrangements dependent on the use of specific assets in the Group.

(n) IC Interpretation 18 *Transfers of Assets from Customers* is mandatory for annual periods beginning on or after 1 January 2011.

This Interpretation applies to agreements in which an entity receives from a customer either an item of property, plant and equipment that must be used to either connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services or cash for the acquisition or construction of property, plant and equipment. The entity receiving the transferred item is required to assess whether the transferred item meets the definition of an asset set out in the Framework. The credit entry would be accounted for as revenue in accordance with FRS 118.

There is no impact upon adoption of this Interpretation during the financial year because there is no such arrangement in the Group.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

5.1 New FRSs and amendment to FRSs adopted during the current financial year (continued)

(o) *Improvements to FRSs (2010)* are mandatory for annual periods beginning on or after 1 January 2011.

Amendments to FRS 1 clarify that FRS 108 does not apply to changes in accounting policies made upon adoption of FRSs until after the first FRS financial statements have been presented. If changes in accounting policies or exemptions in this FRS are used, an explanation of such changes together with updated reconciliations shall be made in each interim financial report. Entities whose operations are subject to rate regulation are permitted the use of previously revalued amounts as deemed cost. There is no impact upon adoption of these amendments during the financial year.

Amendments to FRS 3 clarify that for each business combination, the acquirer shall measure at the acquisition date non-controlling interests that consists of the present ownership interests and entitle holders to a proportionate share of the entity's net assets in the event of liquidation. Un-replaced and voluntarily replaced share-based payment transactions shall be measured using the market-based measurement method in accordance with FRS 2 at the acquisition date. There is no impact upon adoption of these Amendments during the financial year.

Amendments to FRS 7 clarify that quantitative disclosures of risk concentrations are required if the disclosures made in other parts of the financial statements are not readily apparent. The disclosure on maximum exposure to credit risk is not required for financial instruments whose carrying amount best represents the maximum exposure to credit risk. The Group has incorporated these disclosures on maximum exposure to credit risk in Note 38 to the financial statements.

Amendments to FRS 101 clarify that a statement of changes in equity shall be presented as part of a complete set of financial statements and analysis of other comprehensive income shall also be presented in the statement of changes in equity. This has been reflected in the statement of changes in equity.

Amendments to FRS 121 *The Effects of Changes in Foreign Exchange Rates* clarify that the accounting treatment for cumulative foreign exchange differences in other comprehensive income for the disposal or partial disposal of a foreign operation shall be applied prospectively. There is no impact upon adoption of these Amendments during the financial year.

Amendments to FRS 128 clarify that the accounting treatment for the cessation of significant influence over an associate shall be applied prospectively. There is no impact upon adoption of these Amendments during the financial year.

Amendments to FRS 131 clarify that the accounting treatment for the cessation of joint control over an entity shall be applied prospectively. There is no impact upon adoption of these Amendments during the financial year.

Amendments to FRS 132 clarify that contingent consideration from a business combination that occurred before the effective date of the revised FRS 3 of 1 July 2010 shall be accounted for prospectively. There is no impact upon adoption of these Amendments during the financial year.

Amendments to FRS 134 clarify that updated information on significant events and transactions since the end of the last annual reporting period shall be included in the Group's interim financial report. There is no impact upon adoption of these Amendments during the financial year. However, there would be additional disclosures in the quarterly interim financial statements of the Group.

Amendments to FRS 139 clarify that contingent consideration from a business combination that occurred before the effective date of the revised FRS 3 of 1 July 2010 shall be accounted for prospectively. There is no impact upon adoption of these Amendments during the financial year.

Amendments to IC Interpretation 13 clarify that the fair value of award credits takes into account, amongst others, the amount of the discounts or incentives that would otherwise be offered to customers who have not earned award credits from an initial sale. There is no impact upon adoption of these Amendments during the financial year.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

5.2 New Malaysian Financial Reporting Standards ('MFRS') that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2012

On 19 November 2011, the Malaysian Accounting Standards Board ('MASB') announced the issuance of the new MFRS framework that is applicable to entities other than private entities.

The Group is expected to apply the MFRS framework for the financial year ending 31 December 2012.

This would result in the Group preparing an opening MFRS statement of financial position as at 1 January 2011 which adjusts for differences between the classification and measurement bases in the existing FRS framework versus that in the new MFRS framework. This would also result in a restatement of the annual and quarterly financial performance for the financial year ended 31 December 2011 and quarter ended 31 March 2011 in accordance with MFRS which would form the MFRS comparatives for the financial year ending 31 December 2012 and quarter ending 31 March 2012 respectively.

The MFRSs and IC Interpretations expected to be adopted are as follows:

		Effective Date
MFRS 1	*First-time Adoption of Financial Reporting Standards*	1 January 2012
MFRS 2	*Share-based Payment*	1 January 2012
MFRS 3	*Business Combination*	1 January 2012
MFRS 4	*Insurance Contracts*	1 January 2012
MFRS 5	*Non-current Assets Held for Sale and Discontinued Operations*	1 January 2012
MFRS 6	*Exploration for and Evaluation of Mineral Resources*	1 January 2012
MFRS 7	*Financial Instruments: Disclosures*	1 January 2012
MFRS 8	*Operating Segments*	1 January 2012
MFRS 9	*Financial Instruments*	1 January 2015
MFRS 10	*Consolidated Financial Statements*	1 January 2013
MFRS 11	*Joint Arrangements*	1 January 2013
MFRS 12	*Disclosure of Interests in Other Entities*	1 January 2013
MFRS 13	*Fair Value Measurement*	1 January 2013
MFRS 101	*Presentation of Financial Statements*	1 January 2012
Amendments to MFRS 101	*Presentation of Items of Other Comprehensive Income*	1 July 2012
MFRS 102	*Inventories*	1 January 2012
MFRS 107	*Statement of Cash Flows*	1 January 2012
MFRS 108	*Accounting Policies, Changes in Accounting Estimates and Errors*	1 January 2012
MFRS 110	*Events After the Reporting Period*	1 January 2012
MFRS 111	*Construction Contacts*	1 January 2012
MFRS 112	*Income Taxes*	1 January 2012
MFRS 116	*Property, Plant and Equipment*	1 January 2012
MFRS 117	*Leases*	1 January 2012
MFRS 118	*Revenue*	1 January 2012
MFRS 119	*Employee Benefits*	1 January 2012
MFRS 119	*Employee Benefits (revised)*	1 January 2013
MFRS 120	*Accounting for Government Grants and Disclosure of Government Assistance*	1 January 2012
MFRS 121	*The Effects of Changes in Foreign Exchange Rates*	1 January 2012
MFRS 123	*Borrowing Costs*	1 January 2012
MFRS 124	*Related Party Dislcosures*	1 January 2012

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

5.2 New Malaysian Financial Reporting Standards ('MFRS') that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2012 (continued)

		Effective Date
MFRS 126	*Accounting and Reporting by Retirement Benefit Plans*	1 January 2012
MFRS 127	*Consolidated and Separate Financial Statements*	1 January 2012
MFRS 127	*Separate Financial Statements*	1 January 2013
MFRS 128	*Investments in Associates*	1 January 2012
MFRS 128	*Investments in Associates and Joint Ventures*	1 January 2013
MFRS 129	*Financial Reporting in Hyperinflationary Economies*	1 January 2012
MFRS 131	*Interests in Joint Ventures*	1 January 2012
MFRS 132	*Financial Instruments: Presentation*	1 January 2012
MFRS 133	*Earnings Per Share*	1 January 2012
MFRS 134	*Interim Financial Reporting*	1 January 2012
MFRS 136	*Impairment of Assets*	1 January 2012
MFRS 137	*Provisions, Contingent Liabilities and Contingent Assets*	1 January 2012
MFRS 138	*Intangible Assets*	1 January 2012
MFRS 139	*Financial Instruments: Recognition and Measurement*	1 January 2012
MFRS 140	*Investment Property*	1 January 2012
MFRS 141	*Agriculture*	1 January 2012
Improvements to MFRs		1 January 2012
Amendments to MFRS 7	*Disclosures – Offsetting Financial Assets and Financial Liabilities*	1 January 2013
Amendments to MFRS 132	*Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Mandatory Effective Date of MFRS 9 and Transition Disclosures		1 March 2012
IC Interpretation 1	*Changes in Existing Decommissioning, Restoration and Similar Liabilities*	1 January 2012
IC Interpretation 2	*Members' Shares in Co-operative Entities and Similar Instruments*	1 January 2012
IC Interpretation 4	*Determining Whether an Arrangement Contains a Lease*	1 January 2012
IC Interpretation 5	*Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*	1 January 2012
IC Interpretation 6	*Liabilities Arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment*	1 January 2012
IC Interpretation 7	*Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyper inflationary Economies*	1 January 2012
IC Interpretation 9	*Reassessment of Embedded Derivatives*	1 January 2012
IC Interpretation 10	*Interim Financial Reporting and Impairment*	1 January 2012
IC Interpretation 12	*Service Concession Arrangements*	1 January 2012
IC Interpretation 13	*Customer Loyalty Programmes*	1 January 2012
IC Interpretation 14	*MFRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*	1 January 2012
IC Interpretation 15	*Agreements for the Construction of Real Estate*	1 January 2012
IC Interpretation 16	*Hedges of a Net Investment in a Foreign Operation*	1 January 2012
IC Interpretation 17	*Distributions of Non-cash Assets to Owners*	1 January 2012

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

5.2 New Malaysian Financial Reporting Standards ('MFRS') that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2012 (continued)

		Effective Date
IC Interpretation 18	*Transfers of Assets from Customers*	1 January 2012
IC Interpretation 19	*Extinguishing Financial Liabilities with Equity Instruments*	1 January 2012
IC Interpretation 20	*Stripping Costs in the Production Phase of a Surface Mine*	1 January 2013
IC Interpretation 107	*Introduction of the Euro*	1 January 2012
IC Interpretation 110	*Government Assistance – No Specific Relation to Operating Activities*	1 January 2012
IC Interpretation 112	*Consolidation – Special Purpose Entities*	1 January 2012
IC Interpretation 113	*Jointly Controlled Entities – Non-Monetary Contributions by Venturers*	1 January 2012
IC Interpretation 115	*Operating Leases – Incentives*	1 January 2012
IC Interpretation 125	*Income Taxes – Changes in the Tax Status of an Entity or its Shareholders*	1 January 2012
IC Interpretation 129	*Evaluating the Substance of Transactions Involving the Legal Form of a Lease*	1 January 2012
IC Interpretation 131	*Revenue – Barter Transactions Involving Advertising Services*	1 January 2012
IC Interpretation 132	*Intangible Assets – Web Site Costs*	1 January 2012

Technical Release 3 *Guidance on Disclosures of Transition to IFRSs* ('TR 3') provides voluntary disclosure requirements on the potential impact of adoption of MFRSs. However, the Company is in the process of preparing the opening statement of financial statements and is only able to assess the potential impact as follows:

(a) FRS 116 contains an additional disclosure to require an entity to disclose if it had applied the transitional provision provided by the MASB when FRS 116 was first adopted in 1998. The said transitional provision allowed an entity to carry the asset's revalued amount as surrogate cost.

However, MFRS 116 does not have similar requirements for such a transition.

(b) FRS 117 contains two transitional provisions, one of which is in relation to the transition from MASB 10 *Leases* to FRS 117:

i. An entity that had previously classified its leasehold land as property, plant and equipment shall reclassify the unamortised carrying amount as operating lease.

If the entity had previously revalued such leasehold land, the entity shall retain the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments.

However, MFRS 117 does not have this transitional provision as the requirement to treat leasehold land as operating lease was already prescribed in IAS 17 *Leases*.

ii. An entity need not disclose the effect of impending changes of accounting standards required under FRS 108 *Accounting Policies, Changes in Estimates and Errors* when it first applied the revised Standard.

However, MFRS 117 does not have similar requirements for such a transition.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

5.2 New Malaysian Financial Reporting Standards ('MFRS') that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2012 (continued)

(c) FRS 121 mandates the use of Ringgit Malaysia as the presentation currency in accordance with the Companies Act, 1965. However, MFRS 121 does not have such a similar requirement.

(d) FRS 139 contains three transitional provisions, namely:

i. Transitional provision for first-time adoption of FRS 139 which prohibits retrospective application and instead, requires an initial application of the recognition, classification and measurement on the effective date of the Standard.

ii. An entity need not disclose the effect of impending changes of accounting standards required under FRS 108 when it first applied the revised Standard.

However, MFRS 139 does not have similar requirements for such a transition.

(e) FRS 140 contains an additional disclosure to require an entity to disclose that it had applied the transitional provision provided by the MASB in 1998. The same transitional provision allowed an entity to carry the asset's revalued amount as surrogate cost.

However, MFRS 140 does not have similar requirements for such a transition.

(f) FRS 4 contains a transitional provision that an entity need not disclose the effect of impending changes of accounting standards required under FRS 108 when it first applied the Standard.

However, MFRS 4 does not have similar requirements for such a transition.

(g) FRS 7 contains two transitional provisions:

i. An entity is not required to present any comparative disclosures required by the Standard when it first applied the Standard.

ii. An entity need not disclose the effect of impending changes of accounting standards required under FRS 108 when it first applied the Standard.

However, MFRS 7 does not have similar requirements for such a transition.

(h) IC Interpretation 12 contains a transitional provision that an entity need not disclose the effect of impending changes of accounting standards required under FRS 108 when it first applied the Standard.

However, IC 12 does not have similar requirements for such a transition.

(i) MFRS 141 *Agriculture* is mandatory for annual period beginning on or after 1 January 2012.

This Standard prescribes the accounting treatment, financial statement presentation, and disclosures related to agricultural activity. It requires measurement at fair value less costs to sell from initial recognition of biological assets up to the point of harvest, other than when fair value cannot be measured reliably on initial recognition. This Standard requires that a change in fair value less costs to sell of a biological asset be included in profit or loss for the period in which it arises.

The Group does not expect any material impact on the financial statements upon adoption of this Standard as this standard is not applicable to the Group.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

5.2 New Malaysian Financial Reporting Standards ('MFRS') that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2012 (continued)

(j) IC Interpretation 15 *Agreements for the Construction of Real Estate* is mandatory for annual periods beginning on or after 1 January 2012.

This Interpretation applies to the accounting for revenue and associated expenses by entities undertaking construction or real estate directly or via subcontractors. Within a single agreement, the Group may contract to deliver goods or services in addition to the construction of real estate. Such an agreement shall therefore, be split into separately identifiable components.

An agreement for the construction of real estate shall be accounted for in accordance with FRS 111 if the buyer is able to specify the major structural elements of the design of the real estate before construction begins and/or specify major structural changes once construction is in progress. Accordingly, revenue shall be recognised by reference to the stage of completion of the contract.

An agreement for the construction of real estate in which buyers only have limited ability to influence the design of the real estate or to specify only minor variations to the basic designs is an agreement for the sale of goods in accordance with FRS 118. Accordingly, revenue shall be recognised by reference to the criteria in paragraph 14 of FRS 118 (e.g. transfer of significant risks and rewards, no continuing managerial involvement nor effective control, reliable measurement, etc.).

The Group does not expect any material impact on the financial statements upon adoption of this Interpretation.

5.3 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 July 2012 and 1 January 2013

(a) Amendments to MFRS 101 *Presentation of Items of Other Comprehensive Income* are mandatory for annual periods beginning on or after 1 July 2012.

These Amendments require the Group to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments) or otherwise. It does not change the option to present items of other comprehensive income either before tax or net of tax. However, if the items are presented before tax, then the tax related to each of the two groups of other comprehensive income items shall be shown separately.

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 31 December 2013.

(b) MFRS 10 *Consolidated Financial Statements* is mandatory for annual periods beginning on or after 1 January 2013.

This Standard defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The investor is required to reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 31 December 2013.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

5.3 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 July 2012 and 1 January 2013 (continued)

(c) MFRS 11 *Joint Arrangements* is mandatory for annual periods beginning on or after 1 January 2013.

This Standard requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement. A joint arrangement is an arrangement of which two or more parties have joint control. Joint arrangements are classified into two types; joint operations and joint ventures. A joint operation is a joint arrangement whereby joint operators have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangements. A joint operator recognises and measures the assets and liabilities in relation to its interest in the arrangement in accordance with applicable relevant MFRS whereas a joint venture recognises the investment using the equity method of accounting.

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 31 December 2013.

(d) MFRS 12 *Disclosure of Interests in Other Entities* is mandatory for annual periods beginning on or after 1 January 2013.

This Standard establishes disclosure objectives and requirements that enable users of financial statements to evaluate the nature of, and risks associated with, the Group's interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows. If the minimum disclosures required in this Standard are not sufficient to meet the disclosure objectives, the Group is expected to disclose whatever additional information that is necessary to meet that objective.

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 31 December 2013.

(e) MFRS 13 *Fair Value Measurements* is mandatory for annual periods beginning on or after 1 January 2013.

This Standard applies to FRS that requires or permits fair value measurements or disclosures about fair value measurements. It explains how to measure fair value for financial reporting and does not require fair value measurements in addition to those already required or permitted by other MFRS. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The definition of fair value is a market-based measurement and not an entity-specific measurement whereby assumptions made by market participants would be used when pricing the asset or liability under current market conditions. Consequently, the Group's intention to hold an asset or to settle or fulfil a liability is not relevant when measuring fair value.

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 31 December 2013.

(f) MFRS 127 *Separate Financial Statements (revised)* is mandatory effective for annual periods beginning on or after 1 January 2013.

This revised Standard contains accounting requirements for investments in subsidiaries, joint ventures and associates when separate financial statements are prepared. The Company is required to account for those investments either at cost or in accordance with MFRS 9 in the separate financial statements.

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 31 December 2013.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

5.3 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 July 2012 and 1 January 2013 (continued)

(g) MFRS 128 *Investments in Associates and Joint Ventures (revised)* is mandatory for annual periods beginning on or after 1 January 2013.

This revised Standard defines the equity method of accounting whereby the investment in an associate or joint venture is initially measured at cost and adjusted thereafter for the post-acquisition change in the investor's share of net assets of the investee. The profit or loss of the investor includes its share of the profit or loss of the investee and the other comprehensive income of the investor includes its share of other comprehensive income of the investee.

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 31 December 2013.

(h) MFRS 119 *Employee Benefits (revised)* is mandatory for annual periods beginning on or after 1 January 2013.

This revised Standard requires the Group to recognise all changes in the defined benefit obligations and in the fair value of related plan assets when those changes occur. The Group is also required to split the changes in the net defined benefit liability or asset into the following three components: service cost (presented in profit or loss), net interest on the net defined benefit liability (presented in profit or loss) and remeasurement of the net defined benefit liability (presented in other comprehensive income and not recycled through profit or loss).

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 31 December 2013.

(i) IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine* is mandatory for annual periods beginning on or after 1 January 2013.

This Interpretation clarifies that removed material that can be used to build up inventory is accounted for in accordance with the principles of MFRS 102 *Inventories*. The other removed material, that provides access to deeper levels of material that will be mined in future periods, is recognised as a non-current asset (referred to as a 'stripping activity asset') if recognition criteria are met. This Interpretation requires stripping activity assets to be measured at cost at initial recognition. Consequently, they are carried either at cost or revalued amount less depreciation or amortisation and any impairment losses.

The Group does not expect any material impact on the financial statements upon adoption of this Interpretation as this interpretation is not applicable to the Group.

(j) Amendments to MFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities* is mandatory for annual periods beginning on or after 1 January 2013.

These Amendments require disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

The Group is in the process of assessing the impact of implementing these Amendments since the effects would only be observable for the financial year ending 31 December 2013.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

5.3 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 July 2012 and 1 January 2013 (continued)

(k) Amendments to MFRS 132 *Offsetting Financial Assets and Financial Liabilities* is mandatory for annual periods beginning on or after 1 January 2014.

These Amendments provide the application guidance for criteria to offset financial assets and financial liabilities.

The Group is in the process of assessing the impact of implementing these Amendments since the effects would only be observable for the financial year ending 31 December 2014.

(l) MFRS 9 *Financial Instruments* is mandatory for annual periods beginning on or after 1 January 2015.

This Standard addresses the classification and measurement of financial assets and financial liabilities. All financial assets shall be classified on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs. Financial assets are subsequently measured at amortised cost or fair value. Financial liabilities are subsequently measured at amortised cost or fair value. However, changes due to own credit risk in relation to the fair value option for financial liabilities shall be recognised in other comprehensive income.

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 31 December 2015.

(m) *Mandatory Effective Date of MFRS 9 and Transition Disclosures* is effective immediately upon adoption of FRS 9.

This Amendment modifies the effective date of MFRS 9 from 1 January 2013 to 1 January 2015. Transitional provisions in MFRS 9 were also amended to provide certain relief from retrospective adjustments.

The Group is in the process of assessing the impact of implementing these Amendments since the effects would only be observable for the financial year ending 31 December 2015.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no changes in estimates at the end of the reporting period.

6.2 Critical judgements made in applying accounting policies

The following judgements made by management in the process of applying the Group's accounting policies have the most significant effect on the amounts recognised in the financial statements.

Contingent liabilities

The determination and treatment of contingent liabilities is based on the Directors' and management's view of the expected outcome of the contingencies, after consulting legal counsel for litigation cases and internal and external experts to the Group for matters in the ordinary course of the business.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.3 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Useful lives of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment at the time the assets are acquired based on historical experience, the expected usage, wear and tear of the assets, and technical obsolescence arising from changes in the market demands or service output of the assets. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to changes in factors mentioned above. Changes in these factors could impact the useful lives and the residual values of the assets; therefore future depreciation charges could be revised.

(b) Impairment of assets

The Group determines whether an asset is impaired by evaluating the extent to which the recoverable amount of an asset is less than its carrying amount. This evaluation is subject to factors such as market performance, economic and political situation of the country.

Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value in use. The value in use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to reflect its income and cash flows. Judgement has also been used to determine the discount rate for cash flows and the future growth of the business.

(c) Impairment of investments in subsidiaries and associates and amounts owing by subsidiaries and associates

The Company reviews the investments in subsidiaries and associates for impairment when there is an indication of impairment and assess the impairment of receivables on the amounts owing by subsidiaries and associates when the receivables are long outstanding.

The recoverable amounts of the investments in subsidiaries and associates and amounts owing by subsidiaries and associates are assessed by reference to the value in use of the respective subsidiaries and associates.

The value in use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries and associates discounted at an appropriate discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to reflect their income and cash flows. Judgement had also been used to determine the discount rate for the cash flows and the future growth of the businesses of the subsidiaries.

(d) Impairment of held-to-maturity investment

The Group makes impairment of held-to-maturity investment based on an assessment of whether there is a decline in the value of such investment that is other than temporary. The assessment involves judgement and is made based on amongst others, historical performance of the investment and current market conditions that may have an impact on the market value of the investment.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.3 Key sources of estimation uncertainty (continued)

(e) Impairment of goodwill on consolidation

The Group determines whether goodwill on consolidation is impaired at least on an annual basis. This requires an estimation of the value-in-use of the subsidiaries to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The calculations of the value-in-use amount is most sensitive to the following assumptions:

(i) Growth rates. The forecasted growth rates are determined based on industry trends and past performance of the CGUs.

(ii) Pre-tax discount rates. The discount rates reflect current market assessment of specific risks to each CGU. These discount rates have consistently been used by management as the benchmark rates to assess operating performance and to evaluate future investment proposals.

Further details are disclosed in Note 11 to the financial statements.

(f) Impairment of receivables

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences will impact the carrying amount of receivables.

(g) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and deferred income to the extent that it is probable that taxable profits will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(h) Income taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses based on the interpretation of the tax laws and legislations during the estimation of the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions, where applicable, in the period in which such determination is made.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.3 Key sources of estimation uncertainty (continued)

(i) Write down for obsolete or slow moving inventories

The Group writes down its obsolete or slow moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

(j) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Group based on its size and its business risk.

7. PROPERTY, PLANT AND EQUIPMENT

Group 2011	Balance as at 1.1.2011 RM'000	Transfer RM'000	Additions* RM'000	Disposals RM'000	Written off RM'000	Balance as at 31.12.2011 RM'000
At cost						
Alarm and security system	303	–	161	(4)	(49)	411
Computers	3,518	–	434	(28)	(6)	3,918
Freehold properties	4,698	–	448	–	–	5,146
Furniture and fittings	8,163	–	2,699	(333)	(424)	10,105
Hearing equipment	35	–	18	(23)	–	30
Lab tools and equipment	2,009	–	–	–	–	2,009
Motor vehicles	3,934	–	–	(57)	–	3,877
Office equipment	774	–	77	(42)	(19)	790
Optical equipment	7,446	–	1,273	(236)	–	8,483
Renovation and electrical installations	5,685	398	1,512	(192)	(190)	7,213
Signboards	759	–	173	(24)	(13)	895
Construction-in-progress	398	(398)	–	–	–	–
	37,722	–	6,795	(939)	(701)	42,877

* Included in additions of property, plant and equipment are property, plant and equipment acquired from Hightex Vision Sdn. Bhd. with a cost of RM88,000 as disclosed in Note 39(a) to the financial statements.

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2011	Balance as at 1.1.2011 RM'000	Charge for the financial year RM'000	Disposals RM'000	Written off RM'000	Impairment RM'000	Balance as at 31.12.2011 RM'000
Accumulated depreciation and impairment loss						
Alarm and security system	222	36	(8)	(49)	8	209
Computers	2,122	791	(15)	(5)	–	2,893
Freehold properties	691	100	–	–	–	791
Furniture and fittings	2,554	873	(123)	(217)	–	3,087
Hearing equipment	1	5	(2)	–	–	4
Lab tools and equipment	1,785	37	–	–	–	1,822
Motor vehicles	1,740	752	(21)	–	–	2,471
Office equipment	463	86	(25)	(18)	–	506
Optical equipment	3,314	635	(110)	–	–	3,839
Renovation and electrical installations	1,613	602	(77)	(95)	377	2,420
Signboards	438	107	(10)	(8)	21	548
	14,943	4,024	(391)	(392)	406	18,590

Group 2010	Balance as at 14.4.2010 RM'000	Subsidiaries acquired RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Balance as at 31.12.2010 RM'000
At cost						
Alarm and security system	–	260	49	(4)	(2)	303
Computers	–	3,010	651	(29)	(114)	3,518
Freehold properties	–	4,250	448	–	–	4,698
Furniture and fittings	–	6,317	2,207	(102)	(259)	8,163
Hearing equipment	–	–	35	–	–	35
Lab tools and equipment	–	2,007	2	–	–	2,009
Motor vehicles	–	3,157	777	–	–	3,934
Office equipment	–	630	186	(2)	(40)	774
Optical equipment	–	6,421	1,352	(213)	(114)	7,446
Renovation and electrical installations	–	4,426	1,590	(83)	(65)	5,868
Signboards	–	688	188	(13)	(56)	807
Construction-in-progress	–	–	398	–	–	398
	–	31,166	7,883	(446)	(650)	37,953

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2010	Balance as at 14.4.2010 RM'000	Subsidiaries acquired RM'000	Charge for the financial period RM'000	Disposals RM'000	Written off RM'000	Impairment RM'000	Balance as at 31.12.2010 RM'000
Accumulated depreciation and impairment loss							
Alarm and security system	–	211	13	–	(2)	–	222
Computers	–	1,743	493	(16)	(98)	–	2,122
Freehold properties	–	629	62	–	–	–	691
Furniture and fittings	–	2,302	463	(29)	(182)	–	2,554
Hearing equipment	–	–	1	–	–	–	1
Lab tools and equipment	–	1,705	80	–	–	–	1,785
Motor vehicles	–	1,343	397	–	–	–	1,740
Office equipment	–	448	55	(2)	(38)	–	463
Optical equipment	–	3,066	375	(44)	(83)	–	3,314
Renovation and electrical installations	–	1,468	311	(34)	(33)	84	1,796
Signboards	–	462	64	(9)	(54)	23	486
	–	13,377	2,314	(134)	(490)	107	15,174

	Group 2011 RM'000	 2010 RM'000
Net carrying amount		
Alarm and security system	202	81
Computers	1,025	1,396
Freehold properties	4,355	4,007
Furniture and fittings	7,018	5,609
Hearing equipment	26	34
Lab tools and equipment	187	224
Motor vehicles	1,406	2,194
Office equipment	284	311
Optical equipment	4,644	4,132
Renovation and electrical installations	4,793	4,072
Signboards	347	321
Construction-in-progress	–	398
	24,287	22,779

7. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	Group	
	2011	**2010**
	RM'000	**RM'000**
Purchase of property, plant and equipment	6,795	7,883
Financed by hire-purchase arrangements	(154)	(1,488)
Cash payments on purchase of property, plant and equipment	6,641	6,395

(b) As at 31 December 2011, the net carrying amounts of the property, plant and equipment of the Group acquired under hire-purchase arrangements are as follows:

	Group	
	2011	**2010**
	RM'000	**RM'000**
Alarm and security system	6	7
Computers	44	119
Furniture and fittings	524	857
Motor vehicles	1,105	1,824
Office equipment	–	22
Optical equipment	917	1,365
Renovation and electrical installations	426	680
Signboards	–	2
	3,022	4,876

Details of the terms and conditions of the hire-purchase arrangements are disclosed in Notes 20 and 38 to the financial statements respectively.

(c) The net carrying amounts of property, plant and equipment of the Group pledged as securities for banking facilities granted to the Group (Notes 19, 21 and 22) are as follows:

	Group	
	2011	**2010**
	RM'000	**RM'000**
Freehold properties	4,355	4,007

(d) As disclosed in Note 4.4 to the financial statements, the Group adopts the revaluation model for its freehold properties and will revalue with sufficient regularity to ensure that the carrying amounts do not differ materially from that which would be determined using fair values at the end of reporting period. The freehold properties were acquired at fair values in the previous financial year through acquisition of a subsidiary as disclosed in Note 33(c) to the financial statements.

The cost of the revalued freehold properties of the Group has not been disclosed due to the unavailability of the information and records.

8. INVESTMENTS IN SUBSIDIARIES

	Company 2011 RM'000	Company 2010 RM'000
At cost:		
Unquoted shares	29,235	29,235
Less: Impairment losses	(48)	–
	29,187	29,235

The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Interest in equity held by Company 2011 %	Company 2010 %	Subsidiary 2011 %	Subsidiary 2010 %	Principal activities
Excelview Laser Eye Centre Sdn. Bhd.*	Malaysia	100	100	–	–	Provision of medical eye care services
Focus Point Management Sdn. Bhd.*	Malaysia	100	100	–	–	Management of franchised professional eye care centres
Focus Point Vision Care Group Sdn. Bhd.*	Malaysia	100	100	–	–	Retailing of optical and related products
Sound Point Hearing Solution Sdn. Bhd.*	Malaysia	100	100	–	–	Trading of hearing aid solutions and related accessories
Subsidiaries of Focus Point Vision Care Group Sdn. Bhd.						
Esprit Shoppe Sdn. Bhd.*	Malaysia	–	–	100	100	Retailing of optical and related products
Focus Point Vision Care Group (OC) Sdn. Bhd.*	Malaysia	–	–	100	100	Ceased operations and has since remained dormant
Opulence Optometry Sdn. Bhd.*	Malaysia	–	–	100	100	Ceased operations and has since remained dormant
Multiple Reward. Sdn. Bhd.*	Malaysia	–	–	100	100	Ceased operations and has since remained dormant
Radiant Attraction Sdn. Bhd.*	Malaysia	–	–	100	100	Retailing of optical and related products

8. INVESTMENTS IN SUBSIDIARIES (continued)

The details of the subsidiaries are as follows: (continued)

		Interest in equity held by				
	Country of	Company		Subsidiary		
Name of company	incorporation	2011 %	2010 %	2011 %	2010 %	Principal activities
Subsidiaries of Focus Point Vision Care Group Sdn. Bhd.						
Eye-Zed Sdn. Bhd.*	Malaysia	–	–	100	51	Retailing of optical and related products
Truesight Eyewear Optical Sdn. Bhd.*	Malaysia	–	–	60	–	Retailing of optical and related products

* Audited by BDO.

An impairment loss on investments in subsidiaries amounting to RM48,000 (2010: Nil) relating to a subsidiary, Sound Point Hearing Solution Sdn. Bhd., has been recognised during the financial year arising from the assessment of the current profitability of the business, the expectations on the industry growth and as a result of intense competition.

9. INVESTMENTS IN ASSOCIATES

	Group	
	2011 RM'000	2010 RM'000
Unquoted equity shares, at cost	107	107
Less: Accumulated impairment losses	(54)	(54)
	53	53
Share of post-acquisition reserves, net of dividends received	419	326
	472	379

The details of the associates are as follows:

		Interest in equity held by				
	Country of	Company		Subsidiary		
Name of company	incorporation	2011 %	2010 %	2011 %	2010 %	Principal activities
Associates of Focus Point Vision Care Group Sdn. Bhd.						
Focus Point Vision Care Group (HP) Sdn. Bhd.*	Malaysia	–	–	35	35	Retailing of optical and related products
Green Ace Formation Sdn. Bhd.*	Malaysia	–	–	49	49	In the process of voluntary winding up
Zania Sdn. Bhd.*	Malaysia	–	–	20	20	Ceased operations and has since remained dormant

* Associates not audited by BDO.

9. INVESTMENTS IN ASSOCIATES (continued)

The summarised financial information of the associates are as follows:

	Group	
	2011 RM'000	2010 RM'000
Assets and liabilities		
Current assets	1,982	1,763
Non-current assets	2,175	2,260
Total assets	4,157	4,023
Current liabilities	2,321	2,409
Non-current liabilities	5	21
Total liabilities	2,326	2,430
Results		
Revenue	6,494	6,755
Profit for the financial year	365	395

In the previous financial year, the Company's subsidiary, namely Focus Point Vision Care Group Sdn. Bhd. disposed of its entire equity interests in Seen@International Pte. Ltd., comprising 70,000 ordinary shares of SGD1 each at par for a total cash consideration of SGD60,000, which is equivalent to approximately RM148,000.

10. HELD-TO-MATURIY INVESTMENT

	Group	
	2011 RM'000	2010 RM'000
Non-current Financial asset, held-to-maturity - Malaysian quoted unit trust		
Carrying amount	–	500
Market value	–	491

The Directors are of the opinion that the decline in the market value of the unit trust has no implication on the carrying amount as the unit trust is capital protected by the issuer for the first thirty-six (36) months.

On 8 July 2011, the unit trust had matured and the Company disposed of its entire investment in the unit trust for a total consideration of RM501,000, which resulted in a gain of RM1,000.

The unit trust was pledged as securities for banking facilities granted to the Group and to the Company as disclosed in Notes 19, 21 and 22 to the financial statements.

11. GOODWILL ON CONSOLIDATION

	Group 2011 RM'000	 2010 RM'000
Balance as at 1 January 2011/14 April 2010	410	–
Additions through acquisitions of subsidiaries (Note 33)	–	411
Less: Impairment losses	(410)	(1)
Carrying amount	–	410

(a) Goodwill arising from business combinations has been allocated to two individual cash-generating units ('CGU') for impairment testing as follows:

	Optical related products RM'000	Hearing aid solutions and related accessories RM'000	Total RM'000
Cost	401	10	411
Less: Accumulated impairment losses	(401)	(10)	(411)
Carrying amount	–	–	–

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

(b) The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a four-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flows for the five-year period are as follows:

	2011		2010	
	Optical related products	Hearing aid solutions and related accessories	Optical related products	Hearing aid solutions and related accessories
Growth rates	10%	10%	8% - 20%	20%
Pre-tax discount rates	5.60%	5.60%	5.68%	5.68%

A reasonable change in the assumptions above would not cause any impairment loss on goodwill. The calculations of value in use for the CGUs are most sensitive to the following assumptions:

(i) Growth rates

The forecasted growth rate are determined based on the industry trends and past performance of the CGUs.

(ii) Pre-tax discount rates

Discount rates reflect the current market assessment of the risks specific to each CGU. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. Thus, management used a pre-tax discount rate of 5.60% (2010: 5.68%), which is the Group's weighted average cost of funds in determining the recoverable amounts of the CGUs.

11. GOODWILL ON CONSOLIDATION (continued)

(c) An impairment loss on goodwill amounting RM247,000, RM153,000 and RM10,000 respectively relating to subsidiaries, Esprit Shoppe Sdn. Bhd., Radiant Attraction Sdn. Bhd. and Sound Point Hearing Solution Sdn. Bhd. has been recognised during the financial year due to declining business operations. Esprit Shoppe Sdn. Bhd. and Radiant Attraction Sdn. Bhd. are classified under the optical related products CGU and Sound Point Hearing Solution Sdn. Bhd. is classified under the hearing aid solutions and related accessories CGU.

(d) An impairment loss on goodwill amounting RM980 relating to a subsidiary, Multiple Reward Sdn. Bhd., had been recognised in the previous financial year due to declining business operations. This subsidiary is classified under the optical related products CGU.

12. DEFERRED TAX

(a) The deferred tax assets and liabilities are made up of the following:

	Group	
	2011 **RM'000**	**2010** **RM'000**
Balance as at 1 January 2011/14 April 2010	821	–
Addition through acquisition of a subsidiary (Note 33)	–	464
Recognised in profit or loss (Note 30)	54	357
Balance as at 31 December	875	821

	Group	
	2011 **RM'000**	**2010** **RM'000**
Presented after appropriate offsetting:		
Deferred tax assets	(296)	(283)
Deferred tax liabilities	1,171	1,104

12. DEFERRED TAX (continued)

(b) The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group

	Property, plant and and equipment	
	2011 RM'000	2010 RM'000
At 1 January 2011/14 April 2010	1,154	–
Addition through acquisition of a subsidiary (Note 33)	–	646
Recognised in profit or loss	105	508
At 31 December, prior to offsetting	1,259	1,154
Offsetting	(88)	(50)
At 31 December, after offsetting	1,171	1,104

Deferred tax assets of the Group

	Deferred franchise fees RM'000	Others RM'000	Total RM'000
At 1 January 2011	(265)	(68)	(333)
Recognised in profit or loss	(8)	(43)	(51)
At 31 December 2011, prior to offsetting	(273)	(111)	(384)
Offsetting	–	88	88
At 31 December 2011, after offsetting	(273)	(23)	(296)
At 14 April 2010	–	–	–
Addition through acquisition of a subsidiary (Note 33)	(182)	–	(182)
Recognised in profit or loss	(83)	(68)	(151)
At 31 December 2010, prior to offsetting	(265)	(68)	(333)
Offsetting	–	50	50
At 31 December 2010, after offsetting	(265)	(18)	(283)

12. DEFERRED TAX (continued)

(c) The amount of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group	
	2011 RM'000	2010 RM'000
Unused tax losses	139	79
Unabsorbed capital allowances	252	201
Other temporary differences	(112)	(74)
	279	206

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiaries will be available against which the deductible temporary differences can be utilised.

The deductible temporary differences do not expire under the current tax legislation.

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Non-current				
Trade receivables				
Third parties	1,125	1,665	–	–
Other receivables				
Third parties	203	–	–	–
	1,328	1,665	–	–

13. TRADE AND OTHER RECEIVABLES (continued)

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current				
Trade receivables				
Third parties	7,543	8,125	–	–
Amount owing by an associate	234	303	–	–
	7,777	8,428	–	–
Less: Impairment loss	(663)	(584)	–	–
	7,114	7,844	–	–
Other receivables				
Third parties	443	271	2	13
Amount owing by a subsidiary	–	–	7,825	1,251
Amount owing by an associate	2	2	–	–
	445	273	7,827	1,264
Loans and receivables	7,559	8,117	7,827	1,264
Deposits and prepayments				
Deposits	8,232	7,574	4	4
Prepayments	1,054	1,240	–	–
	9,286	8,814	4	4
	16,845	16,931	7,831	1,268

(a) Trade receivables are non-interest bearing and the normal credit terms granted by the Group and the Company range from cash terms to 75 days (2010: cash terms to 60 days) from date of invoice. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

(b) Included in trade receivables of the Group are amounts owing by franchisees for the sales of non-trade goods and fixed assets by the Group amounting to RM2,958,000 (2010: RM4,764,000) which are subject to interest rates ranging from Nil to 10.00% (2010: Nil to 10.00%); amounts of RM1,833,000 (2010: RM3,099,000) are current.

(c) Included in other receivables of the Group are amounts owing by franchisees for the disposal of fixed assets by the Group amounting to RM282,000 (2010: Nil) which are subject to interest rates ranging from Nil to 10.00% (2010: Nil); amounts of RM79,000 (2010: Nil) are current.

(d) Amount owing by a subsidiary represents balances arising from non-trade transactions and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.

(e) Amount owing by an associate represents balances arising from trade transactions and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.

(f) Included in deposits of the Group are tenant deposits amounting to RM8,179,000 (2010: RM7,491,000), which is in respect of rental of business premises in accordance with rental agreements.

(g) All trade and other receivables are denominated in RM.

13. TRADE AND OTHER RECEIVABLES (continued)

(h) The ageing analysis of trade receivables of the Group are as follows:

	Group	
	2011 **RM'000**	**2010** **RM'000**
Neither past due nor impaired	7,576	9,266
Past due, not impaired		
76 to 105 days (2010: 61 to 90 days)	173	129
106 to 135 days (2010: 91 to 120 days)	39	63
136 to 165 days (2010: 121 to 150 days)	136	16
More than 166 days (2010: More than 151 days)	315	35
	663	243
Past due and impaired	663	584
	8,902	10,093

During the financial year, the normal credit terms granted by the Group and the Company has changed to cash term to 75 days (2010: cash term to 60 days).

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the trade receivables of the Group that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

At the end of the reporting period, trade receivables that are past due but not impaired possess high creditworthiness and good payment records.

Receivables that are past due and impaired

Trade receivables of the Group that are past due and impaired at the end of the reporting period are as follows:

	Individually impaired	
Group	**2011** **RM'000**	**2010** **RM'000**
Trade receivables, gross	663	584
Less: Impairment loss	(663)	(584)
	–	–

13. TRADE AND OTHER RECEIVABLES (continued)

(i) The reconciliation of movements in the impairment loss are as follows:

	Group	
	2011 **RM'000**	**2010** **RM'000**
At 1 January 2011/14 April 2010	584	–
Additions through acquisitions of subsidiaries	–	214
Charge for the financial year/period (Note 29)	487	370
Written off	(268)	–
Reversal of impairment loss	(140)	–
At 31 December	663	584

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to those debtors that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Bad debts written off against impairment loss during the financial year amounted to RM268,000 (2010: Nil) for the Group.

(j) Information of financial risks of trade and other receivables is disclosed in Note 38 to the financial statements.

14. INVENTORIES

	Group	
	2011 **RM'000**	**2010** **RM'000**
At cost		
Optical and related products	942	732
Hearing aids and related accessories	50	39
Operation consumables	18	18
	1,010	789
At net realisable value		
Optical and related products	33,054	24,611
	34,064	25,400

14. INVENTORIES (continued)

The amounts recognised in cost of sales during the financial year include the following:

	Group	
	2011 RM'000	2010 RM'000
Inventories written down	–	565
Reversal of inventories previously written down	(20)	–
Inventories written off	150	–
	130	565

The Group reversed RM20,000 (2010: Nil) in respect of inventories previously written down as the Group was able to sell these inventories above their carrying amounts.

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following as at the end of the reporting period:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash and bank balances	6,124	4,613	2,221	3,339
Fixed deposits with licensed banks	7,856	15,190	1,364	6,329
As stated in statements of financial position	13,980	19,803	3,585	9,668
Bank overdrafts included in borrowings (Note 21)	–	(1,343)	–	–
	13,980	18,460	3,585	9,668
Less: Fixed deposits pledged to licensed banks	(6,492)	(5,282)	–	–
As stated in statements of cash flows	7,488	13,178	3,585	9,668

(a) Bank balances are deposits held at call with licensed banks, which are denominated in RM.

(b) Fixed deposits with licensed banks of the Group and of the Company have an average maturity period of 365 days (2010: 365 days) with interest rates ranging from 2.55% to 3.25% (2010: 2.00% to 3.20%) and 2.85% (2010: 2.80%) per annum respectively.

(c) Included in the fixed deposits with licensed banks of the Group are RM6,492,000 (2010: RM5,282,000) pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Notes 19, 21 and 22 to the financial statements.

(d) Information on financial risk of cash and cash equivalents are disclosed in Note 38 to the financial statements.

16. SHARE CAPITAL

The movements in the authorised share capital of the Group and the Company are as follows:

	2011 Par value RM	2011 Number of ordinary shares	2011 RM'000	2010 Par value RM	2010 Number of ordinary shares	2010 RM'000
Ordinary shares:						
At 1 January/ Date of incorporation	0.20	250,000,000	50,000	1.00	100,000	100
Sub-division of the par value of ordinary shares of RM1.00 each into RM0.20 each	–	–	–	0.20	500,000	100
Increase during the year	–	–	–	0.20	249,500,000	49,900
At 31 December		250,000,000	50,000		250,000,000	50,000

The movements in the issued and paid-up share capital of the Group and the Company are as follows:

	2011 Par value RM	2011 Number of ordinary shares	2011 RM'000	2010 Par value RM	2010 Number of ordinary shares	2010 RM'000
Ordinary shares:						
At 1 January/ Date of incorporation	0.20	165,000,000	33,000	1.00	2	*
Sub-division of the par value of ordinary shares of RM1.00 each into RM0.20 each	–	–	–	0.20	10	*
Issuance of ordinary shares pursuant to acquisition of a subsidiary	–	–	–	0.20	123,799,990	24,760
Shares issued pursuant to public issue	–	–	–	0.20	41,200,000	8,240
At 31 December		165,000,000	33,000		165,000,000	33,000

* *Represents RM2*

16. SHARE CAPITAL (continued)

(a) In the previous financial year, the Company subdivided its ordinary share capital as follows:

(i) authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each into 500,000 ordinary shares of RM0.20 each; and

(ii) issued and paid up share capital of RM2.00 comprising 2 ordinary shares of RM1.00 each into 10 ordinary shares of RM0.20 each.

Subsequently, the Company increased its authorised share capital from RM100,000 divided into 500,000 ordinary shares of RM0.20 each to RM50,000,000 by the creation of 249,500,000 new ordinary shares of RM0.20 each.

(b) In the previous financial year, the Company entered into a conditional sale and purchase agreement with the vendors of Focus Point Vision Care Group Sdn. Bhd. for the acquisition of 10,000,000 ordinary shares of RM1.00 each, representing the entire issued and paid-up share capital of Focus Point Vision Care Group Sdn. Bhd., for a total consideration of RM24,760,395 based on the audited consolidated net assets of Focus Point Vision Care Group Sdn. Bhd. as at 31 December 2009 of RM24,760,395. The purchase consideration was satisfied by the issuance of 123,799,990 new ordinary shares in the Company at an issue price of approximately RM0.20 per ordinary share.

(c) In the previous financial year, the Company was listed on the Ace Market of Bursa Malaysia Securities Berhad and made a public issue of 41,200,000 ordinary shares at RM0.39 each. The total proceeds from the public issue is RM16,069,000.

(d) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

17. RESERVES

	Group		Company	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Non-distributable:				
Share premium	7,096	7,096	7,096	7,096
Distributable:				
Retained earnings	9,903	6,228	493	36
	16,999	13,324	7,589	7,132

Retained earnings

The Company is under the single tier system and as a result, there is no restriction on the Company to frank the payment of dividends out of its entire retained earnings as at the end of the reporting period.

18. BORROWINGS

	Group	
	2011 RM'000	2010 RM'000
Current liabilities		
Term loans - secured (Note 19)	368	1,559
Bankers' acceptances - secured (Note 22)	10,911	12,133
Hire-purchase liabilities (Note 20)	1,201	1,363
Bank overdrafts - secured (Note 21)	–	1,343
	12,480	16,398
Non-current liabilities		
Term loans - secured (Note 19)	1,911	3,142
Hire-purchase liabilities (Note 20)	822	1,741
	2,733	4,883
Total borrowings		
Term loans - secured (Note 19)	2,279	4,701
Bankers' acceptances - secured (Note 22)	10,911	12,133
Hire-purchase liabilities (Note 20)	2,023	3,104
Bank overdrafts - secured (Note 21)	–	1,343
	15,213	21,281

All borrowings are denominated in RM.

19. TERM LOANS

(a) Term loans of the Group are secured by:

(i) personal guarantees from the Directors of the Group;

(ii) a charge over the Group's freehold properties with a net carrying amount of RM4,355,000 (2010: RM4,007,000) as disclosed in Note 7(c) to the financial statements;

(iii) a charge over the Group's held-to-maturity investment in unit trust of RM500,000 in the previous financial year as disclosed in Note 10 to the financial statements; and

(iv) a charge over the Group's fixed deposits of RM6,492,000 (2010: RM5,282,000) as disclosed in Note 15(c) to the financial statements.

(b) The term loans of the Group bear interest ranging from 4.15% to 7.60% (2010: 4.15% to 7.05%) per annum respectively.

(c) The term loans are repayable by equal monthly instalments ranging from 36 to 120 months and there are no fixed repricing periods for these loans.

19. TERM LOANS (continued)

(d) Significant covenants for the secured term loans are as follows:

   (i) Gearing ratio of the Group shall not at any time exceed 1.6 times throughout the tenure of the credit facilities granted in relation to the term loans amounting to RM277,000 of a subsidiary; and

   (ii) Gearing ratio of the Group shall not exceed 3.0 times throughout the tenure of the facilities in relation to a term loan amounting to RM357,000 of a subsidiary.

(e) Information on financial risks of term loans and their remaining maturities is disclosed in Note 38 to the financial statements.

20. HIRE-PURCHASE LIABILITIES

	Group	
	2011 RM'000	2010 RM'000
Minimum hire-purchase payments		
- not later than one (1) year	1,295	1,518
- later than one (1) year and not later than five (5) years	869	1,847
Total minimum hire-purchase payments	2,164	3,365
Less: Future interest charges	(141)	(261)
Present value of hire-purchase liabilities	2,023	3,104
Repayable as follows:		
Current liabilities:		
- not later than one (1) year	1,201	1,363
Non-current liabilities:		
- later than one (1) year and not later than five (5) years	822	1,741
	2,023	3,104

(a) Hire-purchase liabilities of the Group bear interest ranging from 2.22% to 12.00% (2010: 2.22% to 12.00%) per annum respectively.

(b) Information on financial risks of hire-purchase liabilities is disclosed in Note 38 to the financial statements.

21. BANK OVERDRAFTS

(a) Bank overdrafts of the Group are secured by:

- (i) personal guarantees from the Directors of the Group;
- (ii) a charge over the Group's freehold properties with a net carrying amount of RM4,355,000 (2010: RM4,007,000) as disclosed in Note 7(c) to the financial statements; and
- (iii) a charge over the Group's fixed deposits of RM6,492,000 (2010: RM5,282,000) as disclosed in Note 15(c) to the financial statements.

(b) the weighted average effective interest rate of bank overdrafts of the Group in the previous financial year is 6.93% per annum.

22. BANKERS' ACCEPTANCES

(a) Bankers' acceptances of the Group are secured by:

- (i) personal guarantees from the Directors of the Group;
- (ii) a charge over the Group's freehold properties with a net carrying amount of RM4,355,000 (2010: RM4,007,000) as disclosed in Note 7(c) to the financial statements;
- (iii) a charge over the Group's held-to-maturity investment in unit trust of RM500,000 in the previous financial year as disclosed in Note 10 to the financial statements; and
- (iv) a charge over the Group's fixed deposits of RM6,492,000 (2010: RM5,282,000) as disclosed in Note 15(c) to the financial statements.

(b) The bankers' acceptances of the Group bear interest ranging from 4.66% to 4.83% (2010: 4.22% to 4.89%) per annum respectively.

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Trade payables				
Third parties	12,749	6,601	–	–
Other payables and accruals				
Other payables				
- Third parties	3,124	2,994	*	16
- Amounts owing to associates	35	88	–	–
- Amount owing to a related party	80	–	–	–
Deposits received	4,080	3,702	–	–
Accruals	3,864	3,158	50	41
	11,183	9,942	50	57
	23,932	16,543	50	57

* *Represents RM87*

23. TRADE AND OTHER PAYABLES (continued)

(a) Trade payables are non-interest bearing and the normal credit terms granted to the Group by suppliers range from 30 to 90 days (2010: 30 to 90 days) from date of invoice.

(b) Amounts owing to associates represent balances arising from payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.

(c) Amount owing to a related party arising from non-trade transactions are unsecured, interest-free and payable upon demand in cash and cash equivalents.

(d) Included in deposits received of the Group are tenant deposits received from franchisees amounting to RM2,555,000 (2010: RM2,448,000), which is in respect of rental of business premises in accordance with rental agreements.

(e) Included in deposits received of the Group is a sinking fund amounting to RM693,000 (2010: RM582,000), which is in respect of funds received from the franchisees for the repair and maintenance of the franchise outlets.

(f) The currency exposure profile of payables are as follows:

	Group		**Company**	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
European Euro	1,799	1,284	–	–
United States dollar	1,512	649	–	–
Hong Kong dollar	*	2	–	–
Japanese Yen	1	–	–	–
Singapore dollar	121	28	–	–
Ringgit Malaysia	20,499	14,580	50	57
	23,932	16,543	50	57

* *Represents RM358*

(g) Information of financial risks of trade and other payables is disclosed in Note 38 to the financial statements.

24. DEFERRED INCOME

	Group	
	2011 **RM'000**	**2010** **RM'000**
Balance as at 1 January 2011/14 April 2010	1,386	–
Addition through acquisition of a subsidiary (Note 33)	–	1,202
Franchise fees received during the financial year/period	540	415
Recognised as income during the financial year/period	(625)	(231)
Balance as at 31 December	1,301	1,386
Analysed as follows:		
Current liabilities:		
- not later than one (1) year	464	388
Non-current liabilities:		
- later than one (1) year and not later than five (5) years	837	998
	1,301	1,386

Deferred income of the Group represents franchise fees received in advance upon signing of agreement.

25. COMMITMENTS

(a) Operating lease commitments

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

	Group	
	2011 **RM'000**	**2010** **RM'000**
Branches		
Not later than one (1) year	13,928	13,618
Later than one (1) year and not later than five (5) years	8,954	10,404
Later than five (5) years	28	–
	22,910	24,022

25. COMMITMENTS (continued)

(a) Operating lease commitments (continued)

	Group	
	2011 **RM'000**	**2010** **RM'000**
Franchisees		
Not later than one (1) year	5,842	7,107
Later than one (1) year and not later than five (5) years	2,616	3,958
	8,458	11,065

The Group has back-to-back arrangement with its franchisees on the rental commitments. The Group enters into rental agreements for the business premises with third parties and subsequently, sub-lease these business premises to the franchisees. The rental expenses will be borne by the franchisees.

(b) Capital commitments

	Group	
	2011 **RM'000**	**2010** **RM'000**
Capital expenditure in respect of purchase of property, plant and equipment:		
Contracted but not provided for	–	380

26. REVENUE

	Group		Company	
	1.1.2011 to 31.12.2011 RM'000	**14.4.2010 to 31.12.2010 RM'000**	**1.1.2011 to 31.12.2011 RM'000**	**1.1.2010 to 31.12.2010 RM'000**
Sale of goods	115,165	71,391	–	–
Services rendered	1,378	967	–	–
Franchise fees income	414	236	–	–
Licensing fees income	152	157	–	–
Royalty fees income	3,117	1,898	–	–
Gross dividend income from subsidiaries	–	–	4,192	1,700
	120,226	74,649	4,192	1,700

27. COST OF SALES

	Group	
	1.1.2011 to 31.12.2011 RM'000	14.4.2010 to 31.12.2010 RM'000
Inventories sold	49,240	29,753
Services rendered	472	335
	49,712	30,088

28. FINANCE COSTS

	Group	
	1.1.2011 to 31.12.2011 RM'000	14.4.2010 to 31.12.2010 RM'000
Interest expense on:		
- hire-purchase	158	129
- term loans	194	231
- bankers' acceptances	496	338
- bank overdrafts	1	20
- others	200	20
	1,049	738

29. PROFIT BEFORE TAX

		Group		Company	
	Note	1.1.2011 to 31.12.2011 RM'000	14.4.2010 to 31.12.2010 RM'000	1.1.2011 to 31.12.2011 RM'000	1.1.2010 to 31.12.2010 RM'000
Profit before tax is arrived at after charging:					
Auditors' remuneration:					
- statutory audits		166	151	41	36
- other services		7	22	7	22
Bad debts written off		45	14	–	–
Depreciation of property, plant and equipment	7	4,024	2,314	–	–
Deposits forfeited		–	6	–	–
Directors' remuneration:					
- fees		119	95	119	95
- emoluments other than fees		2,780	2,231	–	–

29. PROFIT BEFORE TAX (continued)

	Note	Group 1.1.2011 to 31.12.2011 RM'000	Group 14.4.2010 to 31.12.2010 RM'000	Company 1.1.2011 to 31.12.2011 RM'000	Company 1.1.2010 to 31.12.2010 RM'000
Impairment losses on:					
- property, plant and equipment	7	406	107	–	–
- investments in subsidiaries	8	–	–	48	–
- trade receivables	13	487	370	–	–
- goodwill on consolidation	11	410	1	–	–
Interest expense on:					
- hire-purchase		158	129	–	–
- term loans		194	231	–	–
- bankers' acceptances		496	338	–	–
- bank overdrafts		1	20	–	–
- others		200	20	–	–
Inventories written down	14	–	565	–	–
Inventories written off	14	150	–	–	–
Listing expenses		–	1,372	–	1,372
Loss on disposal of an associate		–	12	–	–
Loss on disposal of property, plant and equipment		28	38	–	–
Property, plant and equipment written off	7	309	160	–	–
Realised loss on foreign currency transactions		196	–	–	–
Rental of premises		17,685	10,884	–	–
Loss on realisation of derivative assets		–	83	–	–
And crediting:					
Gain on disposal of property, plant and equipment		65	–	–	–
Gain on disposal of held-to-maturity investment		1	–	–	–
Gross dividends received from:					
- subsidiary (unquoted)		–	–	4,192	1,700
Interest income received from:					
- fixed deposits		271	161	91	70
- others		584	245	10	34
Management fee		–	15	–	–
Negative goodwill	33	–	3,185	–	–
Realised gain on foreign currency transactions		57	224	–	–
Rental income		129	170	–	–
Reversal of inventories previously written down	14	20	–	–	–
Reversal of impairment loss on receivables	13	140	–	–	–

30. TAX EXPENSE

		Group		Company	
	Note	1.1.2011 to 31.12.2011 RM'000	14.4.2010 to 31.12.2010 RM'000	1.1.2011 to 31.12.2011 RM'000	1.1.2010 to 31.12.2010 RM'000
Current tax expense based on profit for the financial year/period		2,923	2,817	38	82
Deferred tax (Note 12)		73	228	–	–
		2,996	3,045	38	82
(Over)/Under-provision in prior years:					
Income tax		(768)	5	8	–
Deferred tax (Note 12)		(19)	129	–	–
		(787)	134	8	–
		2,209	3,179	46	82

Malaysian income tax is calculated at the statutory tax rate of 25% (2010: 25%) of the estimated taxable profits for the fiscal year.

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate of the Group and of the Company are as follows:

		Group		Company	
	Note	1.1.2011 to 31.12.2011 RM'000	14.4.2010 to 31.12.2010 RM'000	1.1.2011 to 31.12.2011 RM'000	1.1.2010 to 31.12.2010 RM'000
Profit before tax		9,170	9,393	3,803	124
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)		2,293	2,348	951	31
Tax effect in respect of:					
Expenses not deductible for tax purposes		686	1,453	118	379
Non-taxable income		(1)	(808)	(1,031)	(328)
Unused tax losses and unabsorbed capital allowances not recognised in loss making subsidiaries		18	52	–	–
		2,996	3,045	38	82
(Over)/Under-provision in prior years:					
- income tax		(768)	5	8	–
- deferred tax		(19)	129	–	–
Tax expense for the financial year/period		2,209	3,179	46	82

31. EARNINGS PER SHARE

(a) Basic earnings per ordinary share

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2011 RM'000	**2010 RM'000**
Profit attributable to equity holders of the parent	6,974	6,234
Weighted average number of ordinary shares in issue ('000)	165,000	–
Effect of:		
- public issue	–	137,574
Adjusted weighted average number of ordinary shares applicable to basic earnings per ordinary share ('000)	165,000	137,574

	2011 Sen	**2010 Sen**
Basic earnings per ordinary share	4.23	4.53

(b) Diluted earnings per ordinary share

Diluted earnings per ordinary share is not presented as there is no dilutive potential ordinary share.

32. DIVIDENDS

	Group and Company	
	Gross dividend per share sen	**Amount of dividend after tax RM'000**
2010		
Interim single tier tax exempt dividend	1.5	2,475
Final single tier tax exempt dividend	0.5	825
	2.0	3,300

The interim and final single tier tax exempt dividend of 1.5 sen and 0.5 sen per ordinary shares respectively are in respect of the financial year ended 31 December 2010 and were declared after the financial year ended 31 December 2010 and paid to shareholders on 4 April 2011 and 1 August 2011 respectively.

The Directors propose a final single tier tax exempt dividend of 2.0 sen per ordinary share amounting to RM3,300,000 in respect of the financial year ended 31 December 2011, subject to the approval of members at the forthcoming Annual General Meeting.

33. ACQUISITION OF SUBSIDIARIES

(a) On 20 June 2011, a subsidiary, Focus Point Vision Care Group Sdn. Bhd. acquired the remaining 49% of the issued and paid-up ordinary share capital of Eye-Zed Sdn. Bhd. ("EZSB") for a total cash consideration of RM97,086.

The fair value of the identifiable assets and liabilities of EZSB as at the date of acquisition are as follows:

	2011 **RM'000**
Property, plant and equipment	80
Inventories	95
Trade and other receivables	59
Cash and cash equivalents	20
Trade and other payables	(54)
Total identifiable net assets	200
Less: Fair value of 51% equity interest held previously as subsidiary	(102)
Total identifiable net assets acquired (at 49%)	98
Purchase consideration settled in cash	(97)
Gain on bargain purchase	1

The acquisition has no material impact to the Group financial statements.

(b) On 25 October 2011, a subsidiary, Focus Point Vision Care Group Sdn. Bhd. incorporated a 60% owned subsidiary known as Truesight Eyewear Optical Sdn. Bhd. ("TEOSB") with an initial issued and paid-up share capital of RM10 comprising 10 ordinary shares of RM1.00 each. The total cash consideration paid was RM6.

The fair value of the identifiable assets and liabilities of TEOSB as at the date of incorporation are as follows:

	2011 **RM'000**
Cash/Total cost of acquisition	*

The effects of the incorporation of TEOSB on cash flows are as follows:

	2011 **RM'000**
Incorporation expenses settled in cash	*
Cash and cash equivalents of subsidiary incorporated	*
Net cash outflow of the Group on incorporation	–

* *represents RM6*

TEOSB has contributed the following results to the Group for the financial year from the incorporation date:

	2011 **RM'000**
Revenue	179
Loss for the financial year	(22)

33. ACQUISITION OF SUBSIDIARIES (continued)

(c) In the previous financial year, the Company acquired the entire equity interests in Focus Point Vision Care Group Sdn. Bhd. comprising 10,000,000 ordinary shares of RM1.00 each at par by the issuance of 123,799,990 new ordinary shares in the Company at an issue price of approximately RM0.20 per ordinary share.

The acquired subsidiary has contributed the following results to the Group in the previous financial period:

	2010 RM'000
Revenue	74,642
Profit for the financial period	6,192

If the acquisition had occurred on 1 January 2010, the Group's results would have been as follows:

	2010 RM'000
Revenue	113,767
Profit for the financial year	6,318

The summary of effects on acquisition of the subsidiary on acquisition date was as follows:

	Fair values recognised on acquisition RM'000	Acquiree's carrying amounts RM'000
Property, plant and equipment	17,789	17,789
Investments in associates	529	529
Held-to-maturity investment	500	500
Goodwill on consolidation	248	248
Inventories	21,310	21,310
Trade and other receivables	23,581	23,581
Cash and cash equivalents	4,779	4,779
Derivative assets	83	83
Current tax liabilities	(1,624)	(1,624)
Trade and other payables	(17,950)	(17,950)
Deferred income	(1,202)	(1,202)
Minority interests	(503)	(503)
Deferred tax liabilities	(464)	(464)
Borrowings	(19,131)	(19,131)
Net assets acquired	27,945	27,945
Negative goodwill	(3,185)	
Total cost of acquisition	24,760	

33. ACQUISITION OF SUBSIDIARIES (continued)

(c) In the previous financial year, the Company acquired the entire equity interests in Focus Point Vision Care Group Sdn. Bhd. comprising 10,000,000 ordinary shares of RM1.00 each at par by the issuance of 123,799,990 new ordinary shares in the Company at an issue price of approximately RM0.20 per ordinary share. (continued)

The cash inflow on acquisition was as follows:

	2010 RM'000
Purchase consideration settled by:	
- Issuance of shares	24,760
- Share premium	*
	24,760
Cash and cash equivalents of subsidiary acquired	4,779
Net cash inflow of the Group on acquisition	4,779

* *Represents RM397*

(d) In the previous financial year, the Group undertook an internal restructuring, by entering into a conditional sale and purchase agreement with Focus Point Vision Care Group Sdn. Bhd. for the acquisitions of the following:

(i) 50,000 ordinary shares of RM1.00 each, representing the entire issued and paid-up share capital of Focus Point Management Sdn. Bhd., for a total consideration of RM3,380,693 based on the audited net assets of Focus Point Management Sdn. Bhd. as at 31 December 2009 of RM3,380,693; and

(ii) 300,000 ordinary shares of RM1.00 each, representing the entire issued and paid-up share capital of Excelview Laser Eye Centre Sdn. Bhd., for a total consideration of RM793,725 based on the audited net assets of Excelview Laser Eye Centre Sdn. Bhd. as at 31 December 2009 of RM793,725.

The internal restructuring has no material impact to the Group financial statements.

33. ACQUISITION OF SUBSIDIARIES (continued)

(e) In the previous financial year, the Company acquired the entire equity interests of Sound Point Hearing Solution Sdn. Bhd. comprising 10 ordinary shares of RM1 each at par for a total consideration of RM10. Following the acquisition, the Company subscribed for an additional 299,990 ordinary shares of RM1.00 each in Sound Point Hearing Solution Sdn. Bhd. for a cash consideration of RM299,990.

The acquired subsidiary has contributed the following results to the Group in the previous financial period:

	2010 **RM'000**
Revenue	7
Profit for the financial period	(20)

If the acquisition had occurred on 1 January 2010, the Group's results would have been as follows:

	2010 **RM'000**
Revenue	74,649
Profit for the financial year	6,214

The summary of effects on acquisition of the subsidiary on acquisition date was as follows:

	Fair values recognised on acquisition RM'000	**Acquiree's carrying amounts RM'000**
Other payables	(10)	(10)
Goodwill on consolidation	10	
Total purchase consideration settled in cash	**	
Less: Cash and cash equivalents acquired	–	
Net cash outflow of the Group on acquisition	**	

** *Represents RM10*

33. ACQUISITION OF SUBSIDIARIES (continued)

(f) In the previous financial year, the Company's subsidiary, namely Focus Point Vision Care Group Sdn. Bhd. acquired the remaining 49% equity interests of Radiant Attraction Sdn. Bhd. ("RASB") comprising 122,500 ordinary shares of RM1 each at par for a total consideration of RM534,000. This give rise to goodwill on consolidation of RM153,000.

The fair value of the identifiable assets and liabilities of RASB as at the date of acquisition are as follows:

	2010 RM'000
Property, plant and equipment	231
Inventories	518
Trade and other receivables	146
Current tax assets	28
Cash and cash equivalents	144
Trade and other payables	(271)
Deferred tax liabilities	(19)
Total identifiable net assets	777
Less: Fair value of 51% equity interest held previously as subsidiary	(396)
Total identifiable net assets acquired (at 49%)	381
Goodwill on consolidation	153
Purchase consideration settled in cash	534

34. EMPLOYEE BENEFITS

	Group		Company	
	1.1.2011 to 31.12.2011 RM'000	14.4.2010 to 31.12.2010 RM'000	1.1.2011 to 31.12.2011 RM'000	1.1.2010 to 31.12.2010 RM'000
Wages, salaries and bonuses	23,482	15,490	119	95
Contributions to defined contribution plan	3,325	2,055	–	–
Social security contributions	301	197	–	–
Other benefits	5,185	3,481	–	–
	32,293	21,223	119	95

Included in the employee benefits of the Group and of the Company are Directors' remuneration amounting to RM2,899,000 (2010: RM2,326,000) and RM119,000 (2010: RM95,000) respectively.

35. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Company has controlling related party relationship with its direct and indirect subsidiaries.

Related parties of the Group include:

(i) Direct and indirect subsidiaries as disclosed in Note 8 to the financial statements;

(ii) Indirect associates as disclosed in Note 9 to the financial statements;

(iii) Companies in which certain Directors of the Company have substantial financial interest; and

(iv) Key management personnel who are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Company, and certain members of the senior management of the Group.

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the financial year:

	Group		Company	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Associates:				
Sale of goods	1,269	888	–	–
Licensing fees received/receivable	111	69	–	–
Companies in which certain Directors of the Company have substantial financial interests				
Marketing charges	–	83	–	–
Purchase of assets	–	11	–	–
Directors				
Acquisition of shares of a subsidiary	–	24,760	–	24,760

The related party transactions described above were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties except for licensing fees received/receivable from an associate which are charged at 2% (2010: 2%) of monthly gross sales while other licensees of the Group are charged at 5% (2010: 5%) of monthly gross sales.

Information regarding outstanding balances arising from related party transactions as at 31 December 2011 is disclosed in Notes 13 and 23 to the financial statements.

35. RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of the Group.

The remuneration of Directors and other key management personnel during the financial year/period was as follows:

	Group		Company	
	1.1.2011 to 31.12.2011 RM'000	14.4.2010 to 31.12.2010 RM'000	1.1.2011 to 31.12.2011 RM'000	1.1.2010 to 31.12.2010 RM'000
Short term employee benefits	3,022	2,145	119	95
Contributions to defined contribution plan	365	338	–	–
	3,387	2,483	119	95

36. OPERATING SEGMENTS

Focus Point Holdings Berhad and its subsidiaries are principally engaged in operation of professional eye care centres, trading of eyewear and eye care products, management of franchised professional eye care centres, provision of medical eye care services, trading of hearing aid solutions and related accessories and investment holding.

The Group has arrived at four (4) reportable segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which requires different business and marketing strategies. The reportable segments are summarised as follows:

(i) Optical related products

Retailing of optical related products.

(ii) Franchise management

Franchise management relating to optical and optometric products.

(iii) Laser eye surgery treatment

Providing laser eye surgery treatment to various refractive errors.

(iv) Hearing aid solutions and related accessories

Retailing of hearing aid solutions and related accessories.

36. OPERATING SEGMENTS (continued)

Other operating segment that does not constitute reportable segment comprises investment holding.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations before tax excluding non-recurring losses, such as restructuring costs and goodwill impairment.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current financial year.

Segment assets exclude tax assets and segment liabilities exclude tax liabilities. Details are provided in the reconciliations from segment assets and liabilities to the Group position.

2011	Optical related products RM'000	Franchise management RM'000	Laser eye surgery treatment RM'000	Hearing aid solutions and related accessories RM'000	Others RM'000	Total RM'000
Revenue						
Total revenue	116,557	3,852	1,378	48	4,192	126,027
Inter-segment revenue	(1,439)	(170)	–	–	(4,192)	(5,801)
Revenue from external customers	115,118	3,682	1,378	48	–	120,226
Results						
Segment results	5,946	3,648	109	(26)	(441)	9,236
Interest income	751	2	–	1	101	855
Finance costs	(1,046)	–	–	(3)	–	(1,049)
Share of profit of associates	128	–	–	–	–	128
Profit before tax						9,170
Income tax expense						(2,209)
Profit for the financial year						6,961

36. OPERATING SEGMENTS (continued)

2011	Optical related products RM'000	Franchise management RM'000	Laser eye surgery treatment RM'000	Hearing aid solutions and related accessories RM'000	Others RM'000	Total RM'000
Assets						
Segment assets	84,599	1,417	642	255	3,591	90,504
Investments in associates	472	–	–	–	–	472
	85,071	1,417	642	255	3,591	90,976
Liabilities						
Segment liabilities	38,153	2,133	107	4	49	40,446
Other segment information						
Depreciation	3,946	–	67	11	–	4,024
Impairment losses on property, plant and equipment	406	–	–	–	–	406
Impairment losses on goodwill on consolidation	400	–	–	10	–	410
Impairment losses on trade receivables	487	–	–	–	–	487
Bad debts written off	45	–	–	–	–	45
Property, plant and equipment written off	309	–	–	–	–	309
Reversal of impairment losses on receivables	(140)	–	–	–	–	(140)
Inventories written off	150	–	–	–	–	150
Reversal of inventories previously written down	(20)	–	–	–	–	(20)
Net gain on disposal of property, plant and equipment	(34)	–	–	(3)	–	(37)
2010						
Revenue						
Total revenue	72,167	2,430	967	7	1,700	77,271
Inter-segment revenue	(783)	(139)	–	–	(1,700)	(2,622)
Revenue from external customers	71,384	2,291	967	7	–	74,649
Results						
Segment results	6,784	2,123	1	(20)	(1,075)	7,813
Interest income	303	–	–	–	103	406
Finance costs	(738)	–	–	–	–	(738)
Share of profit of associates	99	–	–	–	–	99
Unallocated corporate expense						(1,372)
Negative goodwill						3,185
Profit before tax						9,393
Income tax expense						(3,179)
Profit for the financial year						6,214

36. OPERATING SEGMENTS (continued)

2010	Optical related products RM'000	Franchise management RM'000	Laser eye surgery treatment RM'000	Hearing aid solutions and related accessories RM'000	Others RM'000	Total RM'000
Assets						
Segment assets	76,408	951	638	285	9,206	87,488
Investments in associates	379	–	–	–	–	379
	76,787	951	638	285	9,206	87,867
Liabilities						
Segment liabilities	37,044	1,973	132	5	56	39,210
Other segment information						
Depreciation	2,209	–	103	2	–	2,314
Impairment losses on property, plant and equipment	107	–	–	–	–	107
Impairment losses on goodwill on consolidation	1	–	–	–	–	1
Impairment losses on trade receivables	354	16	–	–	–	370
Bad debts written off	14	–	–	–	–	14
Inventories written down	565	–	–	–	–	565
Property, plant and equipment written off	160	–	–	–	–	160
Net loss on disposal of property, plant and equipment	38	–	–	–	–	38

Reconciliations of reportable segment assets and liabilities to the Group's corresponding amounts are as follows:

	2011 RM'000	2010 RM'000
Assets		
Total assets for reportable segments	90,976	87,867
Tax assets	641	445
Group's assets	91,617	88,312
Liabilities		
Total liabilities for reportable segments	40,446	39,210
Tax liabilities	1,181	2,676
Group's liabilities	41,627	41,886

Geographical information

The Group operates predominantly in Malaysia.

Major customers

The Group does not have significant reliance on a single major customer, with whom the Group transacted ten (10) per cent or more of its revenue during the financial year.

37. FINANCIAL INSTRUMENTS

(a) Capital management

The objective of the Group's capital management is to ensure that it maintains healthy ratios in order to support its business operations and to provide fair returns for shareholders and benefits for other stakeholders.

The Group manages its capital structure and makes adjustments to it, as deemed appropriate. In order to maintain or adjust the capital structure, the Group may, from time to time, adjust the dividend payout to shareholders, issue new shares and redeem debts, where necessary. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2011 and the financial period ended 31 December 2010.

The Group is not subject to any externally imposed capital requirements.

The Group monitors capital by reference to its indebtedness position, which is derived from the total financial debts divided by the total equity plus total financial debts. The Group's strategy is to maintain a balance between debt and equity and to ensure sufficient operating cash flows to repay its liabilities as and when they fall due.

(b) Financial instruments

(i) Categories of financial instruments

Group	**2011 RM'000**	**2010 RM'000**
Financial assets		
Loan and receivables - Trade and other receivables	18,173	18,596
Held-to-maturity investment	–	500
Cash and cash equivalents	13,980	19,803
	32,153	38,899
Financial liabilities		
Other financial liabilities - Borrowings	15,213	21,281
Other financial liabilities - Trade and other payables	23,932	16,543
	39,145	37,824
Company		
Financial assets		
Loan and receivables - Trade and other receivables	7,831	1,268
Cash and cash equivalents	3,585	9,668
	11,416	10,936
Financial liabilities		
Other financial liabilities - Trade and other payables	50	57

37. FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments (continued)

(ii) Fair values of financial instruments

The fair values of financial instruments that are not carried at fair values and whose carrying amounts do not approximate their fair values are as follows:

	Group	
	Carrying amount RM'000 sen	Fair value RM'000 RM'000
2011		
Recognised		
Financial liabilities:		
Hire-purchase liabilities	2,023	1,959
2010		
Recognised		
Financial asset:		
Held-to-maturity investment	500	491
Financial liabilities:		
Hire-purchase liabilities	3,104	3,092

(c) Determination of fair values

<u>Methods and assumptions used to estimate fair values</u>

The fair values of financial assets and financial liabilities are determined as follows:

(i) Financial instruments that are not carried at fair values and whose carrying amounts are at reasonable approximation of fair values

The carrying amounts of financial assets and financial liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

37. FINANCIAL INSTRUMENTS (continued)

(c) Determination of fair values (continued)

Methods and assumptions used to estimate fair values (continued)

(ii) Hire-purchase liabilities

The fair values of the hire-purchase liabilities are estimated based on the future contractual cash flows discounted at current market interest rates available for similar financial instruments and of the same remaining maturities.

(iii) Trade receivables (amounts owing by franchisees for the sales of non-trade goods and fixed assets)

The fair values of these financial instruments are estimated by discounting expected future cash flows at market lending rates for similar types of lending, borrowing or leasing arrangements at the end of the reporting period. At the end of the reporting period, these amounts are carried at amortised costs and the carrying amounts are approximate to their fair values.

(iv) Held-to-maturity investment - Quoted unit trust in Malaysia

The fair value of quoted unit trust in Malaysia is determined by reference to the exchange quoted market bid prices at the close of the business at the end of reporting period.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management objective is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group financial risk management policies. The Group is exposed mainly to foreign currency risk, interest rate risk, liquidity and cash flow risk, credit risk and market price risk. Information on the management of the related exposures is detailed below.

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

During the financial year, the Group had exposure of foreign exchange risk on purchases that are denominated in currencies other than Ringgit Malaysia ("RM"). The currency that gives rise to this risk is primarily the United States dollar ("USD"), European Euro ("EURO"), Japanese Yen ("JPY"), Hong Kong dollar ("HKD") and Singapore dollar ("SGD"). The Group monitors its foreign currency exposure on an ongoing basis.

During the financial year, the Group entered into foreign currency forward contracts to manage exposures to currency risk for payables, which are denominated in a currency other than the functional currency of the Group. However, there was no forward foreign contract outstanding as at 31 December 2011.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(i) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit after tax to a reasonably possible change in the USD, EURO, JPY, HKD and SGD exchange rates against RM, with all other variables held constant.

		Group	
		2011 RM'000 Profit after tax	**2010 RM'000 Profit after tax**
USD/RM	- strengthen by 3%	-42	-19
	- weaken by 3%	+42	+19
EURO/RM	- strengthen by 3%	-55	-38
	- weaken by 3%	+55	+38
HKD/RM	- strengthen by 3%	-2	*
	- weaken by 3%	+2	*
JPY/RM	- strengthen by 3%	#	–
	- weaken by 3%	#	–
SGD/RM	- strengthen by 3%	-4	-1
	- weaken by 3%	+4	+1

* *Represents RM52*
\# *Represents RM180*

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group and Company's financial instruments will fluctuate because of changes in market interest rates.

The Group and Company's exposure to interest rate risk arises primarily from their fixed deposits with licensed banks and loans and borrowings. The Group borrows at both fixed and floating rates of interest to generate the desired interest profile and to manage the Group's exposure to interest rate fluctuations. The Group's deposits are placed at fixed rates and management endeavours to obtain the best rate available in the market.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity of the Group's and of the Company's profit after tax to a reasonably possible change in 100 basis points against interest rates, with all other variables held constant.

		Group	
		2011 RM'000 Profit after tax	**2010 RM'000 Profit after tax**
Fixed deposits	- 100 basis points higher	+86	+100
	- 100 basis points lower	-86	-100
Hire-purchase liabilities	- 100 basis points higher	-25	-15
	- 100 basis points lower	+25	+15
Bankers' acceptances	- 100 basis points higher	-86	-91
	- 100 basis points lower	+86	+91
Term loans	- 100 basis points higher	-22	-25
	- 100 basis points lower	+22	+25

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Interest rate risk (continued)

The following table demonstrates the sensitivity of the Group's and of the Company's profit after tax to a reasonably possible change in 100 basis points against interest rates, with all other variables held constant. (continued)

		Company	
		2011 RM'000 Profit after tax	2010 RM'000 Profit after tax
Fixed deposits	- 100 basis points higher	+29	+15
	- 100 basis points lower	-29	-15

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

Group	Note	Weighted average effective interest rate %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
At 31 December 2011									
Fixed rates									
Fixed deposits with licensed banks	15	2.93	7,856	–	–	–	–	–	7,856
Hire-purchase liabilities	20	6.54	(1,201)	(514)	(215)	(93)	–	–	(2,023)
Floating rates									
Bankers' acceptances	22	4.55	(10,911)	–	–	–	–	–	(10,911)
Term loans	19	6.26	(368)	(1,256)	(280)	(147)	(105)	(123)	(2,279)
At 31 December 2010									
Fixed rates									
Fixed deposits with licensed banks	15	2.77	15,190	–	–	–	–	–	15,190
Hire-purchase liabilities	20	6.33	(1,363)	(1,741)	–	–	–	–	(3,104)
Floating rates									
Bankers' acceptances	22	2.79	(12,133)	–	–	–	–	–	(12,133)
Bank overdrafts	21	6.93	(1,343)	–	–	–	–	–	(1,343)
Term loans	19	6.66	(1,559)	(2,197)	(563)	(222)	(87)	(73)	(4,701)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Interest rate risk (continued)

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk: (continued)

Company	Note	Weighted average effective interest rate %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
At 31 December 2011									
Fixed rates									
Fixed deposits with a licensed bank	15	2.85	1,364	–	–	–	–	–	1,364
At 31 December 2010									
Fixed rates									
Fixed deposits with a licensed bank	15	2.80	6,329	–	–	–	–	–	6,329

(iii) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the Group's activities.

The Group is actively managing its operating cash flow to ensure all commitments and funding needs are met. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Liquidity and cash flow risk (continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group and Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

2011 Group	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Financial liabilities:				
Trade and other payables	23,932	–	–	23,932
Loans and borrowings	12,574	2,657	123	15,354
Total undiscounted financial liabilities	36,506	2,657	123	39,286
Company				
Financial liabilities:				
Trade and other payables	50	–	–	50
Total undiscounted financial liabilities	50	–	–	50
2010 **Group**				
Financial liabilities:				
Trade and other payables	16,543	–	–	16,543
Loans and borrowings	16,553	4,989	–	21,542
Total undiscounted financial liabilities	33,096	4,989	–	38,085
Company				
Financial liabilities:				
Trade and other payables	57	–	–	57
Total undiscounted financial liabilities	57	–	–	57

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iv) Credit risk

Cash deposits and trade receivables may give rise to credit risk, which requires the loss to be recognised if a counter party fails to perform as contracted. The major counter parties are major licensed financial institutions and reputable organisations. It is the Group's policy to monitor the financial standing of counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The Group's exposure to credit risks, or the risk of counterparties defaulting, arises mainly from receivables. The Group's trading terms with its customers are mainly on credit except for walk-in customers at its branches. The credit period is generally for a period of 75 days (2010: 60 days). Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables via a credit control officer to minimise credit risk. Overdue balances are reviewed regularly by senior management.

As at 31 December 2011, other than the amounts owing by subsidiaries constituting approximately 100% (2010: 99%) of the total receivables of the Company, the Group does not have any significant concentration of credit risk related to any individual customer or counterparty.

The Group's major classes of financial assets are trade and other receivables and cash and cash equivalents.

Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

(v) Market price risk

Market price risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to price risks arising from quoted unit trust held by the Group. It is held for strategic rather than trading purposes. The Group does not actively trade this investment. This instrument is classified as held-to-maturity financial asset.

39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 7 January 2011, a subsidiary, Focus Point Vision Care Group Sdn. Bhd. completed the acquisition of some of the assets of Hightex Vision Sdn. Bhd, a retailer of optical and related products for a purchase consideration of RM708,271. The fair values of the assets acquired were as follows:

	2011 **RM'000**
Property, plant and equipment	88
Inventories	620
Total	708

39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

(b) On 9 March 2011, a subsidiary, Focus Point Management Sdn. Bhd. signed a Memorandum of Collaboration ("MoC") with Perbadanan Nasional Berhad ("PNS").

The MoC sets out a collaboration action plan by both Focus Point Management Sdn. Bhd. and PNS in developing and promoting the Focus Point Franchise Programme to Bumiputra entrepreneurs. Under the collaborative plan, PNS will offer a financing scheme known as Focus Point Financing Facility while Focus Point Management Sdn. Bhd. commits to transfer business know-how and entrepreneurial skills to successful applicants.

The parties hereby acknowledge that the collaboration shall be construed as a platform for the creation and development of Bumiputra entrepreneurs as well as creating a new dimension for PNS in financing the franchisees under the Focus Point Financing Facility, to be in line with the aspiration and objective of the Government.

The MoC is consistent with the Group's expansion plan to increase the number of its professional eye care services outlets in Malaysia. The Group is confident that the collaboration is expected to contribute positively to the earnings of the Group in the long term.

(c) On 20 June 2011, a subsidiary, Focus Point Vision Care Group Sdn. Bhd. acquired the remaining 49% of the issued and paid-up ordinary share capital of Eye-Zed Sdn. Bhd. for a total cash consideration of RM97,086.

(d) On 25 October 2011, a subsidiary, Focus Point Vision Care Group Sdn. Bhd. incorporated a 60% owned subsidiary known as Truesight Eyewear Optical Sdn. Bhd. with an initial issued and paid-up share capital of RM10 comprising 10 ordinary shares of RM1.00 each.

40. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

(a) On 29 March 2012, the Company undertook an internal reorganisation by entering into a sale of shares agreement with its wholly-owned subsidiary, Focus Point Vision Care Group Sdn. Bhd. to acquire the entire equity interest in Multiple Reward Sdn. Bhd. ("MRSB") for a cash consideration of RM20,503. Arising therefrom, MRSB is a directly wholly-owned subsidiary of the Company.

(b) On 23 April 2012, a subsidiary, Focus Point Vision Care Group Sdn. Bhd. entered into the sale of business and asset agreement with its wholly-owned subsidiaries, Radiant Attraction Sdn. Bhd., Eye-Zed Sdn. Bhd. and Esprit Shoppe Sdn. Bhd. ("the vendors") for the purchase of the business and the assets of the vendors at a consideration of RM371,743, RM206,657 and RM543,673 respectively.

41. COMPARATIVE FIGURES

Certain figures for the financial year ended 31 December 2010 have been reclassified as compared to the original statutory accounts to conform with current year's presentation as follows:

Group	**As previously reported RM'000**	**Reclassi-fications RM'000**	**As restated RM'000**
As at 31 December 2010			
Statement of Financial Position			
Non-current liabilities			
Trade and other payables	998	(998)	–
Deferred income	–	998	998
Current liabilities			
Trade and other payables	16,931	(388)	16,543
Deferred income	–	388	388
For the financial period ended 31 December 2010			
Statement of Comprehensive Income			
Administrative expenses	(26,882)	(77)	(26,959)
Finance costs	(815)	77	(738)

42. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings as at the end of reporting period may be analysed as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Total retained earnings of Focus Point Holdings Berhad and its subsidiaries				
- Realised	27,908	25,673	493	36
- Unrealised	(876)	(821)	–	–
	27,032	24,852	493	36
Total share of retained earnings from associates:				
- Realised	130	106	–	–
- Unrealised	(2)	(7)	–	–
	128	99	–	–
Total	27,160	24,951	493	36
Less: Consolidation adjustments	(17,257)	(18,723)	–	–
Total Group/Company retained earnings as per consolidated accounts	9,903	6,228	493	36

List of Properties

Location/ Address	Description/ Existing Use/ Tenure	Approx. Age of Buildings (years)	Build-up area (square feet)	Net Carrying Amount (RM'000)	Date of Acquisition
Focus Point Vision Care Group Sdn Bhd					
Unit 1, Block 1, Jalan PJU 1/37 Dataran Prima, 47301 Petaling Jaya	Five (5) storey shop office/ Head office/ Freehold	Twelve (12)	7,216	1,500	23.08.2001
Unit 3, Block 1, Jalan PJU 1/37 Dataran Prima, 47301 Petaling Jaya	Five (5) storey shop office/ Head office/ Freehold	Twelve (12)	7,216	1,407	01.08.2000
Unit 5-1, Block 1, Jalan PJU 1/37 Dataran Prima, 47301 Petaling Jaya	Ground floor unit of a five (5) storey shop office/ Head office/ Freehold	Twelve (12)	1,282	573	08.08.2007
Unit 5-4, Block 1, Jalan PJU 1/37 Dataran Prima, 47301 Petaling Jaya	Third floor unit of a five (5) storey shop office/ Head office/ Freehold	Twelve (12)	1,480	433	11.12.2009
Unit 5-5, Block 1, Jalan PJU 1/37 Dataran Prima, 47301 Petaling Jaya	Forth floor unit of a five (5) storey shop office/ Head office/ Freehold	Twelve (12)	1,487	442	11.05.2011

Analysis of Shareholdings

ANALYSIS OF SHAREHOLDINGS AS AT 30 APRIL 2012

Authorised Share Capital	:	RM 50,000,000
Issued and Paid-up Share Capital	:	RM 33,000,000 divided into 165,000,000 ordinary shares of RM0.20 each
Class of Share	:	Ordinary Shares of RM0.20 each
Voting Right	:	One Vote per ordinary share

ANALYSIS BY SIZE OF HOLDINGS AS AT 30 APRIL 2012

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 - 99	6	0.918	200	0.000
100 - 1,000	121	18.529	86,900	0.052
1,001 - 10,000	266	40.735	1,498,000	0.907
10,001 - 100,000	208	31.852	7,501,800	4.546
100,001 - 8,249,999 (*)	49	7.503	34,680,400	21.018
8,250,000 AND ABOVE (**)	3	0.459	121,232,700	73.474
TOTAL :	653	100.000	165,000,000	100.000

REMARK : * - LESS THAN 5% OF ISSUED SHARES
** - 5% AND ABOVE OF ISSUED SHARES

LIST OF TOP 30 HOLDERS AS AT 30 APRIL 2012

No.	NAME	HOLDINGS	%
1.	LIAW CHOON LIANG	76,373,201	46.286
2.	PERBADANAN NASIONAL BERHAD	24,750,000	15.000
3.	GOH POI EONG	20,109,499	12.187
4.	TAN YAN PIN	4,300,000	2.606
5.	WONG LEE SEONG	4,300,000	2.606
6	TEO KWEE HOCK	2,805,900	1.700
7.	WAN SIEW TING	1,884,000	1.141
8.	OSK NOMINEES (TEMPATAN) SDN BERHAD *OSK CAPITAL SDN BHD FOR LIAW CHOON LIANG*	1,825,000	1.106
9.	HUNTERSVILLE (M) SDN BHD	1,551,600	0.940
10.	SIM AH HENG	1,538,400	0.932
11.	LAI YEU FUNG	1,227,000	0.743
12.	HAN LONG CHEN	1,030,900	0.624
13.	HO LEE LING	1,000,000	0.606
14	SHU SIEW YIN	1,000,000	0.606
15.	HOH HON BING	800,000	0.484
16.	KOH ENG KHOON	773,000	0.468
17.	ONG HUNG HENG	760,000	0.460
18.	ONG BOON SENG	630,000	0.381
19.	WAN SIEW TING	550,000	0.333
20.	TAN YAN PIN	538,000	0.326
21.	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB FOR LEOW MING FONG @ LEOW MIN FONG (PB)*	500,000	0.303

LIST OF TOP 30 HOLDERS AS AT 30 APRIL 2012 (continued)

No.	NAME	HOLDINGS	%
22.	LEE SOON FAH	500,000	0.303
23.	LIM KIM SOW	500,000	0.303
24.	TA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WONG TAK MING*	500,000	0.303
25.	WONG LAI HENG	463,000	0.280
26.	VIVIEN LEE XIN RUI	405,400	0.245
27.	GOH HOCK CHUAN	385,500	0.233
28.	JF APEX NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TEO SIEW LAI (MARGIN)*	370,600	0.224
29.	LUM SHEAU FEN	300,000	0.181
30.	PON KOK FAI	300,000	0.181
	Total	151,971,000	92.103

Directors' Shareholding as at 30 April 2012 based on the Register of Directors' Shareholdings

Name of Directors	No. of Shares held (Direct)	%	No .of Shares held (Indirect)	%
Dato' Liaw Choon Liang	78,198,201	47.392	20,109,499*	12.187
Datin Goh Poi Eong	20,109,499	12.187	78,198,201**	47.392
Dato' Hamzah bin Mohd Salleh	–	–	–	–
Datuk Idrin bin Hashim	–	–	–	–
Leow Ming Fong @ Leow Min Fong	500,000	0.303	–	–

* Deemed interest by virtue of the interest of his spouse, Datin Goh Poi Eong.

** Deemed interest by virtue of the interest of her spouse, Dato' Liaw Choon Liang.

Substantial Shareholders as at 30 April 2012 based on the Register of Substantial Shareholders

Name of Shareholders	No. of Shares held (Direct)	%	No .of Shares held (Indirect)	%
Dato' Liaw Choon Liang	78,198,201	47.392	20,109,499*	12.187
Datin Goh Poi Eong	20,109,499	12.187	78,198,201**	47.392
Perbadanan Nasional Berhad	24,750,000	15.000	–	–

* Deemed interest by virtue of the interest of his spouse, Datin Goh Poi Eong.

** Deemed interest by virtue of the interest of her spouse, Dato' Liaw Choon Liang.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Third Annual General Meeting of Focus Point Holdings Berhad ("the Company") will be held at Greens III Ballroom, Sport Wing, Tropicana Golf & Country Club, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 20 June 2012 at 10.00 a.m. to transact the following businesses :

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2011 and the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note 1)**

2. To approve the payment of a Final Single Tier Dividend of 2.0 sen per Ordinary Share of RM0.20 each, in respect of the financial year ended 31 December 2011. **(Resolution 1)**

3. To approve the payment of Directors' fees of RM119,000.00 for the financial year ended 31 December 2011. **(Resolution 2)**

4. To re-elect Leow Ming Fong @ Leow Min Fong who retires pursuant to Article 85 of the Company's Articles of Association. **(Resolution 3)**

5. To re-elect Datuk Idris Bin Hashim who retires pursuant to Article 92 of the Company's Articles of Association. **(Resolution 4)**

6. To re-appoint Messrs BDO as the Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

Special Business

To consider and, if thought fit, to pass the following resolutions, with or without modifications as Ordinary/Special Resolutions of the Company:-

7. ORDINARY RESOLUTION I
AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors of the Company be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company unless revoked or varied by the Company at a general meeting." **(Resolution 6)**

8. ORDINARY RESOLUTION II
PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")

"THAT pursuant to Rule 10.09 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("ACE Listing Requirements"), the Company and its subsidiaries ("the Group") be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related party as set out in Section 2.3 of the Circular to Shareholders dated 29 May 2012 ("Related Party") provided that such transactions and/or arrangements are:- **(Resolution 7)**

(a) necessary for the day-to-day operations;
(b) are undertaken in the ordinary course of business at arm's length basis and are on normal commercial terms which are not more favourable to the Related Party than those generally available to the public; and
(c) are not detrimental to the minority shareholders of the Company,

(collectively known as "Shareholders' Mandate");

AND THAT such approval, shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at such AGM, the authority is renewed; or
(b) the expiration of the period within the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
(c) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever is earlier;

AND THAT the estimated aggregrate value of the transactions conducted pursuant to the Shareholders' Mandate during the financial year will be disclosed, in accordance with the ACE Listing Requirements, in the Annual Report of the Company for the said financial year;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate."

9. SPECIAL RESOLUTION
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

"THAT the proposed amendment to the Articles of Association of the Company as set out in the Annexure A be and is hereby approved and adopted." **(Resolution 8)**

10. To consider any other business of which due notice shall be given in accordance with the Companies Act, 1965.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the Third Annual General Meeting of the Company, a Final Single Tier Dividend of 2.0 sen per Ordinary Share of RM0.20 each in respect of the financial year ended 31 December 2011 will be paid on 26 July 2012 to Depositors registered in the Record of Depositors at the close of business on 10 July 2012.

A Depositors shall qualify for entitlement to the Dividend only in respect of:

a. Shares transferred into the Depositors' Securities Account before 4.00 p.m. on 10 July 2012 in respect of ordinary transfers;

b. Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

WONG WAI FOONG (MAICSA 7001358)
WONG PEIR CHYUN (MAICSA 7018710)
Secretaries

Kuala Lumpur

Date: 29 May 2012

NOTES:

1. Notes on Appointment of Proxy

(a) A member entitled to attend and vote at the Meeting is entitled to appoint proxy(ies) (or in case of a corporation, a duly authorised representative) to attend and vote in his stead. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

(b) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's Seal or under the hand of an officer or attorney duly authorised.

(c) A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meetings and that where the member appoints 2 proxies, such appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

(d) Where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

(e) Where a Member of the Company is an exempt authorised nominee as defined under the SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(f) Where the authorised nominee or an exempt authorised nominee appoints more than one proxy, the proportion of the shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

NOTES:

1. **Notes on Appointment of Proxy (Cont'd)**

   (g) *The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 18 The Gardens North Tower Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting i.e. on or before **10.00 a.m., Monday, 18 June 2012** Provided That in the event the Member(s) duly executes the form of proxy but does not name any proxy, such Member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the Member(s).*

   (h) *For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 12 June 2012 and only a Depositor whose name appear on the above Record of Depositors shall be entitled to attend this meeting.*

2. ***Explanatory Notes***

   (i) Item 1 of Agenda

   This item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

   Special Business
   (ii) Resolution No. 6 - Authority to Issue Shares

   The proposed Resolution 6 is prepared for the purpose of granting a renewed general mandate ("General Mandate") and empowering the Directors to issue shares in the Company up to an amount not exceeding in total per centum (10%) of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company.

   This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

   The renewed general mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings acquisitions and/or for issuance of shares as settlement of purchase consideration. This authorisation will expire at the conclusion of the next Annual General Meeting of the Company.

   As at the date of this notice, the Company did not issue any shares pursuant to the mandate granted to the Directors at the Second Annual General Meeting because there were no investment(s), acquisition(s) or working capital that require fund raising activity.

   (iii) Resolution No. 7 – Proposed Renewal of the Shareholders' Mandate for Recurrent Related Party Transactions ("RRPT") of a Revenue of Trading Nature ("Proposed Shareholders' Mandate")

   The Resolution 7, if passed, will allow the Group to enter into recurrent related party transactions made on an arm's length basis and on normal commercial terms and which are not detrimental to the interest of the minority shareholders.

   (iv) Resolution No. 8 - Proposed Amendment to the Articles of Association

   The proposed amendments to the Articles of Association of the Company are to comply with the amendments made to Chapter 7 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and for facilitating some administration issues.

Annexure A

Existing	Amended
Article 5(d) Except in the case of an issue of securities on a pro rata basis to shareholders or pursuant to a back-to-back placement undertaken in compliance with the Listing Requirements, a Director of the Company shall not participate, directly or indirectly, in an issue of ordinary shares or other securities with rights of conversion to ordinary shares or in a share scheme for employees unless the shareholders of the Company have approved the specific allotment to be made to the Director and the Director has abstained from voting on the relevant resolution.	Article 5(d) Except in the case of an issue of securities on a pro rata basis to shareholders or pursuant to a back-to-back placement undertaken in compliance with the Listing Requirements, a Director of the Company shall not participate, directly or indirectly, in an issue of ordinary shares or other securities with rights of conversion to ordinary shares or in a share issuance scheme for employees unless the shareholders of the Company have approved the specific allotment to be made to the Director and the Director has abstained from voting on the relevant resolution.
Article 63 Subject always to the provision of Section 151 of the Act, no business shall be transacted at any extraordinary general meeting except business of which notice has been given in the notice convening the meeting and no business shall be transacted at an annual general meeting other than business of which notice has been given aforesaid, with the exception of declaring a dividend, the consideration of the accounts, balance sheets and the report of the Directors and auditors, the fixing of the fees of Directors, the election of Directors in the place of those retiring, and the appointment and fixing of the remuneration of the auditors.	Article 63 Subject always to the provision of Section 151 of the Act, no business shall be transacted at any extraordinary general meeting except business of which notice has been given in the notice convening the meeting and no business shall be transacted at an annual general meeting other than business of which notice has been given aforesaid, with the exception of receipts and consideration of the profit and loss accounts, balance sheets and the report of the Directors and Auditors, the declaration of dividend, the appointment and election appointment of Directors, fixing of fees of Directors, and the appointment and fixing of the remuneration of Auditors.

Annexure A

Existing	Amended
Article 64 In every notice calling a meeting of the Company there shall appear with reasonable prominence, a statement that a Member entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend and vote in his stead, and that a proxy may but need not be a Member or a qualified legal practitioner or an approved company auditor or a person approved by the Registrar and the provisions of Sections 149(1)(b) and 149 (1)(c) of the Act shall not apply to the Company. Where a member appoints two (2) proxies, he shall specify the proportion of his holdings to be represented by each proxy, failing which the appointment shall be invalid. Where a member is an authorized nominee as defined under the Central Depositories Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account	Article 64 Article 64 1) In every notice calling a meeting of the Company there shall appear with reasonable prominence, a statement that a Member of the Company who is entitled to attend and vote at a meeting of the Company, or at a meeting of any class of Members of the Company, may appoint [not more than two (2) proxies] to attend and vote instead of the Member at the meeting. 2) Where a member appoints two (2) proxies to attend and vote at the same meeting, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. 3) A proxy need not be a member. There shall be no restriction as to the qualification of the proxy and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. 4) A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting. 5) Where a Member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint [not more than two (2) proxies] in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account. 6) Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA. 7) Where the authorised nominee appoints [two (2) proxies], or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

Annexure A

Existing	Amended
Article 79	Article 79
The instrument appointing a proxy shall be in the following form with such variations as circumstances may require or the statutes permit or in such other form as the Directors may approve or in any particular case, may accept:-	The instrument appointing a proxy shall be in the following form with such variations as circumstances may require or the statutes permit or in such other form as the Directors may approve or in any particular case, may accept:-
[name of company]	**[name of company]**
* I/We, of being a * member / members of the abovenamed Company, hereby appoint of or failing him/her, the Chairman of the meeting as* my / our proxy to vote for * me / us on * my / our behalf at the [annual or extraordinary, as the case may be] general meeting of the Company to be held at on at any adjournment thereof.	* I/We, of being a * member / members of the abovenamed Company, hereby appoint of or failing him/her, the Chairman of the meeting as* my / our proxy to vote for * me / us on * my / our behalf at the [annual or extraordinary, as the case may be] general meeting of the Company to be held at on at any adjournment thereof.
This form is to be used * in favour / against the resolution(s) to be proposed thereat.	This form is to be used * in favour / against the resolution(s) to be proposed thereat.
No. of shares held :	No. of shares held :
Signed this day of , 20 .	Signed this day of , 20 .
………………………………. Signature of Member (s)	………………………………. Signature of Member (s)
*Strike out whichever is not desired. [Unless otherwise instructed, the proxy may vote as he thinks fit.]	*Strike out whichever is not desired. [Unless otherwise instructed, the proxy may vote as he thinks fit.]
Notes:	Notes:
A proxy may but need not be a Member or a qualified legal practitioner, or an approved company auditor or a person approved by the Registrar and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.	A proxy may but need not be a Member or a qualified legal practitioner, or an approved company auditor or a person approved by the Registrar and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
To be valid, this form, duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting Provided That in the event the Member(s) duly executes the form of proxy but does not name any proxy, such Member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the Member(s).	To be valid, this form, duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting Provided That in the event the Member(s) duly executes the form of proxy but does not name any proxy, such Member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the Member(s).

Annexure A

Existing	Amended
A Member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting and the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. Where a Member is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. If the appointor is a corporation this form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.	A Member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting and the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. Where a Member is an authorised nominee as defined under the Central Depositories Act, it may appoint at not more than (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. If the appointor is a corporation this form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
Article 80 The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a duly notarized certified copy of that power or authority, shall be deposited at the Office or at such other place within Malaysia as is specified for that purpose in the notice convening the meeting, not less than forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting as the case may be, at which the person named in the instrument proposes to vote, and in the case of a poll, not less than forty-eight (48) hours before the time appointed for the taking of the poll, and in default, the instrument of proxy shall not be treated as valid.	Article 80 The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a duly notarized certified copy of that power or authority, shall be deposited at the Office or at such other place within Malaysia as is specified for that purpose in the notice convening the meeting, not less than forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting as the case may be, at which the person named in the instrument proposes to vote, and in the case of a poll, not less than forty-eight (48) hours before the time appointed for the taking of the poll, and in default, the instrument of proxy shall not be treated as valid. A member shall not be precluded from attending and voting in person or any general meeting after lodging the form of proxy but however such attendances shall automatically revoke the proxy's authority.
Article 96 The office of a Director shall become vacant if the Director:- (a) has a Receiving Order in bankruptcy made against him or makes any arrangement or composition with his creditor generally; (b) becomes prohibited from being a Director by reason of any order made under the Act or contravenes Section 130 or 130A of the Act; (c) ceases to be a Director by virtue of the Act; (d) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder; (e) is absent from more than 50% of the total board of directors' meetings held during a financial year;	Article 96 The office of a Director shall become vacant if the Director:- (a) has a Receiving Order in bankruptcy made against him or makes any arrangement or composition with his creditor generally; (b) becomes prohibited from being a Director by reason of any order made under the Act or contravenes Section 130 or 130A of the Act; (c) ceases to be a Director by virtue of the Act; (d) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder; (e) resigns from his office by notice in writing to the Company and deposited at the Office of the Company; or

Existing	Amended
(f) resigns from his office by notice in writing to the Company and deposited at the Office of the Company; or (g) is removed from his office of Director by resolution of the Company in general meeting of which special notice has been given.	(f) is removed from his office of Director by resolution of the Company in general meeting of which special notice has been given.
No provision	Articles 131 (a) A resolution in writing signed or approved by letter or telefax or other electronic means by the members of a committee who may at the time be present in Malaysia and who are sufficient to forum a quorum, shall be as valid and effectual as if it had been passed at a meeting of the committee duly called and constituted. Any such resolution may be executed in any number of counterparts, each signed by one or more members of the committee all of which taken together and when delivered to the secretary of the committee shall constitute one and the same resolution.
Article 141 The Secretary or Secretaries shall in accordance with the Act be appointed by the Directors for such term and at such remuneration and upon such conditions as they think fit. The first Secretary shall be TEOH KOK JONG (LS 04719)	Articles 141 i. The Secretary or Secretaries shall in accordance with the Act be appointed by the Directors for such term and at such remuneration and upon such conditions as they think fit. The first Secretary shall be TEOH KOK JONG (LS 04719) ii. The office of the Secretary shall be vacated if the secretary resigns by notice in writing to the Company, left at the Office and copies sent to all the directors for the time being at their last known residential addresses. Where a Secretary gives notice of resignation to the directors, the Secretary shall cease to act as Secretary with immediate effect, and unless provided in the terms of engagement, within the stipulated time.

Existing	Amended
Article 144 A copy of the reports by the Directors and auditors of the Company, the profit and loss accounts, balance sheets and group accounts (if any) (including all documents required by law to be annexed or attached to all or any of them) shall be sent (not later than 6 months after the close of the financial year and at least 21 days before the general meeting at which they are to be laid) to all Members, holders of debentures and all other persons entitled to receive notices of general meetings under the Act or these Articles. The interval between the close of a financial year of the Company and the issue of the annual audited financial statements, the directors' and auditors' reports shall not exceed four (4) months. The required number of copies of each of these documents shall at the same time be sent to the Exchange.	Article 144 A copy of the reports by the Directors and auditors of the Company, the profit and loss accounts, balance sheets and group accounts (if any) (including all documents required by law to be annexed or attached to all or any of them) shall be sent (not later than 6 months after the close of the financial year and at least 21 days before the general meeting at which they are to be laid) to all Members, holders of debentures and all other persons entitled to receive notices of general meetings under the Act or these Articles. The interval between the close of a financial year of the Company and the issue of the annual audited financial statements, the directors' and auditors' reports shall not exceed four (4) months. A copy of each such documents in printed form or in CD-ROM form or in such other form of electronic media, shall not less than twenty-one (21) days before the date of the meeting be sent to every member of and to every holder of debentures of the Company and to every other person who is entitled to receive notices from the Company under the provision of the Act or of these Articles. The requisite number of copies of each such documents as may be required by the Exchange or other stock exchange(s), if any, upon which the Company's shares may be listed, shall at the same time be likewise sent to the Exchange or other stock exchange(s) provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware or outside Malaysia but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office of the Company. In the event that the annual report is sent in CD-ROM form or such form of electronic media and a Member requires a printed form of such documents, the Company shall send such documents to the Member within four (4) market days from the date of receipt of the Members' request or such period as may be prescribed by Bursa Securities.

FOCUS POINT HOLDINGS BERHAD (884238-U)

(Incorporated in Malaysia)

FORM OF PROXY

I/We __________________________ of NRIC No./Passport No./Company No. ______________________________________

of ______________________________ being a member/members of ____

Focus Point Holdings Berhad hereby appoint ____

of ____ of NRIC No./Passport No. _______________________________________

or failing him/her ___________________________ of NRIC No./Passport No.____

of ____

or failing him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Third Annual General Meeting of the Company to be held at Greens III Ballroom, Sport Wing, Tropicana Golf & Country Club, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 20 June 2012 at 10.00 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below :

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2011 and the Reports of Directors and Auditors thereon.			
		Resolution	**For**	**Against**
2.	To approve the payment of a final single tier dividend of 2.0 sen per ordinary share, in respect of the financial year ended 31 December 2011.	1		
3.	To approve the payment of Directors' fees of RM119,000.00 for the financial year ended 31 December 2011.	2		
4.	To re-elect Leow Ming Fong @ Leow Min Fong as Director who retires pursuant to Article 85 of the Company's Articles of Association.	3		
5.	To re-elect Datuk Idris Bin Hasim as Director who retires pursuant to Article 92 of the Company's Articles of Association.	4		
6.	To re-appoint Messrs BDO as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	5		
Special Business				
7.	To approve the Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965	6		
8.	To approve the Proposed Renewal of the Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue of Trading Nature.	7		
9.	To approve the Proposed Amendments to the Articles of Association	8		

Please indicate with an "X" in the appropriate space how you wish your proxy to vote. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he thinks fit or, at his discretion, abstain from voting.

Dated this day _________ of ___________________ 2012

Number of ordinary shares held	

____

*Signature/Common Seal of Shareholder

** Delete if not applicable*

Notes:

(a) *A member entitled to attend and vote at the Meeting is entitled to appoint proxy(ies) (or in case of a corporation, a duly authorised representative) to attend and vote in his stead. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*

(b) *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's Seal or under the hand of an officer or attorney duly authorised.*

(c) *A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meetings, and that where the member appoints 2 proxies, such appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.*

(d) *Where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

(e) *Where a Member of the Company is an exempt authorised nominee as defined under the SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

(f) *Where the authorised nominee or an exempt authorised nominee appoints more than one proxy, the proportion of the shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*

(g) *The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 18 The Gardens North Tower Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting i.e. on or before **10.00 a.m., Monday, 18 June 2012** Provided That in the event the Member(s) duly executes the form of proxy but does not name any proxy, such Member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the Member(s).*

(h) *For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 12 June 2012 and only a Depositor whose name appear on the above Record of Depositors shall be entitled to attend this meeting.*

Fold here

AFFIX
STAMP
HERE

The Company Secretary
Focus Point Holdings Berhad (884238-U)
Level 18, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur

Fold here