

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2011**

(The figures have not been audited)

| | Individual quarter | | Cumulative quarter | |
|--|--|---|---|---|
| | Current year quarter ended 30 June 2011 RM '000 | Preceding year corresponding quarter ended 30 June 2010 RM '000 | Current year-to- date 30 June 2011 RM '000 | Preceding year- to-date 30 June 2010 RM '000 |
| Revenue | 30,647 | 17,382 | 59,140 | 17,382 |
| Cost of sales | (14,113) | (6,242) | (26,568) | (6,242) |
| Gross profit | 16,534 | 11,140 | 32,572 | 11,140 |
| Other income | 2,662 | 3,212 | 3,754 | 3,212 |
| Selling and distribution costs | (8,361) | (4,758) | (16,496) | (4,758) |
| Administrative expenses | (8,647) | (4,876) | (15,802) | (4,876) |
| Finance costs | (212) | (165) | (442) | (165) |
| Share of profits in associates | 30 | 30 | 53 | 30 |
| Profit before tax | 2,006 | 4,583 | 3,639 | 4,583 |
| Income tax expense | (591) | (759) | (1,016) | (759) |
| Profit for the financial period | 1,415 | 3,824 | 2,623 | 3,824 |
| Profit attributable to: | | | | |
| Equity holders of the Company | 1,411 | 3,832 | 2,619 | 3,832 |
| Non-controlling Interests | 4 | (8) | 4 | (8) |
| | 1,415 | 3,824 | 2,623 | 3,824 |
| Total comprehensive income attributable to: | | | | |
| Equity holders of the Company | 1,411 | 3,832 | 2,619 | 3,832 |
| Non-controlling Interests | 4 | (8) | 4 | (8) |
| | 1,415 | 3,824 | 2,623 | 3,824 |
| Earnings per share attributable to equity holders of the Company: | | | | |
| Basic (sen) | 0.86 | 3.66 | 1.59 | 3.66 |
| Diluted (sen) | N/A | N/A | N/A | N/A |

Notes:

N/A Not applicable.

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statement for the financial period ended 31 December 2010 and the accompanying explanatory notes attached to this interim financial report.

FOCUS POINT HOLDINGS BERHAD (Company No. : 884238-U)
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011**

(The figures have not been audited)

| | Unaudited As at 30 June 2011 RM '000 | Audited As at 31 December 2010 RM '000 |
|--|---|---|
| ASSETS | | |
| Non-Current Assets | | |
| Property, plant and equipment | 23,913 | 22,779 |
| Investments in associates | 396 | 379 |
| Held-to-maturity investment | 500 | 500 |
| Goodwill on consolidation | 410 | 410 |
| Deferred tax assets | 281 | 283 |
| Trade and other receivables | 1,665 | 1,665 |
| | 27,165 | 26,016 |
| Current Assets | | |
| Inventories | 27,054 | 25,400 |
| Trade and other receivables | 15,032 | 16,931 |
| Current tax assets | 209 | 162 |
| Cash and cash equivalents | 14,085 | 19,803 |
| | 56,380 | 62,296 |
| TOTAL ASSETS | 83,545 | 88,312 |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the Company | | |
| Share capital | 33,000 | 33,000 |
| Reserves | 13,472 | 13,324 |
| | 46,472 | 46,324 |
| Non-controlling Interests | - | 102 |
| TOTAL EQUITY | 46,472 | 46,426 |
| Non Current Liabilities | | |
| Borrowings | 3,169 | 4,883 |
| Trade and other payables | 906 | 998 |
| Deferred tax liabilities | 1,104 | 1,104 |
| | 5,179 | 6,985 |
| Current Liabilities | | |
| Borrowings | 12,837 | 16,398 |
| Trade and other payables | 18,000 | 16,931 |
| Current tax liabilities | 1,057 | 1,572 |
| | 31,894 | 34,901 |
| TOTAL LIABILITIES | 37,073 | 41,886 |
| TOTAL EQUITY AND LIABILITIES | 83,545 | 88,312 |
| Net assets per share attributable to ordinary equity holders of the Company (sen) | 28.16 | 28.08 |

Notes:

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statement for the financial period ended 31 December 2010 and the accompanying explanatory notes attached to this interim financial report.

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2011**

(The figures have not been audited)

| | Attributable to Equity Holders of the Company | | | | Total | Non-controlling Interest | Total Equity |
|--|---|---------------|----------------------|---------------------------------|---------------|--------------------------|---------------|
| | Non-distributable | | Revaluation Reserves | Distributable Retained Earnings | | | |
| | Share Capital | Share Premium | | | | | |
| | RM '000 | RM '000 | RM '000 | RM '000 | RM '000 | RM '000 | |
| At 1 January 2011 | 33,000 | 7,096 | - | 6,228 | 46,324 | 102 | 46,426 |
| Transactions with owners in their capacity as owner | | | | | | | |
| Acquisition of minority interest in subsidiaries | - | - | - | - | - | (98) | (98) |
| Total comprehensive income for the period | - | - | - | 2,623 | 2,623 | (4) | 2,619 |
| Dividend paid | - | - | - | (2,475) | (2,475) | - | (2,475) |
| At 30 June 2011 | 33,000 | 7,096 | - | 6,376 | 46,472 | - | 46,472 |

| | Attributable to Equity Holders of the Company | | | | Total | Non-controlling Interest | Total Equity |
|---|---|---------------|----------------------|---------------------------------|---------------|--------------------------|---------------|
| | Non-distributable | | Revaluation Reserves | Distributable Retained Earnings | | | |
| | Share Capital | Share Premium | | | | | |
| | RM '000 | RM '000 | RM '000 | RM '000 | RM '000 | RM '000 | |
| At 1 January 2010 | * | - | - | (6) | (6) | - | (6) |
| Transactions with owners in their capacity as owner | | | | | | | |
| Issuance of ordinary shares pursuant to acquisition of subsidiaries | 24,760 | ** | - | - | 24,760 | 503 | 25,263 |
| Total comprehensive income for the period | - | - | - | 3,832 | 3,832 | (8) | 3,824 |
| At 30 June 2010 | 24,760 | ** | - | 3,826 | 28,586 | 495 | 29,081 |

Notes:

* Denotes RM2.

** Denotes RM397.

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statement for the financial period ended 31 December 2010 and the accompanying explanatory notes attached to this interim financial report.

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

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 JUNE 2011**

(The figures have not been audited)

| | Current year-to-date ended 30 June 2011 RM '000 | Preceding year-to-date ended 30 June 2010 RM '000 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | 3,639 | 4,583 |
| Adjustments for : | | |
| Allowance for doubtful debts | 150 | 45 |
| Depreciation of property, plant and equipment | 1,942 | 552 |
| Interest expenses | 442 | 159 |
| Interest income | (188) | (14) |
| Inventories written down | 188 | - |
| Loss on disposal of property, plant and equipment | 25 | 36 |
| Property, plant and equipment written off | 352 | 67 |
| Loss on realisation of foreign exchange | 36 | - |
| Unrealised profit of closing stocks | (8) | - |
| Loss on fraudulent sales | 42 | - |
| Negative goodwill arising from acquisition of subsidiaries | - | (3,185) |
| Share of profits in associates | (53) | (30) |
| Operating profit before working capital changes | 6,567 | 2,213 |
| Increase in inventories | (1,833) | (1,581) |
| Decrease in trade and other receivables | 1,618 | 506 |
| Increase in trade and other payables | 675 | 1,575 |
| Cash generated from operations | 7,027 | 2,713 |
| Tax paid | (1,189) | (450) |
| Net cash generated from operating activities | 5,838 | 2,263 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (3,454) | (2,149) |
| Proceed from disposal of property, plant and equipment | - | 38 |
| Net cash and cash equivalents from the acquisition of subsidiaries | - | 4,779 |
| Acquisition of minority interest in subsidiary | (98) | - |
| Interest received | 188 | 14 |
| Net cash (used in)/generated from investing activities | (3,364) | 2,682 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Interest paid | (442) | (159) |
| Repayment of bankers' acceptances | (1,277) | (872) |
| Repayment of hire purchase liabilities | (710) | (220) |
| (Repayment)/Drawdown of term loans | (1,946) | 65 |
| Dividend paid | (2,475) | - |
| Net cash used in financing activities | (6,850) | (1,186) |
| Net (decrease)/increase in cash and cash equivalents | (4,376) | 3,759 |
| Cash and cash equivalents at the beginning of financial period | 18,461 | * |
| Cash and cash equivalents at the end of financial period | 14,085 | 3,759 |
| Cash and cash equivalents comprise : | | |
| Cash and bank balances | 14,085 | 3,759 |
| Fixed deposits with licensed banks | 5,687 | 4,797 |
| | 19,772 | 8,556 |
| Less : Fixed deposits pledged to licensed banks | (5,687) | (4,797) |
| | 14,085 | 3,759 |

Notes:

* Denotes RM2.

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statement for the financial period ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial report.

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

Notes to the Interim Financial Report for the Second Quarter ended 30 June 2011

Part A - Explanatory notes pursuant to the Financial Reporting Standards ("FRS") 134 : Interim Financial Reporting

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with the FRS 134 : Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements").

The interim financial report should be read in conjunction with the audited financial statement for the financial period ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial report.

The accounting policies and methods of computation adopted in the interim financial report are in compliance with the new and revised FRSs, Amendments to FRSs and IC Interpretations issued by MASB.

A2. Summary of Significant Accounting Policies

The significant accounting policies adopted are consistent with the audited financial statement for the financial period ended 31 December 2010, except for the adoption of the following new and revised FRSs, Amendments to FRSs and IC Interpretations:

| | |
|-----------------------------------|--|
| FRS 1 | First-time Adoption of Financial Reporting Standards |
| FRS 3 | Business Combinations |
| FRS 7 | Financial Instruments: Disclosures |
| FRS 8 | Operating Segments |
| FRS 101 | Presentation of Financial Statements |
| FRS 123 | Borrowing Costs |
| FRS 139 | Financial Instruments: Recognition and Measurement |
| Amendments to FRS 1 | First-time Adoption of Financial Reporting Standards |
| Amendments to FRS 2 | Share-based Payment and Group Cash Settled Share-based Payment Transactions |
| Amendments to FRS 5 | Non-Current Assets Held For Sale and Discontinued Operations |
| Amendments to FRS 7 | Financial Instruments: Disclosures |
| Amendments to FRS 8 | Operating Segments |
| Amendments to FRS 107 | Statements of Cash Flows |
| Amendments to FRS 108 | Accounting Policies, Changes in Accounting Estimates and Errors |
| Amendments to FRS 110 | Events after the Reporting Period |
| Amendments to FRS 116 | Property, Plant and Equipment |
| Amendments to FRS 117 | Leases |
| Amendments to FRS 118 | Revenue |
| Amendments to FRS 119 | Employee Benefits |
| Amendments to FRS 120 | Accounting for Government Grants and Disclosure of Government Assistance |
| Amendments to FRS 123 | Borrowing Costs |
| Amendments to FRS 127 | Consolidated and Separate Financial Statements |
| Amendments to FRS 128 | Investments in Associates |
| Amendments to FRS 129 | Financial Reporting in Hyperinflationary Economies |
| Amendments to FRS 131 | Interests in Joint Ventures |
| Amendments to FRS 132 | Financial Instruments: Presentation |
| Amendments to FRS 134 | Interim Financial Reporting |
| Amendments to FRS 136 | Impairment of Assets |
| Amendments to FRS 138 | Intangible Assets |
| Amendments to FRS 139 | Financial Instruments: Recognition and Measurement |
| Amendments to FRS 140 | Investment Property |
| IC Interpretation 4 | Determining Whether An Arrangement Contains A Lease |
| IC Interpretation 9 | Reassessment of Embedded Derivatives |
| Amendments to IC Interpretation 9 | Reassessment of Embedded Derivatives |
| IC Interpretation 10 | Interim Financial Reporting and Impairment |
| IC Interpretation 11 | FRS 2 - Group and Treasury Share Transactions |
| IC Interpretation 12 | Service Concession Arrangements |
| IC Interpretation 13 | Customer Loyalty Programmes |
| IC Interpretation 14 | FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction |

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

A2. Summary of Significant Accounting Policies (Cont'd)

| | |
|------------------------------------|--|
| Amendments to IC Interpretation 14 | Prepayments of A Minimum Funding Requirement |
| IC Interpretation 16 | Hedges of a Net Investment in a Foreign Operation |
| IC Interpretation 17 | Distributions of Non-Cash Assets to Owners |
| IC Interpretation 18 | Transfers of Assets From Customers |
| TR i - 3 | Presentation of Financial Statements of Islamic Financial Institutions |
| TR i - 4 | Shariah Compliance Sales Contracts |

The adoption of the above new and revised FRSs, Amendments to FRSs and IC Interpretations do not have significant impact on the interim financial report other than as stated below:

(a) FRS 8: Operating Segments

FRS 8 requires segment information to be presented on a similar basis to that used for internal reporting purposes. As a result, the Group's segmental reporting had been presented based on the internal reporting to Group's chief operating decision maker who makes decisions on the allocation of resources and assesses the performance of the reportable segments. This Standard does not have any impact on the financial position and results of the Group.

(b) FRS 101: Presentation of Financial Statements (revised)

FRS 101 separates owner and non-owner changes in equity. Therefore, the current consolidated statement of changes in equity only includes details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. This Standard does not have any impact on the financial position and results of the Group.

(c) FRS 139: Financial Instruments - Recognition and Measurement

FRS 139 sets out the new requirements for the recognition and measurement of the Group's financial instruments. Financial instruments are recorded initially at fair value. Subsequent measurement of the financial instruments in the statement of financial position reflects the designation of the financial instruments. The Group determines the classification at initial recognition and for the purpose of the first adoption of the Standard, as at transitional date on 1 January 2010.

Financial assets

Financial assets are measured at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sales financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial assets include cash and short-term deposits, trade and other receivables and held-to-maturity investments.

(i) Loans and receivables

Loans and receivables are initially measured at fair value and subsequently at amortised cost using the effective interest method. Gains and losses arising from the derecognition of the loans and receivables, amortisation under the effective interest method and impairment losses are recognised in the profit or loss.

(ii) Held-to-maturity ("HTM") Investment

Financial assets with fixed or determined payments and fixed maturities are classified as HTM when the Group has the positive intention and ability to hold them to maturity. After initial measurement, HTM investments are measured at amortised cost using the effective interest method. This method uses an effective interest rate that discounts estimated future cash receipts through the expected life of the HTM assets to the net carrying amounts of the assets. Gains and losses are recognised in the profit or loss when the investment are derecognised or impaired, as well as through the amortisation or accretion process.

Financial liabilities

Financial liabilities are measured at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities include trade and other payables and borrowings.

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

A2. Summary of Significant Accounting Policies (Cont'd)

The following new and revised FRSs, Amendments to FRSs and IC Interpretations were issued but not yet effective and have not been applied by the Group:

| | |
|--------------------------------|--|
| Amendments to FRS 1 | Additional Exemption of First-Time Adopters and Limited Exemption From Comparative FRS 7 Disclosures For First-Time Adopters |
| Amendments to FRS 7 FRS 124 | Improving Disclosures about Financial Instruments Related Party Disclosures |
| Amendments to FRS 132 | Classification of Right Issues |
| IC Interpretation 15 | Agreements for the Construction of Real Estate |
| IC Interpretation 19 | Extinguishing Financial Liabilities With Equity Instruments |

A3. Auditors' Reports

The auditors' reports on the audited financial statement of the Company and its subsidiaries for the financial period/year ended 31 December 2010 were not subject to any qualification.

A4. Seasonal or Cyclical Factors

The business operations of the Group were not materially affected by any seasonal or cyclical factors in the current financial quarter under review and financial year-to-date.

A5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items because of its nature, size or incidence that has affected the assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter under review.

A6. Material Changes in Estimates

There were no changes in the estimates of amounts reported in prior financial year that have had a material effect in the current financial quarter under review.

A7. Changes in Debts and Equity Securities

There were no issuance, cancellation, repurchase, resale or repayment of debt and/or equity securities, share buy-back, share cancellation, shares held as treasury shares and/or resale of treasury shares for the current financial quarter under review and financial year-to-date.

A8. Dividends paid

An interim single tier dividend for the financial year ended 31 December 2010 of 1.5 sen per ordinary share of RM0.20 each amounting to RM2,475,000 was paid on 4 April 2011.

The Directors proposed and the Shareholders approved, at the Annual General Meeting on 8 June 2011, a final single tier dividend for the financial year ended 31 December 2010 of 0.5 sen per ordinary share of RM0.20 each amounting to RM825,000. The dividend was paid on 1 August 2011.

A9. Segmental reporting

The Group has arrived at four (4) reportable segments in the current financial quarter ended 30 June 2011, which was as follows :

- **Optical related products** : Retailing of optical related products;
- **Franchise management** : Franchise management relating to optical and optometrics products;
- **Laser eye surgery treatment** : Providing laser eye surgery treatment to various refractive errors; and
- **Hearing aid solutions and related accessories** : Retailing of hearing aid solutions and related accessories.

Other operating segment that does not constitute reportable segment comprises investment holding.

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

A9. Segmental reporting (Cont'd)

The segment information for the current financial quarter ended 30 June 2011 is as follows :

| | 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 | 29,620 | 954 | 376 | 17 | 1,300 | 32,267 |
| Inter-segment revenue | (281) | (39) | - | - | (1,300) | (1,620) |
| External sales | 29,339 | 915 | 376 | 17 | - | 30,647 |
| Interest income | 71 | - | - | - | - | 71 |
| Finance costs | (211) | - | - | - | - | (211) |
| Net finance expense | (140) | - | - | - | - | (140) |
| Segment results | 1,068 | 912 | 51 | 1 | (56) | 1,976 |
| Share of profit of associates | 30 | - | - | - | - | 30 |
| Income tax expense | (500) | (85) | (6) | - | - | (591) |
| Profit after tax | 598 | 827 | 45 | 1 | (56) | 1,415 |
| Assets | | | | | | |
| Segment assets | 77,869 | 3,333 | 635 | 259 | 1,053 | 83,149 |
| Investments in associates | 396 | - | - | - | - | 396 |
| Total assets | 78,265 | 3,333 | 635 | 259 | 1,053 | 83,545 |
| Liabilities | | | | | | |
| Segment liabilities | 34,877 | 2,047 | 145 | 3 | 1 | 37,073 |
| Total liabilities | 34,877 | 2,047 | 145 | 3 | 1 | 37,073 |

Geographical information

The Group operates only in Malaysia.

A10. Valuation of Property, Plant and Equipment

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

A11. 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 current quarter as follows :-

| | As at 30 June 2011 RM'000 | As at 30 June 2010 RM'000 |
|---|---------------------------------|---------------------------------|
| Branches | | |
| Not later than one (1) year | 14,504 | 10,490 |
| Later than one (1) year and not later than five (5) years | 11,665 | 7,100 |
| | 26,169 | 17,590 |
| Franchisees | | |
| Not later than one (1) year | 7,055 | 6,295 |
| Later than one (1) year and not later than five (5) years | 3,715 | 4,214 |
| | 10,770 | 10,509 |

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

A11. Commitments (Cont'd)
(a) Operating lease commitments (Cont'd)

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

(b) Capital commitments

| | As at 30 June 2011 RM'000 | As at 30 June 2010 RM'000 |
|-----------------------------------|---------------------------------|---------------------------------|
| Property, plant and equipment | | |
| - Approved but not contracted for | - | 439 |

A12. Material Events Subsequent To The End of The Current Financial Quarter

There were no material events subsequent to the end of the current financial quarter and financial year up to the date of this report.

A13. Changes in Composition of the Group

There were no changes to the composition of the Group for the current financial quarter under review except as disclosed below:

(a) The Company through its wholly-owned subsidiary, Focus Point Vision Care Group Sdn Bhd, had on 20 June 2011 completed the acquisition of the remaining 49% interest in Eye-Zed Sdn Bhd ("Eye-Zed") from Liong Ah Fong for a total cash consideration of RM97,086.21. Consequently, Eye-Zed is a wholly-owned subsidiary of Focus Point Vision Care Group Sdn Bhd.

The above acquisition has no significant impact to the financial results of the Group.

A14. Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at the end of the current financial quarter.

A15. Related party transactions

The Group has entered into the following transactions with related parties during the current financial quarter under review and current financial year-to-date :

| | Individual quarter | | Cumulative quarter | |
|---|---|--|--|--|
| | Current year quarter ended 30 June 2011 RM'000 | Preceding year corresponding quarter ended 30 June 2010 RM'000 | Current year- to-date 30 June 2011 RM'000 | Preceding year- to-date 30 June 2010 RM'000 |
| Associates : | | | | |
| Focus Point Vision Care Group (HP) Sdn Bhd | | | | |
| Sales of eyewear and eye care products | 322 | 270 | 579 | 270 |
| Licensing fee received/receivable | 27 | 18 | 52 | 18 |
| Company in which Directors have substantial shareholdings and directorship : | | | | |
| Image Now Branding & Design Sdn Bhd | | | | |
| Advertising | - | 9 | - | 9 |

The Directors of the Group are of the opinion that, other than the licensing fee received/receivable from Focus Point Vision Care Group (HP) Sdn Bhd that has been established on a negotiated basis, all the transactions above have been entered into in the normal course of business and have been established at arm's length under terms no more favourable than those transacted with third parties.

FOCUS POINT HOLDINGS BERHAD (Company No. : 884238-U)
Notes to the Interim Financial Report for the Second Quarter ended 30 June 2011
Part B - Explanatory notes pursuant to Appendix 9B of the Listing Requirements
B1. Review of the Group's Performance

For the current financial quarter ended 30 June 2011 ("Q2 2011"), the Group recorded revenue of approximately RM30.647 million as compared to the revenue for the preceding year corresponding quarter ("Q2 2010") of approximately RM17.382 million. The Q2 2011 was for 3 months period whilst Q2 2010 was for 2.5 months as the acquisition of Focus Point Vision Care Group Sdn Bhd and its subsidiaries by Focus Point Holdings Berhad ("Focus Point") as well as the internal restructuring were completed on 14 April 2010. Hence, Q2 2010 was for the period from 14 April 2010 to 30 June 2010. In addition, the significant increase in revenue of approximately RM13.265 million or 76.3% was mainly due to the additional sales contribution from 15 new wholly-owned outlets ("Outlets"). This new Outlets have increased the number of the Focus Point Group's wholly-owned outlets from 66 outlets as at 30 June 2010 to 81 outlets as at 30 June 2011.

Despite the significant increase in revenue, the Group reported lower profit after tax ("PAT") of approximately RM1.415 million for Q2 2011 as compared to PAT of approximately RM3.824 million for Q2 2010. This was mainly to due the recruitment of new employees, the additional rental costs and depreciation expenses in respect of the investment in assets and equipments for these new outlets, coupled with the intensified promotional and marketing expenses to increase brand awareness, strengthen its brands name and support the sales growth.

B2. Material Changes in the Quarterly Results as compared to the Results of the Immediate Preceding Quarter

| | Current financial quarter RM'000 | Immediate preceding financial quarter RM'000 | Variance % |
|---------------------------|---|---|-----------------------|
| Revenue | 30,647 | 28,493 | 7.6% |
| Profit before tax ("PBT") | 2,006 | 1,633 | 22.8% |

Quarter on quarter, the Group's revenue and PBT had increased by approximately RM2.154 million and RM0.373 million respectively to approximately RM30.647 million and RM2.006 million respectively for the current financial quarter as compared to approximately RM28,493 million and RM1.633 million respectively recorded in the immediate preceding financial quarter.

The increases in revenue and PBT were mainly due to the increase of 4 new wholly owned outlets from 77 outlets as at 31 March 2011 to 81 outlets as at 30 June 2011 which attributed to the additional revenue and PBT to the Group.

The other income had increased by approximately RM1.570 million to approximately RM2.662 million for the current financial quarter as compared to approximately RM1.092 million recorded in the immediate preceding financial quarter. The increase in other income was mainly due to the reclassification of purchases rebates ("rebates") from the cost of sales to other income during the current financial quarter. However, had the Group reclassified the rebates from the immediate preceding financial quarter, the other income for the current financial quarter and immediate preceding financial quarter will be as shown below:

| | Current financial quarter RM'000 | Immediate preceding financial quarter RM'000 |
|--|---|---|
| Other Income | | |
| As reported | 2,662 | 1,092 |
| Reclassification of rebates in relation to immediate preceding financial quarter | (420) | 420 |
| After reclassification of rebates | 2,242 | 1,512 |

B3. Prospects for the Current Financial Year

The Group will continue its efforts on further improving its retail sales through aggressive marketing campaigns and increasing profit margins through cost efficiency plans. Barring any unforeseen circumstances, the performance of the Group for Year 2011 is expected to remain satisfactory.

B4. Profit Forecast or Profit Guarantee

The Group has not issued any profit forecast or profit guarantee for the current financial quarter under review or in any public documents.

FOCUS POINT HOLDINGS BERHAD (Company No. : 884238-U)
B5. Income Tax Expense

Major components of income tax expenses include the following :-

| | Individual quarter | | Cumulative quarter | |
|--|---|--|--|--|
| | Current year quarter ended 30 June 2011 RM'000 | Preceding year corresponding quarter ended 30 June 2010 RM'000 | Current year- to-date 30 June 2011 RM'000 | Preceding year- to-date 30 June 2010 RM'000 |
| Current tax: | | | | |
| Malaysian income tax | 591 | 655 | 1,016 | 655 |
| Deferred tax: | | | | |
| Relating to origination and reversal of temporary differences | - | (5) | - | (5) |
| Under provided in prior years | - | 109 | - | 109 |
| | - | 104 | - | 104 |
| | 591 | 759 | 1,016 | 759 |

The effective tax rates of the Group for the current financial quarter and current financial year-to-date of 29% and 28% respectively are higher than the Malaysian statutory tax rate of 25% mainly due to certain expenses which are not deductible for tax purposes.

B6. Sale of Unquoted Investments and/or Properties

There were no sales of unquoted investments and/or properties held by the Group for the current financial quarter under review and current financial year-to-date.

B7. Purchase or Disposal of Quoted Securities

There were no purchase or disposal of quoted securities for the current financial quarter under review and current financial year-to-date.

B8. Status of corporate proposals
(a) Utilisation of proceeds

The gross proceeds of RM16,068,000 from the public issue of 41,200,000 shares and the proceeds will be utilised in the following manner:-

| | Estimated time frame for utilisation | Proposed utilisation RM'000 | Actual utilisation RM'000 | Balance RM'000 |
|---|--|-----------------------------------|---------------------------------|-------------------|
| Expansion of new outlets | Within two (2) years | 7,744 | 5,742 | 2,002 |
| Upgrade and refurbishment of existing outlets | Within one (1) year | 1,200 | 1,033 | 167 |
| Repayment of bank borrowings | Within one (1) year | 1,500 | 1,500 | - |
| Working capital | Within one (1) year | 3,824 | 3,824 | - |
| Estimated listing expenses | Upon completion of listing | 1,800 | 1,800 | - |
| | | 16,068 | 13,899 | 2,169 |

The proceeds from the initial public offering are expected to be utilised within the estimated time frame given and the Group does not expect any material deviation as at the date of this report.

FOCUS POINT HOLDINGS BERHAD (Company No. : 884238-U)
B9. Borrowings and debt securities

| | As at 30 June 2011 RM'000 | As at 31 December 2010 RM'000 |
|------------------------------|---------------------------------|-------------------------------------|
| Short term borrowings | | |
| Secured: | | |
| Banker acceptances | 10,857 | 12,133 |
| Term loans | 728 | 1,559 |
| Hire purchase payables | 1,252 | 1,363 |
| Bank overdrafts | - | 1,343 |
| | 12,837 | 16,398 |
| Long term borrowings | | |
| Secured: | | |
| Term loans | 2,027 | 3,142 |
| Hire purchase payables | 1,142 | 1,741 |
| | 3,169 | 4,883 |
| Total borrowings | 16,006 | 21,281 |

There was no unsecured debt as at the end of the reporting period.

The Group does not have any foreign borrowing or debt securities as at the end of the reporting period.

B10. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments held by the Group for the current financial quarter under review and current financial year-to-date.

B11. Material Litigation

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

B12. Dividend Payable

In respect of the financial year ended 31 December 2010 :

On 3 March 2011, the Directors declared an interim single tier dividend of 1.5 sen per ordinary share of RM0.20 each amounting to RM2,475,000 which was fully paid on 4 April 2011.

At the Annual General Meeting on 8 June 2011, the Shareholders approved a final single tier dividend of 0.5 sen per ordinary share of RM0.20 each amounting to RM825,000 and was fully paid on 1 August 2011.

In respect of the financial year ending 31 December 2011 :

No dividend was recommended in the current financial quarter under review.

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

B13. Earnings Per Share

(a) Basic

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

| | Individual quarter | | Cumulative quarter | |
|---|---|--|--|--|
| | Current year quarter ended 30 June 2011 RM'000 | Preceding year corresponding quarter ended 30 June 2010 RM'000 | Current year- to-date 30 June 2011 RM'000 | Preceding year- to-date 30 June 2010 RM'000 |
| Profit for the period attributable to ordinary equity holders of the Company (RM'000) | 1,411 | 3,832 | 2,619 | 3,832 |
| Weighted average number of ordinary shares in issue ('000) | 165,000 | 104,754 | 165,000 | 104,754 |
| Basic earnings per share (sen) | 0.86 | 3.66 | 1.59 | 3.66 |

(b) Diluted

The Company has not issued any convertible share or convertible financial instrument for the current financial quarter under review and the current financial year-to-date.

B14. Disclosure of Realised and Unrealised Profits

The breakdown of the retained profits of the Group as at 30 June 2011, into realised and unrealised profits, pursuant to the directive, is as follows:-

| | As at 30 June 2011 RM'000 | As at 31 December 2010 RM'000 |
|--|---------------------------------|-------------------------------------|
| Total retained profits of the Company and its subsidiaries : | | |
| - Realised | 25,504 | 25,673 |
| - Unrealised | (823) | (821) |
| | 24,681 | 24,852 |
| Total share of retained profits from associates : | | |
| - Realised | 297 | 106 |
| - Unrealised | (7) | (7) |
| | 290 | 99 |
| Total | 24,971 | 24,951 |
| Less : Consolidation adjustments | (18,595) | (18,723) |
| Total retained profits of the Group : | 6,376 | 6,228 |

B15. Authorisation for issue

The interim financial report has been authorised for issue by the Board of Directors ("Board") in accordance with a resolution of the Board on 26 August 2011.