Company No:
884238 - U

FOCUS POINT HOLDINGS BERHAD (884238 - U)

(Incorporated in Malaysia)

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS

31 DECEMBER 2012

Company No:
884238 - U

FOCUS POINT HOLDINGS BERHAD (884238 - U)

(Incorporated in Malaysia)

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FOCUS POINT HOLDINGS BERHAD (884238 - U)

(Incorporated in Malaysia)

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 2012.

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 except that the Group's activities now include operation of food and beverages business.

RESULTS

	Group RM'000	**Company RM'000**
Profit for the financial year	6,019	3,916
Attributable to:		
Owners of the parent	6,035	3,916
Non-controlling interests	(16)	-
	6,019	3,916

DIVIDENDS

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

	Company RM'000
In respect of financial year ended 31 December 2011:	
Final single tier tax exempt dividend of 2.0 sen per ordinary share, declared on 28 May 2012 and paid on 26 July 2012	3,300

An interim single tier tax exempt dividend of 1.0 sen per ordinary share amounting to RM1,650,000 in respect of financial year ended 31 December 2012 was declared on 26 February 2013 and the payment date is fixed on 26 April 2013.

The Directors do not recommend any payment of final dividend in respect of the current financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or 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

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 2012 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 1.1.2012	**Bought**	**Sold**	**Balance as at 31.12.2012**
Shares in the Company				
<u>Direct interests:</u>				
Dato’ Liaw Choon Liang	78,198,201	-	-	78,198,201
Datin Goh Poi Eong	20,109,499	-	-	20,109,499
Leow Ming Fong @ Leow Min Fong	500,000	-	-	500,000

Dato’ 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.

DIRECTORS' INTERESTS (continued)

The interest and deemed interests in the ordinary shares of its non-wholly owned subsidiaries, 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 1.1.2012	**Bought**	**Sold**	**Balance as at 31.12.2012**
Subsidiary				
- Truesight Eyewear Optical Sdn. Bhd.				
<u>Indirect interests:</u>				
Dato' Liaw Choon Liang	6	119,994	-	120,000
Datin Goh Poi Eong	6	119,994	-	120,000
- Care Point Optical Sdn. Bhd.				
<u>Indirect interests:</u>				
Dato' Liaw Choon Liang	-	9	-	9
Datin Goh Poi Eong	-	9	-	9

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 or ordinary shares and debentures 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 the 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 36 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 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 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	Dato’ Hamzah bin Mohd Salleh
Director	Director

Petaling Jaya
16 April 2013

FOCUS POINT HOLDINGS BERHAD (884238 - U)

(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 11 to 105 have been drawn up in accordance with Malaysian Financial Reporting Standards, International 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 2012 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 42 on page 106 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

…..	....
Dato' Liaw Choon Liang	Dato' Hamzah bin Mohd Salleh
Director	Director

Petaling Jaya
16 April 2013

STATUTORY DECLARATION

I, Chua Tian Pang, 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 11 to 106 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 Petaling Jaya in Malaysia
this 16 April 2013 Chua Tian Pang

Before me:

Commissioner for Oaths
Petaling Jaya

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 statements of financial position as at 31 December 2012 of the Group and of the Company, and 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 11 to 105.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is 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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FOCUS POINT HOLDINGS BERHAD (continued)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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 of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' report of the subsidiary of which we have not acted as auditors, which are indicated in Note 8 to the financial statements.

(c) 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.

(d) 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FOCUS POINT HOLDINGS BERHAD (continued)

Other Matters

As stated in Note 3 to the financial statements, Focus Point Holdings Berhad adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These Standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended 31 December 2011 and related disclosures. We were not engaged to report on the restated comparative information, and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the year then ended.

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
16 April 2013

FOCUS POINT HOLDINGS BERHAD (884238 - U)

(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

		Group		
	Note	**31.12.2012 RM'000**	**31.12.2011 RM'000**	**1.1.2011 RM'000**
ASSETS				
Non-current assets				
Property, plant and equipment	7	30,534	25,132	23,586
Investments in associates	9	435	472	379
Held-to-maturity investment		-	-	500
Goodwill on consolidation	10	-	-	410
Deferred tax assets	11	283	296	283
Trade and other receivables	12	611	1,328	1,665
		31,863	27,228	26,823
Current assets				
Inventories	13	32,152	34,064	25,400
Trade and other receivables	12	18,608	16,845	16,931
Current tax assets		172	345	162
Cash and cash equivalents	14	16,100	13,980	19,803
		67,032	65,234	62,296
TOTAL ASSETS		98,895	92,462	89,119
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	15	33,000	33,000	33,000
Reserves	16	20,475	17,740	14,027
		53,475	50,740	47,027
Non-controlling interests		55	(9)	102
TOTAL EQUITY		53,530	50,731	47,129

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

FOCUS POINT HOLDINGS BERHAD (884238 - U)

(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012 (continued)

		Group		
	Note	**31.12.2012 RM'000**	**31.12.2011 RM'000**	**1.1.2011 RM'000**
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	11	1,203	1,275	1,208
Borrowings	17	4,381	2,733	4,883
Deferred income	23	978	837	998
		6,562	4,845	7,089
Current liabilities				
Trade and other payables	22	20,430	23,932	16,543
Deferred income	23	479	464	388
Borrowings	17	16,936	12,480	16,398
Current tax liabilities		958	10	1,572
		38,803	36,886	34,901
TOTAL LIABILITIES		45,365	41,731	41,990
TOTAL EQUITY AND LIABILITIES		98,895	92,462	89,119

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

FOCUS POINT HOLDINGS BERHAD (884238 - U)

(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	Note	31.12.2012 RM'000	Company 31.12.2011 RM'000	1.1.2011 RM'000
ASSETS				
Non-current assets				
Investments in subsidiaries	8	31,707	29,187	29,235
Current assets				
Trade and other receivables	12	9,480	7,831	1,268
Current tax assets		68	36	18
Cash and cash equivalents	14	209	3,585	9,668
		9,757	11,452	10,954
TOTAL ASSETS		41,464	40,639	40,189
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	15	33,000	33,000	33,000
Reserves	16	8,205	7,589	7,132
TOTAL EQUITY		41,205	40,589	40,132
Current liabilities				
Trade and other payables	22	259	50	57
TOTAL LIABILITIES		259	50	57
TOTAL EQUITY AND LIABILITIES		41,464	40,639	40,189

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

FOCUS POINT HOLDINGS BERHAD (884238 - U)

(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

		Group		Company	
		2012	2011	2012	2011
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	26	130,578	120,226	4,425	4,192
Cost of sales	27	(54,829)	(49,712)	-	-
Gross profit		75,749	70,514	4,425	4,192
Other operating income		4,423	4,971	20	101
Selling and distribution costs		(27,073)	(26,592)	-	-
Administrative expenses		(42,697)	(38,764)	(541)	(490)
Finance costs	28	(1,081)	(1,049)	-	-
Share of profits in associates		156	128	-	-
Profit before tax	29	9,477	9,208	3,904	3,803
Taxation	30	(3,458)	(2,209)	12	(46)
Profit for the financial year		6,019	6,999	3,916	3,757
Other comprehensive income		-	-	-	-
Total comprehensive income		6,019	6,999	3,916	3,757
Profit/(Loss) attributable to:					
Owners of the parent		6,035	7,012	3,916	3,757
Non-controlling interests		(16)	(13)	-	-
		6,019	6,999	3,916	3,757
Total comprehensive income/(loss) attributable to:					
Owners of the parent		6,035	7,012	3,916	3,757
Non-controlling interests		(16)	(13)	-	-
		6,019	6,999	3,916	3,757

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

FOCUS POINT HOLDINGS BERHAD (884238 - U)

(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (continued)

		Group	
	Note	**2012 RM'000**	**2011 RM'000**
Earnings per ordinary share attributable to owners of the parent (sen):			
- Basic	31	3.66	4.25
Dividend per ordinary share in respect of the financial year, tax exempt (sen)			
- Interim (declared)	32	1.00	-
- Final (paid)	32	-	2.00
		1.00	2.00

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

FOCUS POINT HOLDINGS BERHAD (884238 - U)

(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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 1 January 2011		33,000	7,096	6,228	46,324	102	46,426
Effect of adoption of MFRS 1	41	-	-	703	703	-	703
Restated balance as at 1 January 2011		33,000	7,096	6,931	47,027	102	47,129
Profit/(Loss) for the financial year		-	-	7,012	7,012	(13)	6,999
Total comprehensive income		-	-	7,012	7,012	(13)	6,999
Transactions with owners							
Changes in equity interest in a subsidiary	33	-	-	1	1	(98)	(97)
Acquisition of a subsidiary		-	-	-	-	*	*
Dividends 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	10,644	50,740	(9)	50,731

* *Represents RM4*

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

FOCUS POINT HOLDINGS BERHAD (884238 - U)

(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (continued)

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 1 January 2012		33,000	7,096	10,644	50,740	(9)	50,731
Profit for the financial year		-	-	6,035	6,035	(16)	6,019
Total comprehensive income		-	-	6,035	6,035	(16)	6,019
Transactions with owners							
Acquisition of a subsidiary	33	-	-	-	-	*	*
Ordinary shares contributed by non-controlling interest of a subsidiary		-	-	-	-	80	80
Dividends paid	32	-	-	(3,300)	(3,300)	-	(3,300)
Total transactions with owners		-	-	(3,300)	(3,300)	80	(3,220)
Balance as at 31 December 2012		33,000	7,096	13,379	53,475	55	53,530

* *Represents RM1*

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

FOCUS POINT HOLDINGS BERHAD (884238 - U)

(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

Company	**Note**	**Share capital RM'000**	**Share premium RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
Balance as at 1 January 2011		33,000	7,096	36	40,132
Effect of adoption of MFRS 1	41	-	-	-	-
Restated balance as at 1 January 2011		33,000	7,096	36	40,132
Profit for the financial year		-	-	3,757	3,757
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

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

FOCUS POINT HOLDINGS BERHAD (884238 - U)

(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (continued)

Company	**Note**	**Share capital RM'000**	**Share premium RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
Balance as at 1 January 2012		33,000	7,096	493	40,589
Profit for the financial year		-	-	3,916	3,916
Total comprehensive income		-	-	3,916	3,916
Transactions with owners					
Dividends paid	32	-	-	(3,300)	(3,300)
Total transactions with owners		-	-	(3,300)	(3,300)
Balance as at 31 December 2012		33,000	7,096	1,109	41,205

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

FOCUS POINT HOLDINGS BERHAD (884238 - U)

(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

		Group		Company	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		9,477	9,208	3,904	3,803
Adjustments for:					
Bad debts written off		6	45	-	-
Depreciation of property, plant and equipment	7	4,151	3,986	-	-
Gross dividend income from subsidiaries		-	-	(4,425)	(4,192)
Gain on disposal of property, plant and equipment		(38)	(65)	-	-
Gain on disposal of held-to-maturity investment		-	(1)	-	-
Impairment losses on:					
- goodwill on consolidation	10	-	410	-	-
- investments in subsidiaries	8	-	-	-	48
- property, plant and equipment	7	98	406	-	-
- trade and other receivables	12	266	487	-	-
Interest expense					
- hire-purchase		208	158	-	-
- term loans		148	194	-	-
- bankers' acceptances		528	496	-	-
- bank overdrafts		8	1	-	-
- others		189	200	-	-
Interest income					
- fixed deposits		(230)	(271)	(4)	(91)
- others		(189)	(193)	(16)	(10)
Inventories written off	13	434	150	-	-
Loss on disposal of property, plant and equipment		163	28	-	-
Property, plant and equipment written off	7	768	309	-	-
Reversal of impairment loss on trade and other receivables	12	-	(140)	-	-
Reversal of inventories previously written down	13	-	(20)	-	-
Share of profits in associates		(156)	(128)	-	-
Operating profit/(loss) before working capital changes		15,831	15,260	(541)	(442)

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

FOCUS POINT HOLDINGS BERHAD (884238 - U)

(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (continued)

		Group		Company	
		2012	2011	2012	2011
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (continued)					
Operating profit/(loss) before working capital changes		15,831	15,260	(541)	(442)
Decrease/(Increase) in inventories		1,478	(8,794)	-	-
(Increase)/Decrease in trade and other receivables		(1,319)	(5)	2	13
(Decrease)/Increase in trade and other payables		(3,500)	7,389	9	(7)
Increase/(Decrease) in deferred income		156	(85)	-	-
Cash generated from/(used in) operations		12,646	13,765	(530)	(436)
Tax paid		(2,536)	(3,998)	(20)	(64)
Tax refunded		140	98	-	-
Net cash from/(used in) operating activities		10,250	9,865	(550)	(500)
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisitions of subsidiaries, net of cash and cash equivalents	33	-	-	(20)	-
Advances to a subsidiary		-	-	(3,051)	(6,574)
Dividends received from an associate		193	35	-	-
Dividends received from subsidiaries		-	-	4,425	4,192
Increase in share capital in a subsidiary	33	-	-	(900)	-
Acquisition of additional equity interest in a subsidiary	33	-	(97)	-	-
Interest received		230	300	20	99
Proceeds from disposal of property, plant and equipment		83	585	-	-
Proceeds from disposal of held-to-maturity investment		-	501	-	-
Purchase of property, plant and equipment	7(a)	(6,660)	(6,641)	-	-
Net cash (used in)/from investing activities		(6,154)	(5,317)	474	(2,283)

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

FOCUS POINT HOLDINGS BERHAD (884238 - U)

(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (continued)

		Group		Company	
		2012	2011	2012	2011
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Net drawdown/(repayments) of bankers' acceptances		441	(1,222)	-	-
Dividends paid	32	(3,300)	(3,300)	(3,300)	(3,300)
Interest paid		(892)	(849)	-	-
Repayments of term loans		(362)	(2,422)	-	-
Ordinary share capital contributed by non-controlling interests of a subsidiary		80	-	-	-
Net repayments of hire-purchase liabilities		(1,529)	(1,235)	-	-
Placements of fixed deposits pledged to licensed banks		(1,723)	(1,210)	-	-
Net cash used in financing activities		(7,285)	(10,238)	(3,300)	(3,300)
Net decrease in cash and cash equivalents		(3,189)	(5,690)	(3,376)	(6,083)
Cash and cash equivalents at the beginning of the financial year		7,488	13,178	3,585	9,668
Cash and cash equivalents at the end of the financial year	14	4,299	7,488	209	3,585

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

FOCUS POINT HOLDINGS BERHAD (884238 - U)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012

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 consolidated financial statements for the financial year ended 31 December 2012 comprise the Company and its subsidiaries and the Group's interest in associates. These 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 16 April 2013.

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 except that the Group's activities now include operation of food and beverages business.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 11 to 105 have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the provisions of the Companies Act, 1965 in Malaysia.

These are the Group and the Company's first financial statements prepared in accordance with MFRSs, and MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* has been applied. In the previous financial years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ('FRSs') in Malaysia.

The Group and the Company have consistently applied the same accounting policies in its opening MFRSs statements of financial position as at 1 January 2011 and throughout all financial years presented, as if these policies had always been in effect. Comparative figures for the financial year ended 2011 in these financial statements have been restated to give effect to these changes, if any, and Note 41 to the financial statements discloses the impact of the transition to MFRSs on the Group and Company's reported financial position, financial performance and cash flows for the financial year then ended.

3. BASIS OF PREPARATION (continued)

However, Note 42 to the financial statements set out on page 106 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 in conformity with MFRSs 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.

4.2 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. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation (continued)

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 MFRSs. 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.

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 MFRS 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in associate or jointly controlled entity.

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 MFRS 112 *Income Taxes* and MFRS 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 MFRS 2 *Share-based Payment* at the acquisition date; and

(c) assets (or disposal groups) that are classified as held for sale in accordance with MFRS 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 services 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 MFRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 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 profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

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

As part of its transition to MFRSs, the Group elected not to restate those business combinations that occurred before the date of transition to MFRSs, i.e. 1 January 2011. Goodwill represents the amount recognised under the previous FRS Framework in respect of acquisitions prior to 1 January 2011.

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 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 are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost 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%
Buildings	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%
Restaurant equipment	10%
Bakery equipment	10%

Freehold land has an unlimited useful life and is not depreciated. Construction work-in-progress represents renovation-in-progress and is stated at cost. Construction work-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).

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Property, plant and equipment and depreciation (continued)

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.

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 the 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Investments (continued)

(a) Subsidiaries (continued)

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 MFRS 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 MFRS 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.

(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 neither control nor 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Investments (continued)

(b) Associates (continued)

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.

4.7 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. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions, significantly lowered projections of profitability, or a sustained decline in the acquiree's market capitalisation. 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Goodwill (continued)

Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The excess of the Group's share of the net fair value of the associate's identifiable assets and liabilities over the cost of investment is included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

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 MFRS 8 *Operating Segments*.

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. The impairment loss is recognised in profit or loss immediately.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Impairment of non-financial assets (continued)

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.

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 food and beverages and operation consumables are 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.

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. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

4.10.1 Financial assets

A financial asset is classified into the following four (4) 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, fixed deposits pledged to financial institutions, 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. For the purpose of cash flow statements, cash and cash equivalents are presented net of bank overdrafts and fixed deposits pledged to financial institutions.

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 (2) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

4.10.2 Financial liabilities (continued)

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

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.

(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 expires. 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.

Any 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.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of every reporting period, the Group assess whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

4.10.2 Financial liabilities (continued)

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

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.

When the Group repurchases its own shares, the shares repurchased would be accounted for using the treasury stock method.

Where the treasury stock method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently. It shall not be revalued for subsequent changes in the fair value or market price of the shares.

The carrying amount of the treasury shares shall be offset against equity in the statement of financial position. To the extent that the carrying amount of the treasury shares exceeds the share premium account, it shall be considered as a reduction of any other reserves as may be permitted by the ACE Market Listing Requirements.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

4.10.3 Equity (continued)

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sales consideration and the carrying amount is shown as a movement in equity.

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.

(a) 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.

(b) Available-for-sale financial assets

The Group collectively considers factors such as significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market as objective evidence that available-for-sale financial assets are impaired.

If any such objective evidence exists, an amount comprising the difference between the financial asset’s cost (net of any principal payment and amortisation) and current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit to loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Impairment of financial assets (continued)

(b) Available-for-sale financial assets (continued)

Impairment losses in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in subsequent periods. Instead, any increase in the fair value subsequent to the impairment loss is recognised in other comprehensive income.

Impairment losses on available-for-sale debt investments are subsequently reversed to profit or loss if the increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

4.12 Borrowing costs

Borrowing costs that are directly attributable to the acquisition 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 to profit or loss in the period in which they are incurred.

4.13 Income taxes

Income taxes include all taxes on taxable profit. Income taxes also include other taxes such as withholding taxes and real property gains taxes payable on the disposal of properties.

Taxes in the statements of comprehensive income comprise current tax and deferred tax.

4.13.1 Current tax

Current tax expenses are determined according to the tax laws of the jurisdiction in which the Group operates and include all taxes based upon the taxable profits and real property gains taxes payable on disposal of properties.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Income taxes (continued)

4.13.2 Deferred 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 profit 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 profit will be available, such reductions will be reversed to the extent of the taxable profit.

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 would 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 by the Government in the annual budget which have the substantial effect of actual enactment 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 would 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Provisions (continued)

If the effect of the time value of money is material, the amount of a provision would 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 would be required to settle the obligation, the provision would 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.

4.15 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would 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 would 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.

4.16 Employee benefits

4.16.1 Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees have rendered their services to the Group.

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 and they lapse if the current period’s entitlement is not used in full and do not entitle employees to a cash payment for unsued entitlement on leaving the Group.

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. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Employee benefits (continued)

4.16.2 Defined contribution plans

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

4.17.1 Functional 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.

4.17.2 Foreign currency translations and balances

Transactions in foreign currencies are converted into the functional currency 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 would 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, hearing aid solutions and related accessories and food and beverages.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Revenue recognition (continued)

(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 an accrual basis unless collectibility is in doubt.

(e) Royalty fee income

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

(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 revenue and incur expenses (including revenue 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 (ie. the Group 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 revenue.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.19 Operating segments (continued)

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.

4.20 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. The 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 MFRSs AND AMENDMENT TO MFRSs

5.1 New MFRSs adopted during the current financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year.

Title	Effective Date
MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*	1 January 2012
MFRS 2 *Share-based Payment*	1 January 2012
MFRS 3 *Business Combinations*	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 101 *Presentation of Financial Statements*	1 January 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 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 Disclosures*	1 January 2012
MFRS 126 *Accounting and Reporting by Retirement Benefit Plans*	1 January 2012
MFRS 127 *Consolidated and Separate Financial Statements*	1 January 2012
MFRS 128 *Investments in Associates*	1 January 2012
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

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

5.1 New MFRSs adopted during the current financial year (continued)

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year. (continued)

Title	**Effective Date**
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 MFRSs (2008)	1 January 2012
Improvements to MFRSs (2009)	1 January 2012
Improvements to MFRSs (2010)	1 January 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
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 107 *Introduction of the Euro*	1 January 2012

5. **ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (continued)**

5.1 **New MFRSs adopted during the current financial year (continued)**

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year. (continued)

Title	**Effective Date**
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 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*	1 January 2012
IC Interpretation 129 *Service Concession Arrangements: Disclosures*	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

(a) Amendments to MFRS 101 *Clarification of the Requirements for Comparative Information* are mandatory for annual periods beginning on or after 1 January 2013.

The Group has early adopted Amendments to MFRS 101 Clarification of the Requirements for Comparative Information in conjunction with the application of MFRS 101. These Amendments clarify that the third statement of financial position is required only if a retrospective application, retrospective restatement or reclassification has a material effect on the information in the statement of financial position at the beginning of the preceding period. If the third statement of financial position is presented, these Amendments clarify that the related notes to the opening statement of financial position need not be disclosed. Accordingly, there are no related notes disclosed in relation to the opening statement of financial position as at 1 January 2011.

(b) Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* are mandatory for annual periods beginning on or after 1 January 2013.

The Group has early adopted Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards in conjunction with the application of MFRS 1. These Amendments clarify that the first MFRS financial statements shall include at least three statements of financial position, two statements of profit or loss and other comprehensive income, two separate statements of profit or loss (if presented), two statements of cash flows and two statements of changes in equity and related notes, including comparative information for all statements presented.

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

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

The following are accounting standards, amendments and interpretations of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board (‘MASB’) but have not been adopted by the Group and the Company.

Title	Effective Date
Amendments to MFRS 101 *Presentation of Items of Other Comprehensive Income*	1 July 2012
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 119 *Employee Benefits (revised)*	1 January 2013
MFRS 127 *Separate Financial Statements*	1 January 2013
MFRS 128 *Investments in Associates and Joint Ventures*	1 January 2013
Amendments to MFRS 1 *Government Loans*	1 January 2013
Amendments to MFRS 7 *Disclosures - Offsetting Financial Assets and Financial Liabilities*	1 January 2013
Amendments to MFRSs *Annual Improvements 2009 - 2011 Cycle*	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*	1 January 2013
IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*	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 January 2015
MFRS 9 *Financial Instruments*	1 January 2015

The Group is in the process of assessing the impact of implementing these accounting standards, amendments and interpretations, since the effects would only be observable for the future financial years.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

Estimates are continually evaluated and are based on historical experiences 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 during the reporting period and 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.

(a) 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 for matters in the ordinary course of the business.

(b) Contingent liabilities on corporate guarantees

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote.

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) Depreciation and 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 the 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 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 would impact the carrying amount of receivables.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.3 Key sources of estimation uncertainty (continued)

(c) 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.

(d) 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 assesses 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.

(e) Write down for obsolete or slow moving inventories

The Group writes down its obsolete or slow moving inventories based on an 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 would impact the carrying amount of inventories.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.3 Key sources of estimation uncertainty (continued)

(f) 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 in project appraisals of the subsidiaries.

Further details are disclosed in Note 10 to the financial statements.

(g) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profits would 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 interpretation of 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 would impact the income tax and deferred income tax provisions, where applicable, in the period in which such determination is made.

(i) 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.

7. PROPERTY, PLANT AND EQUIPMENT

Group 2012	Balance as at 1.1.2012 RM'000	Additions* RM'000	Disposals RM'000	Written off RM'000	Balance as at 31.12.2012 RM'000
At cost					
Freehold land	2,522	-	-	-	2,522
Alarm and security system	411	61	(5)	(27)	440
Computers	3,918	458	(36)	(50)	4,290
Buildings	2,740	-	-	-	2,740
Furniture and fittings	10,106	1,531	(162)	(888)	10,587
Hearing equipment	30	-	-	-	30
Lab tools and equipment	2,009	650	-	-	2,659
Motor vehicles	3,877	410	-	-	4,287
Office equipment	790	297	(28)	(39)	1,020
Optical equipment	8,483	568	(91)	(1)	8,959
Renovation and electrical installations	7,213	2,490	(60)	(420)	9,223
Signboards	895	87	(12)	(67)	903
Restaurant equipment	-	571	-	-	571
Bakery equipment	-	3,261	-	-	3,261
Construction work-in-progress	-	243	-	-	243
	42,994	10,627	(394)	(1,492)	51,735

* Included in additions of property, plant and equipment are property, plant and equipment acquired from Eagle Quantum Sdn. Bhd. with a cost of RM800,000 as disclosed in Note 34 to the financial statements.

7. **PROPERTY, PLANT AND EQUIPMENT (continued)**

Group **2012**	**Balance as at 1.1.2012 RM'000**	**Charge for the financial year RM'000**	**Disposals RM'000**	**Written off RM'000**	**Impairment RM'000**	**Balance as at 31.12.2012 RM'000**
Accumulated depreciation and impairment loss						
Alarm and security system	216	55	(2)	(23)	2	248
Computers	2,886	742	(31)	(43)	-	3,554
Buildings	62	64	-	-	-	126
Furniture and fittings	3,088	976	(58)	(377)	-	3,629
Hearing equipment	4	3	-	-	-	7
Lab tools and equipment	1,822	69	-	-	-	1,891
Motor vehicles	2,471	598	-	-	-	3,069
Office equipment	506	100	(18)	(30)	-	558
Optical equipment	3,839	670	(48)	(1)	-	4,460
Renovation and electrical installations	2,420	695	(21)	(198)	88	2,984
Signboards	548	109	(8)	(52)	8	605
Restaurant equipment	-	18	-	-	-	18
Bakery equipment	-	52	-	-	-	52
	17,862	4,151	(186)	(724)	98	21,201

7. PROPERTY, PLANT AND EQUIPMENT (continued)

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						
Freehold land	2,522	-	-	-	-	2,522
Alarm and security system	303	-	161	(4)	(49)	411
Computers	3,518	-	434	(28)	(6)	3,918
Buildings	2,292	-	448	-	-	2,740
Furniture and fittings	8,164	-	2,699	(333)	(424)	10,106
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 work-in-progress	398	(398)	-	-	-	-
	37,839	-	6,795	(939)	(701)	42,994

* 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.

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	(1)	(49)	8	216
Computers	2,122	791	(22)	(5)	-	2,886
Buildings	-	62	-	-	-	62
Furniture and fittings	2,555	873	(123)	(217)	-	3,088
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
	14,253	3,986	(391)	(392)	406	17,862

7. PROPERTY, PLANT AND EQUIPMENT (continued)

	Group 2012 RM'000	Group 2011 RM'000
Carrying amount		
Freehold land	2,522	2,522
Alarm and security system	192	195
Computers	736	1,032
Buildings	2,614	2,678
Furniture and fittings	6,958	7,018
Hearing equipment	23	26
Lab tools and equipment	768	187
Motor vehicles	1,218	1,406
Office equipment	462	284
Optical equipment	4,499	4,644
Renovation and electrical installations	6,239	4,793
Signboards	298	347
Restaurant equipment	553	-
Bakery equipment	3,209	-
Construction work-in-progress	243	-
	30,534	25,132

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

	Group 2012 RM'000	Group 2011 RM'000
Purchase of property, plant and equipment	10,627	6,795
Financed by hire-purchase arrangements	(3,967)	(154)
Cash payments on purchase of property, plant and equipment	6,660	6,641

7. PROPERTY, PLANT AND EQUIPMENT (continued)

(b) As at 31 December 2012, the carrying amounts of property, plant and equipment of the Group acquired under hire-purchase arrangements are as follows:

	Group	
	2012	**2011**
	RM'000	**RM'000**
Alarm	34	6
Computers	-	44
Furniture and fittings	1,081	524
Lab tools and equipment	617	-
Motor vehicles	839	1,105
Office equipment	239	-
Optical equipment	657	917
Renovation and electrical installations	1,962	426
Signboards	33	-
Restaurant equipment	277	-
Bakery equipment	280	-
	6,019	3,022

Details of the terms and conditions of the hire-purchase arrangements are disclosed in Notes 19 and 38 to the financial statements respectively.

(c) The carrying amounts of property, plant and equipment of the Group pledged as securities for banking facilities granted to the Group (Notes 18, 19, 20 and 21) are as follows:

	Group	
	2012	**2011**
	RM'000	**RM'000**
Freehold land	2,522	2,522
Buildings	2,614	2,678
Optical equipment	510	688
	5,646	5,888

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2012	**2011**
	RM'000	**RM'000**
At cost:		
Unquoted shares	31,755	29,235
Less: Accumulated impairment losses	(48)	(48)
	31,707	29,187

8. INVESTMENTS IN SUBSIDIARIES (continued)

The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Equity interest held by Company 2012 %	Company 2011 %	Subsidiary 2012 %	Subsidiary 2011 %	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	-	-	Operation of professional eye care centres, trading of eyewear and eye care products and investment holding
Sound Point Hearing Solution Sdn. Bhd.*	Malaysia	100	100	-	-	Trading of hearing aid solutions and related accessories
Multiple Reward Sdn. Bhd.*	Malaysia	100	-	-	-	Provision of food and beverages services
Subsidiaries of Focus Point Vision Care Group Sdn. Bhd.						
Esprit Shoppe Sdn. Bhd.*	Malaysia	-	-	100	100	Retailing of optical and related products and ceased operations on 23 April 2012
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	Ceased operations and has since remained dormant
Radiant Attraction Sdn. Bhd.*	Malaysia	-	-	100	100	Retailing of optical and related products and ceased operations on 23 April 2012
Eye-Zed Sdn. Bhd.*	Malaysia	-	-	100	100	Retailing of optical and related products and ceased operations on 23 April 2012
Truesight Eyewear Optical Sdn. Bhd.*	Malaysia	-	-	60	60	Retailing of optical and related products

8. **INVESTMENTS IN SUBSIDIARIES (continued)**

The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Equity interest held by Company 2012 %	Equity interest held by Company 2011 %	Equity interest held by Subsidiary 2012 %	Equity interest held by Subsidiary 2011 %	Principal activities
Subsidiaries of Focus Point Vision Care Group Sdn. Bhd. (continued)						
Care Point Optical Sdn. Bhd.#	Malaysia	-	-	90	-	Retailing of optical and related products

* Audited by BDO
\# Not audited by BDO

(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 interests of Multiple Reward Sdn. Bhd. (“MRSB”) for a cash consideration of RM20,503. Arising therefrom, MRSB is a directly wholly-owned subsidiary of the Company. Following the acquisition, the Company subscribed for an additional 2,500,000 ordinary shares of RM1.00 each in Multiple Reward Sdn. Bhd. which was satisfied by a cash consideration of RM900,000 and capitalisation of RM1,600,000 of the amount owing by MRSB.

(b) On 27 September 2012, a subsidiary, Focus Point Vision Care Group Sdn. Bhd. incorporated a 90% owned subsidiary known as Care Point Optical Sdn. Bhd. (“CPOSB”) 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 RM9.

(c) An impairment loss on investments in subsidiaries amounting to RM48,000 relating to a subsidiary, Sound Point Hearing Solution Sdn. Bhd., had been recognised during the previous 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 2012 RM’000	Group 2011 RM’000
Unquoted shares, at cost	107	107
Less: Accumulated impairment losses	(54)	(54)
	53	53
Share of post-acquisition reserves, net of dividends received	382	419
	435	472

9. INVESTMENTS IN ASSOCIATES (continued)

The details of the associates are as follows:

Name of company	Country of incorporation	Equity interest held by Company 2012 %	Company 2011 %	Subsidiary 2012 %	Subsidiary 2011 %	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

The financial statements of the above associates are coterminous with those of the Group.

The summarised financial information of the associates are as follows:

	Group 2012 RM'000	Group 2011 RM'000
Assets and liabilities		
Current assets	1,723	1,982
Non-current assets	2,096	2,175
Total assets	3,819	4,157
Current liabilities	895	2,321
Non-current liabilities	1,182	5
Total liabilities	2,077	2,326
Results		
Revenue	7,540	6,494
Profit for the financial year	445	365

10. GOODWILL ON CONSOLIDATION

	Group 2012 RM'000	Group 2011 RM'000
Balance as at 1 January	-	410
Less: Impairment losses	-	(410)
Carrying amount	-	-

10. **GOODWILL ON CONSOLIDATION (continued)**

(a) Goodwill arising from business combinations had been allocated to two individual cash-generating unit ('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 had 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 were as follows:

	2012		2011	
	Optical related products	Hearing aid solutions and related accessories	Optical related products	Hearing aid solutions and related accessories
Growth rates	-	-	10%	10%
Pre-tax discount rates	-	-	5.60%	5.60%

The calculations of value in use for the CGUs were most sensitive to the following assumptions:

(i) Growth rates

The forecasted growth rates were 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%, which is the Group's weighted average cost of funds in determining the recoverable amounts of the CGUs.

(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. had been recognised in the previous financial year due to declining business operations. Esprit Shoppe Sdn. Bhd. and Radiant Attraction Sdn. Bhd. were classified under the optical related products CGU and Sound Point Hearing Solution Sdn. Bhd. was classified under the hearing aid solutions and related accessories CGU.

11. DEFERRED TAX

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

	Group 2012 RM'000	Group 2011 RM'000
Balance as at 1 January	979	925
Recognised in profit or loss (Note 30)	(59)	54
Balance as at 31 December	920	979

	Group 2012 RM'000	Group 2011 RM'000
Presented after appropriate offsetting:		
Deferred tax assets	(283)	(296)
Deferred tax liabilities	1,203	1,275

(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 equipment 2012 RM'000	Property, plant and equipment 2011 RM'000
At 1 January	1,363	1,258
Recognised in profit or loss	(146)	105
At 31 December, prior to offsetting	1,217	1,363
Offsetting	(14)	(88)
At 31 December, after offsetting	1,203	1,275

Deferred tax assets of the Group

	Deferred franchise fees RM'000	Others RM'000	Total RM'000
At 1 January 2012	(273)	(111)	(384)
Recognised in profit or loss	-	87	87
At 31 December 2012, prior to offsetting	(273)	(24)	(297)
Offsetting	-	14	14
At 31 December 2012, after offsetting	(273)	(10)	(283)

11. DEFERRED TAX (continued)

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

	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)

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

	Group	
	2012 RM'000	2011 RM'000
Unused tax losses	812	129
Unabsorbed capital allowances	1,717	201
Other temporary differences	(1,439)	(61)
	1,090	269

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.

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Non-current				
Trade receivables				
Third parties	596	1,125	-	-
Other receivables				
Third parties	117	203	-	-
Less: Impairment losses	(102)	-	-	-
	15	203		
	611	1,328	-	-

12. TRADE AND OTHER RECEIVABLES (continued)

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Current				
Trade receivables				
Third parties	7,424	7,543	-	-
Amount owing by an associate	192	234	-	-
	7,616	7,777	-	-
Less: Impairment losses	(745)	(663)	-	-
	6,871	7,114	-	-
Other receivables				
Third parties	1,616	495	-	2
Less: Impairment losses	(82)	-	-	-
	1,534	495	-	2
Amounts owing by subsidiaries	-	-	9,476	7,825
Amount owing by an associate	5	2	-	-
	1,539	497	9,476	7,827
Loans and receivables	8,410	7,611	9,476	7,827
Deposits and prepayments				
Deposits	8,283	8,232	4	4
Prepayments	1,915	1,002	-	-
	10,198	9,234	4	4
	18,608	16,845	9,480	7,831

(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 (2011: cash terms to 75 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 initial stocks and fixed assets by the Group amounting to RM1,398,000 (2011: RM2,958,000) which are subject to interest rates ranging from Nil to 10.00% (2011: Nil to 10.00%); amounts of RM801,000 (2011: RM1,833,000) 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 RM222,000 (2011: RM282,000) which are subject to interest rates ranging from Nil to 10% (2011: from Nil to 10.00%); amounts of RM103,000 (2011: RM79,000) are current.

(d) Amounts owing by subsidiaries represent 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.

12. TRADE AND OTHER RECEIVABLES (continued)

(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. The trade transactions are subject to trade terms.

(f) Included in deposits of the Group are tenant deposits amounting to RM8,176,000 (2011: RM8,179,000), which is in respect of rental of business premises in accordance with rental agreements.

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

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

	Group	
	2012	**2011**
	RM'000	**RM'000**
Neither past due nor impaired	6,659	7,576
Past due, not impaired		
76 to 105 days	554	173
106 to 135 days	135	39
136 to 165 days	39	136
More than 166 days	80	315
	808	663
Past due and impaired	745	663
	8,212	8,902

<u>Receivables that are neither past due nor impaired</u>

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

<u>Receivables that are past due but not impaired</u>

The Group has trade receivables amounting to RM808,000 (2011: RM663,000) that are past due but not impaired. Trade receivables that are past due but not impaired possess high creditworthiness and good payment records. The Group closely monitors the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

<u>Receivables that are past due and impaired</u>

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

	Individually impaired	
	2012	**2011**
Group	**RM'000**	**RM'000**
Trade receivables, gross	745	663
Less: Impairment losses	(745)	(663)
	-	-

12. TRADE AND OTHER RECEIVABLES (continued)

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

	Group 2012 RM'000	Group 2011 RM'000
Trade receivables		
At 1 January	663	584
Charge for the financial year (Note 29)	82	487
Written off	-	(268)
Reversal of impairment loss	-	(140)
At 31 December	745	663
Other receivables		
At 1 January	-	-
Charge for the financial year (Note 29)	184	-
At 31 December	184	-

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 in the previous financial year amounted to RM268,000 for the Group.

(j) Information of financial risks of trade and other receivables are disclosed in Note 39 to the financial statements.

13. INVENTORIES

	Group 2012 RM'000	Group 2011 RM'000
At cost		
Optical and related products	29,448	32,323
Hearing aids and related accessories	46	50
Food and beverages	468	-
Operation consumables	19	18
	29,981	32,391
At net realisable value		
Optical and related products	2,171	1,673
	32,152	34,064

13. INVENTORIES (continued)

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

	Group	
	2012 RM'000	2011 RM'000
Reversal of inventories previously written down	-	(20)
Inventories written off	434	150
	434	130

The Group reversed RM20,000 in respect of inventories previously written down in the previous financial year as the Group was able to sell these inventories above their carrying amounts.

14. 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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash and bank balances	7,885	6,124	209	2,221
Fixed deposits with licensed banks	8,215	7,856	-	1,364
As stated in statements of financial position	16,100	13,980	209	3,585
Bank overdrafts included in borrowings (Note 20)	(3,586)	-	-	-
	12,514	13,980	209	3,585
Less: Fixed deposits pledged to licensed banks	(8,215)	(6,492)	-	-
As stated in statements of cash flows	4,299	7,488	209	3,585

(a) Bank balances are deposits held at call with licensed banks.

(b) Fixed deposits with licensed banks of the Group and of the Company have maturity periods ranging from 30 days to 365 days (2011: 30 days to 365 days) with interest rates ranging from 2.55% to 3.25% (2011: 2.55% to 3.25%) and 2.85% (2011: 2.85%) per annum respectively.

14. CASH AND CASH EQUIVALENTS (continued)

(c) Included in fixed deposits with licensed banks of the Group are RM8,215,000 (2011: RM6,492,000) pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Notes 18, 20 and 21 to the financial statements.

(d) All cash and cash equivalents are denominated in RM.

(e) Information on financial risk of cash and cash equivalents are disclosed in Note 39 to the financial statements.

15. SHARE CAPITAL

	Group and Company			
	2012		2011	
	Number of ordinary shares	RM'000	Number of ordinary shares	RM'000
Ordinary shares of RM0.20 each:				
Authorised				
As at 1 January/31 December	250,000,000	50,000	250,000,000	50,000
Issued and fully paid-up				
As at 1 January/31 December	165,000,000	33,000	165,000,000	33,000

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.

16. RESERVES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Non-distributable:				
Share premium	7,096	7,096	7,096	7,096
Distributable:				
Retained earnings	13,379	10,644	1,109	493
	20,475	17,740	8,205	7,589

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.

17. BORROWINGS

	Group 2012 RM'000	Group 2011 RM'000
Current liabilities		
Term loans - secured (Note 18)	486	368
Bankers' acceptances - secured (Note 21)	11,352	10,911
Hire-purchase liabilities (Note 19)	1,512	1,201
Bank overdrafts - secured (Note 20)	3,586	-
	16,936	12,480
Non-current liabilities		
Term loans - secured (Note 18)	1,431	1,911
Hire-purchase liabilities (Note 19)	2,950	822
	4,381	2,733
Total borrowings		
Term loans - secured (Note 18)	1,917	2,279
Bankers' acceptances - secured (Note 21)	11,352	10,911
Hire-purchase liabilities (Note 19)	4,462	2,023
Bank overdrafts - secured (Note 20)	3,586	-
	21,317	15,213

All borrowings are denominated in RM.

18. TERM LOANS

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

(i) a corporate guarantee from the Company;

(ii) a charge over the Group's freehold land, buildings and optical equipment as disclosed in Note 7(c) to the financial statements;

(iii) a charge over the Group's fixed deposits of RM8,215,000 (2011: RM6,492,000) as disclosed in Note 14(c) to the financial statements.

(b) The term loans of the Group bear interest ranging from 5.09% to 7.88% (2011: 4.15% to 7.60%) 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.

18. **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 RM146,000 (2011: 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 the term loans amounting to RM572,000 (2011: RM712,000) of a subsidiary.

(e) Information on financial risks of term loans and their remaining maturities are disclosed in Note 39 to the financial statements.

19. **HIRE-PURCHASE LIABILITIES**

	Group	
	2012 RM'000	**2011 RM'000**
Minimum hire-purchase payments		
- not later than one (1) year	1,803	1,295
- later than one (1) year and not later than five (5) years	3,236	869
Total minimum hire-purchase payments	5,039	2,164
Less: Future interest charges	(577)	(141)
Present value of hire-purchase liabilities	4,462	2,023
Repayable as follows:		
Current liabilities:		
- not later than one (1) year	1,512	1,201
Non-current liabilities:		
- later than one (1) year and not later than five (5) years	2,950	822
	4,462	2,023

(a) Hire-purchase liabilities of the Group bear interest ranging from 2.22% to 4.50% (2011: 2.22% to 4.00%) per annum respectively.

(b) Hire-purchase facilities of the Group are secured by:

(i) a corporate guarantee from the Company;

(ii) personal guarantees from certain Directors of the Group;

(iii) a charge over the Group's optical equipment as disclosed in Note 7(c) to the financial statements;

(c) Information on financial risks of hire-purchase liabilities are disclosed in Note 39 to the financial statements.

20. BANK OVERDRAFTS

(a) Bank overdrafts of the Group are secured by:

(i) a corporate guarantee from the Company;

(ii) a charge over the Group's freehold land, buildings and optical equipment as disclosed in Note 7(c) to the financial statements; and

(iii) a charge over the Group's fixed deposits of RM8,215,000 (2011: RM6,492,000) as disclosed in Note 14(c) to the financial statements.

(b) The bank overdrafts of the Group bear interest at 7.60% (2011: Nil) per annum.

(c) Significant covenant for the secured bank overdrafts is that the gearing ratio of the Group shall not at any time exceed 1.5 times throughout the tenure of the credit facilities granted in relation to the bank overdrafts amounting to RM3,586,000 (2011: Nil).

21. BANKERS' ACCEPTANCES

(a) Bankers' acceptances of the Group are secured by:

(i) a corporate guarantee by the Company;

(ii) a charge over the Group's freehold land, buildings and optical equipment as disclosed in Note 7(c) to the financial statements;

(iii) a charge over the Group's fixed deposits of RM8,215,000 (2011: RM6,492,000) as disclosed in Note 14(c) to the financial statements.

(b) The bankers' acceptances of the Group bear interest ranging from 4.35% to 5.10% (2011: 4.66% to 4.83%) per annum respectively.

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade payables				
Third parties	7,749	12,749	-	-
Other payables and accruals				
Other payables				
- Third parties	4,881	3,124	15	*
- Amounts owing to associates	23	35	-	-
- Amounts owing to Directors	46	-	-	-
- Amount owing to a related party	-	80	-	-
- Amount owing to a subsidiary	-	-	200	-
Deposits received	3,945	4,080	-	-
Accruals	3,786	3,864	44	50
	12,681	11,183	259	50
	20,430	23,932	259	50

* *Represents RM87*

(a) Trade payables are non-interest bearing and the normal credit terms granted to the Group by suppliers range from 30 to 90 days (2011: 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 represents non-trade transactions, which were unsecured, interest-free and payable upon demand in cash and cash equivalents.

(d) Amounts owing to Directors represent advances, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.

(e) Amount owing to a subsidiary represents advances, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.

(f) Included in deposits received of the Group are tenant deposits received from franchisees amounting to RM2,521,000 (2011: RM2,555,000), which are in respect of rental of business premises in accordance with rental agreements.

(g) Included in deposits received of the Group is a sinking fund amounting to RM799,000 (2011: RM693,000), which is in respect of funds received from the franchisees for the repair and maintenance of the franchise outlets.

22. TRADE AND OTHER PAYABLES (continued)

(h) The currency exposure profile of payables are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
European Euro	814	1,799	-	-
United States dollar	739	1,512	-	-
Hong Kong dollar	-	*	-	-
Japanese Yen	12	1	-	-
Singapore dollar	1,621	121	-	-
Ringgit Malaysia	17,244	20,499	259	50
	20,430	23,932	259	50

* Represents RM358

(i) Information of financial risks of trade and other payables are disclosed in Note 39 to the financial statements.

23. DEFERRED INCOME

	Group	
	2012 RM'000	2011 RM'000
Balance as at 1 January	1,301	1,386
Franchise fees received during the financial year	498	540
Recognised as income during the financial year	(342)	(625)
Balance as at 31 December	1,457	1,301
Analysed as follows:		
Current liabilities:		
- not later than one (1) year	479	464
Non-current liabilities:		
- later than one (1) year and not later than five (5) years	978	837
	1,457	1,301

Deferred income of the Group represents franchise fees received in advance upon signing of agreement.

24. COMMITMENTS

(a) Operating lease commitments

The Group has entered into non-cancellable lease agreements for business premises, resulting in future rental commitments which may, subject to certain terms in the agreements, be revised accordingly or upon its maturity based on prevailing market rates. The Group has aggregate future minimum lease commitments as at the end of the reporting period as follows:

	Group	
	2012 RM'000	**2011 RM'000**
Branches		
Not later than one (1) year	14,703	13,928
Later than one (1) year and not later than five (5) years	13,076	8,954
Later than five (5) years	-	28
	27,779	22,910
Franchisees		
Not later than one (1) year	6,489	5,842
Later than one (1) year and not later than five (5) years	4,378	2,616
	10,867	8,458

Certain lease rentals are subject to contingent rental which are determined based on a percentage of sales generated from outlets.

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	
	2012 RM'000	**2011 RM'000**
Capital expenditure in respect of purchase of property, plant and equipment:		
Contracted but not provided for	747	-

25. CONTINGENT LIABILITIES

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Secured corporate guarantees given to licensed banks for facilities granted to subsidiaries				
- Limit of guarantee	-	-	27,510	17,410
- Amount utilised	-	-	18,435	11,258
Financial guarantee given to landlord for rental of premises	597	-	-	-
Letter of credit	647	1,506	-	-

The fair value of such financial corporate guarantees is negligible as the probability of the Group defaulting on the financial facilities and rental payment is remote.

26. REVENUE

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Sale of goods	125,306	115,165	-	-
Services rendered	1,276	1,378	-	-
Franchise fees income	486	414	-	-
Licensing fees income	130	152	-	-
Royalty fees income	3,380	3,117	-	-
Gross dividend income from subsidiaries	-	-	4,425	4,192
	130,578	120,226	4,425	4,192

27. COST OF SALES

	Group 2012 RM'000	Group 2011 RM'000
Inventories sold	54,413	49,240
Services rendered	416	472
	54,829	49,712

28. FINANCE COSTS

	Group 2012 RM'000	Group 2011 RM'000
Interest expense on:		
- hire-purchase	208	158
- term loans	148	194
- bankers' acceptances	528	496
- bank overdrafts	8	1
- others	189	200
	1,081	1,049

29. PROFIT BEFORE TAX

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Profit before tax is arrived at after charging:					
Auditors' remuneration:					
BDO					
- statutory audits		163	166	37	41
- other services		20	7	20	7
Other auditors					
- statutory audits		1	-	-	-
Bad debts written off		6	45	-	-
Depreciation of property, plant and equipment	7	4,151	3,986	-	-
Directors' remuneration:					
- fees		126	119	126	119
- emoluments other than fees		3,747	2,780	-	-
Impairment losses on:					
- goodwill on consolidation	10	-	410	-	-
- investments in subsidiaries	8	-	-	-	48
- property, plant and equipment	7	98	406	-	-
- trade and other receivables	12	266	487	-	-
Interest expense on:					
- hire-purchase		208	158	-	-
- term loans		148	194	-	-
- bankers' acceptances		528	496	-	-
- bank overdrafts		8	1	-	-
- others		189	200	-	-
Inventories written off	13	434	150	-	-
Loss on disposal of property, plant and equipment		163	28	-	-
Property, plant and equipment written off	7	768	309	-	-
Realised loss on foreign currency transactions		196	196	-	-
Rental of premises		18,813	17,685	-	-

29. PROFIT BEFORE TAX (continued)

		Group		Company	
		2012	2011	2012	2011
	Note	RM'000	RM'000	RM'000	RM'000
And crediting:					
Gain on disposal of property, plant and equipment		38	65	-	-
Gain on disposal of held-to-maturity investment		-	1	-	-
Gross dividends received					
- subsidiary (unquoted)		-	-	4,425	4,192
- associates (unquoted)		257	47	-	-
Interest income received from:					
- fixed deposits		230	271	4	91
- others		456	584	16	10
Realised gain on foreign currency transactions		210	57	-	-
Rental income		159	129	-	-
Reversal of inventories previously written down	13	-	20	-	-
Reversal of impairment loss on receivables	12	-	140	-	-

30. TAXATION

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Current tax expense based on profit for the financial year	3,566	2,923	4	38
Deferred tax (Note 11)	(141)	73	-	-
	3,425	2,996	4	38
(Over)/Under-provision in prior years:				
Income tax	(49)	(768)	(16)	8
Deferred tax (Note 11)	82	(19)	-	-
	33	(787)	(16)	8
	3,458	2,209	(12)	46

Malaysian income tax is calculated at the statutory tax rate of 25% (2011: 25%) of the estimated taxable profits for the fiscal year.

30. TAXATION (continued)

The numerical reconciliations between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit before tax	9,477	9,208	3,904	3,803
Taxation at Malaysian statutory tax rate of 25% (2011: 25%)	2,369	2,302	976	951
Tax effect in respect of:				
Non-allowable expenses	852	677	135	118
Non-taxable income	(1)	(1)	(1,107)	(1,031)
Unused tax losses and unabsorbed capital allowances not recognised in loss making subsidiaries	205	18	-	-
	3,425	2,996	4	38
(Over)/Under-provision in prior years:				
- income tax	(49)	(768)	(16)	8
- deferred tax	82	(19)	-	-
	3,458	2,209	(12)	46

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 outstanding during the financial year.

	Group	
	2012 RM'000	2011 RM'000
Profit attributable to equity holders of the parent	6,035	7,012
Weighted average number of ordinary shares in issue ('000)	165,000	165,000

	2012 Sen	2011 Sen
Basic earnings per ordinary share	3.66	4.25

31. **EARNINGS PER SHARE (continued)**

(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			
	2012		**2011**	
	Gross dividend per share Sen	**Amount of dividend after tax RM'000**	**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
2011				
Final single tier tax exempt dividend	2.0	3,300	-	-
	2.0	3,300	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 were 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 final single tier tax exempt dividend of 2.0 sen per ordinary shares was in respect of the financial year ended 31 December 2011 and was declared after the financial year ended 31 December 2011 and paid to shareholders on 26 July 2012.

An interim single tier tax exempt dividend of 1.0 sen per ordinary share amounting to RM1,650,000 in respect of the financial year ended 31 December 2012 was declared on 26 February 2013 and the payment date is fixed on 26 April 2013.

The Directors do not recommend any payment of final dividend in respect of the current financial year.

33. **ACQUISITION OF SUBSIDIARIES**

(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 interests of Multiple Reward Sdn. Bhd. ("MRSB") for a cash consideration of RM20,503. Arising therefrom, MRSB is a directly wholly-owned subsidiary of the Company. Following the acquisition, the Company subscribed for an additional 2,500,000 ordinary shares of RM1.00 each in Multiple Reward Sdn. Bhd. which was satisfied by a cash consideration of RM900,000 and capitalisation of RM1,600,000 of the amount owing by MRSB.

The acquisition has no material impact to the financial statements of the Group.

33. **ACQUISITION OF SUBSIDIARIES (continued)**

(b) On 27 September 2012, a subsidiary, Focus Point Vision Care Group Sdn. Bhd. incorporated a 90% owned subsidiary known as Care Point Optical Sdn. Bhd. ("CPOSB") 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 RM9.

The fair value of the identifiable assets and liabilities of CPOSB as at the date of incorporation are as follows:

	2012 **RM'000**
Cash/Total cost of acquisition	*

The effects of the incorporation of CPOSB on cash flows are as follows:

	2012 **RM'000**
Incorporation expenses settled in cash	*
Cash and cash equivalents of subsidiary incorporated	*
Net cash outflow of the Group on incorporation	-

* represents RM9.00

CPOSB has contributed the following results to the Group for the financial year from the incorporation date:

	2012 **RM'000**
Revenue	5
Loss for the financial year	(18)

(c) In the previous financial year, a wholly-owned 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 were 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 had no material impact to the Group financial statements.

33. ACQUISITION OF SUBSIDIARIES (continued)

(d) In the previous financial year, 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 were as follows:

	2011 RM'000
Cash/Total cost of acquisition	*

The effects of the incorporation of TEOSB on cash flows were 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 RM6.00

TEOSB had 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)

34. ACQUISITION OF BUSINESS OPERATIONS AND ASSETS

On 15 November 2012, a subsidiary, Multiple Rewards Sdn. Bhd. entered into a Sale and Purchase Agreement with Eagle Quantum Sdn. Bhd. to acquire the bakery and café business operations and certain assets for a total cash consideration of RM800,000.

The summary of effects on the acquisition of the identifiable assets of the bakery and café business operations as at the date of acquisition are as follows:

	2012 RM'000
Property, plant and equipment	800
Total identifiable net assets acquired	800
Purchase consideration settled in cash	(800)
Goodwill	-

There is no significant contribution of revenue and profit of the acquisition of all the business operations and assets to the Group.

35. EMPLOYEE BENEFITS

	Group		**Company**	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Wages, salaries and bonuses	25,030	23,482	126	119
Contributions to defined contribution plan	3,830	3,325	-	-
Social security contributions	326	301	-	-
Other benefits	6,048	5,185	-	-
	35,234	32,293	126	119

Included in the employee benefits of the Group and of the Company are Directors' remuneration amounting to RM3,873,000 (2011: RM2,899,000) and RM126,000 (2011: RM119,000) respectively.

36. 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.

36. **RELATED PARTY DISCLOSURES (continued)**

(a) Identities of related parties (continued)

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) Significant related party transactions

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**	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Subsidiaries:				
Dividend received	-	-	4,425	4,192
Associates:				
Sale of goods	1,467	1,269	-	-
Licensing fees received/ Receivable	130	111	-	-
Dividend received	257	47	-	-
Companies in which a Director of the Company has substantial financial interests:				
Rental paid/payable	60	-	-	-

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% (2011: 2%) of monthly gross sales while other licensees of the Group are charged at 5% (2011: 5%) of monthly gross sales.

Information regarding outstanding balances arising from related party transactions as at 31 December 2012 are disclosed in Notes 12 and 22 to the financial statements.

36. 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 and the Company.

The remuneration of Directors and other key management personnel during the financial year were as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Short term employee benefits	3,905	3,022	126	119
Contributions to defined contribution plan	471	365	-	-
	4,376	3,387	126	119

37. 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, provision of food and beverages services, trading of hearing aid solutions and related accessories and investment holding.

The Group has arrived at three (3) 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) Food and beverages

Provision of food and beverages services.

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

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

37. OPERATING SEGMENTS (continued)

The Group evaluates performance on the basis of profit or loss from operations before tax excluding non-recurring losses, such as 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.

2012	Optical related products RM'000	Franchise management RM'000	Food and beverages RM'000	Others RM'000	Total RM'000
Revenue					
Total revenue	123,903	4,087	1,426	5,716	135,132
Inter-segment revenue	(38)	(91)	-	(4,425)	(4,554)
Revenue from external customers	123,865	3,996	1,426	1,291	130,578
Results					
Segment results	10,231	1,044	(1,072)	(487)	9,716
Interest income	655	6	1	24	686
Finance costs	(1,008)	-	(47)	(26)	(1,081)
Share of profit of associates	156	-	-	-	156
Profit before tax					9,477
Income tax expense					(3,458)
Profit for the financial year					6,019

37. OPERATING SEGMENTS (continued)

2012	Optical related products RM'000	Franchise management RM'000	Food and beverages RM'000	Others RM'000	Total RM'000
Assets					
Segment assets	85,792	1,746	8,771	1,696	98,005
Investments in associates	435	-	-	-	435
	86,227	1,746	8,771	1,696	98,440
Liabilities					
Segment liabilities	35,028	2,468	4,944	764	43,204
Other segment information					
Depreciation	3,896	-	147	108	4,151
Impairment losses on property, plant and equipment	98	-	-	-	98
Impairment losses on trade and other receivables	266	-	-	-	266
Bad debts written off	6	-	-	-	6
Property, plant and equipment written off	768	-	-	-	768
Inventories written off	434	-	-	-	434
Net loss on disposal of property, plant and equipment	125	-	-	-	125
Capital expenditure	3,070	-	6,905	652	10,627

37. **OPERATING SEGMENTS (continued)**

2011 (restated)	**Optical related products RM'000**	**Franchise management RM'000**	**Food and beverages RM'000**	**Others RM'000**	**Total RM'000**
Revenue					
Total revenue	116,557	3,852	-	5,618	126,027
Inter-segment revenue	(1,439)	(170)	-	(4,192)	(5,801)
Revenue from external customers	115,118	3,682	-	1,426	120,226
Results					
Segment results	8,682	950	-	(358)	9,274
Interest income	751	2	-	102	855
Finance costs	(1,046)	-	-	(3)	(1,049)
Share of profit of associates	128	-	-	-	128
Profit before tax					9,208
Income tax expense					(2,209)
Profit for the financial year					6,999

37. **OPERATING SEGMENTS (continued)**

2011	**Optical related products RM'000**	**Franchise management RM'000**	**Food and beverages RM'000**	**Others RM'000**	**Total RM'000**
Assets					
Segment assets	85,444	1,417	-	4,488	91,349
Investments in associates	472	-	-	-	472
	85,916	1,417	-	4,488	91,821
Liabilities					
Segment liabilities	38,153	2,133	-	160	40,446
Other segment information					
Depreciation	3,908	-	-	78	3,986
Impairment losses on property, plant and equipment	406	-	-	-	406
Impairment losses on goodwill	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)
Capital expenditure	6,776	-	-	19	6,795

37. OPERATING SEGMENTS (continued)

Reconciliations of reportable segment assets and liabilities to the Group's corresponding amounts are as follows:

	2012 RM'000	2011 RM'000
Assets		
Total assets for reportable segments	98,440	91,821
Tax assets	455	641
Group's assets	98,895	92,462
Liabilities		
Total liabilities for reportable segments	43,204	40,446
Tax liabilities	2,161	1,285
Group's liabilities	45,365	41,731

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.

38. 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 overall strategy of the Group remains unchanged from that in the previous financial year.

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 years ended 31 December 2012 and 31 December 2011.

The Group is not subject to any externally imposed capital requirements.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital represents equity attributable to the owners of the parent.

38. **FINANCIAL INSTRUMENTS (continued)**

(a) Capital management (continued)

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Loans and borrowings	21,317	15,213	-	-
Trade and other payables	20,430	23,932	259	50
Total liabilities	41,747	39,145	259	50
Less: Cash and bank balances	(16,100)	(13,980)	(209)	(3,585)
Net debt/(assets)	25,647	25,165	50	(3,535)
Total capital	53,530	50,731	41,205	40,589
Net debt	25,647	25,165	50	(3,535)
Equity	79,177	75,896	41,255	37,054
Gearing ratio (%)	32.4%	33.2%	0.1%	Nil

Pursuant to the requirements of Guidance Note No. 3/2006 of the Bursa Malaysia Securities, the Group is required to maintain a consolidated shareholders' equity equal to or not less than 25% of the issued and paid-up capital. The Group has complied with this requirement during the financial year ended 31 December 2012.

(b) Financial instruments

(i) Categories of financial instruments

Group	**2012 RM'000**	**2011 RM'000**
Financial assets		
Loan and receivables - Trade and other receivables, exclude prepayment	17,304	17,171
Cash and cash equivalents	16,100	13,980
	33,404	31,151
Financial liabilities		
Other financial liabilities		
- Borrowings	21,317	15,213
- Trade and other payables	20,430	23,932
	41,747	39,145

38. **FINANCIAL INSTRUMENTS (continued)**

(b) Financial instruments (continued)

(i) Categories of financial instruments (continued)

Company	**2012 RM'000**	**2011 RM'000**
Financial assets		
Loan and receivables		
- Trade and other receivables	9,480	7,831
Cash and cash equivalents	209	3,585
	9,689	11,416
Financial liabilities		
Other financial liabilities		
- Trade and other payables	259	50

(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	
2012	**Carrying amount RM'000**	**Fair value RM'000**
Recognised		
Financial liabilities:		
Hire-purchase liabilities	4,462	4,310
Unrecognised		
Financial liabilities:		
Contingent liabilities	-	*
2011		
Recognised		
Financial liabilities:		
Hire-purchase liabilities	2,023	1,959
Unrecognised		
Financial liabilities:		
Contingent liabilities	-	*

* The Group and the Company provide corporate guarantees to financial institutions for banking facilities granted to subsidiaries, financial guarantee given to landlord for rental of premises and letter of credit as disclosed in Note 25 to the financial statements. The fair value of such financial corporate guarantees is negligible as the probability of the Group defaulting on the financial facilities and rental payment is remote.

38. FINANCIAL INSTRUMENTS (continued)

(c) Determination of fair values

Methods and assumptions used to estimate fair values

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 at 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.

(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 including the sales of initial stocks 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 approximate to their fair values.

(iv) Financial guarantee

The Group and the Company provide corporate guarantees to financial institutions for banking facilities granted to subsidiaries, financial guarantee given to landlord for rental of premises and letter of credit. The fair value of such financial corporate guarantees is negligible as the probability of the Group defaulting on the financial facilities and rental payment is remote.

39. 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 and credit risk. Information on the management of the related exposures is detailed below.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(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 did not enter into any forward currency contract to manage exposures to currency risk for payables which are denominated in currencies other than the functional currency of the Group.

<u>Sensitivity analysis for foreign currency risk</u>

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	
		2012	**2011**
		RM’000	**RM’000**
		Profit after tax	Profit after tax
USD/RM	- strengthen by 3%	-21	-42
	- weaken by 3%	+21	+42
EURO/RM	- strengthen by 3%	-23	-55
	- weaken by 3%	+23	+55
HKD/RM	- strengthen by 3%	-	-2
	- weaken by 3%	-	+2
JPY/RM	- strengthen by 3%	*	#
	- weaken by 3%	*	#
SGD/RM	- strengthen by 3%	-49	-4
	- weaken by 3%	+49	+4

Represents RM180
* *Represents RM368*

(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.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Interest rate risk (continued)

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	
		2012	**2011**
		RM'000	**RM'000**
		Profit after tax	Profit after tax
Fixed deposits	- 100 basis points higher	+55	+58
	- 100 basis points lower	-55	-58
Hire-purchase liabilities	- 100 basis points higher	-21	-25
	- 100 basis points lower	+21	+25
Bankers' acceptances	- 100 basis points higher	-83	-86
	- 100 basis points lower	+83	+86
Term loans	- 100 basis points higher	-16	-22
	- 100 basis points lower	+16	+22
Bank overdrafts	- 100 basis points higher	#	-
	- 100 basis points lower	#	-

 # represents RM392

		Company	
		2012	**2011**
		RM'000	**RM'000**
		Profit after tax	Profit after tax
Fixed deposits	- 100 basis points higher	-	+29
	- 100 basis points lower	-	-29

The sensitivity was lower in 2012 than 2011 because the Group drew down additional borrowings towards the end of the reporting period.

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

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39. 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:

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 2012									
Fixed rates									
Fixed deposits with licensed banks	14	2.77	8,215	-	-	-	-	-	8,215
Hire-purchase liabilities	19	7.76	(1,512)	(1,285)	(1,048)	(565)	(52)	-	(4,462)
Floating rates									
Term loans	18	7.10	(486)	(597)	(500)	(194)	(103)	(37)	(1,917)
Bank overdrafts	20	0.23	(3,586)	-	-	-	-	-	(3,586)
Bankers' acceptances	21	4.65	(11,352)	-	-	-	-	-	(11,352)

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39. **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):

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	14	2.93	7,856	-	-	-	-	-	7,856
Hire-purchase liabilities	19	6.54	(1,201)	(514)	(215)	(93)	-	-	(2,023)
Floating rates									
Term loans	18	6.26	(368)	(1,256)	(280)	(147)	(105)	(123)	(2,279)
Bankers' acceptances	21	4.55	(10,911)	-	-	-	-	-	(10,911)

39. **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 2012									
Fixed rates									
Fixed deposits with a licensed bank	14	-	-	-	-	-	-	-	-
At 31 December 2011									
Fixed rates									
Fixed deposits with a licensed bank	14	2.85	1,364	-	-	-	-	-	1,364

39. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

(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.

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.

	2012			
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	20,430	-	-	20,430
Loans and borrowings	17,227	4,630	37	21,894
Total undiscounted financial liabilities	37,657	4,630	37	42,324
Company				
Financial liabilities:				
Trade and other payables	259	-	-	259
Total undiscounted financial liabilities	259	-	-	259

39. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

(iii) Liquidity and cash flow risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

	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

(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 and the Company's exposure to credit risks, or the risk of counterparties defaulting, arises mainly from receivables and amounts owing by subsidiaries respectively. 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 (2011: 75 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.

The Group's major classes of financial assets are current tax assets, 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.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iv) Credit risk (continued)

Exposure to credit risk

As at 31 December 2012, other than the amounts owing by subsidiaries constituting approximately 100% (2011: 100%) 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 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 positions.

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 23 April 2012, a wholly-owned 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.

(b) On 15 November 2012, a subsidiary, Multiple Rewards Sdn. Bhd. entered into a Sale and Purchase Agreement with Eagle Quantum Sdn. Bhd. to acquire the bakery and café business operations and certain assets for a total cash consideration of RM800,000.

41. EXPLANATION OF TRANSITION TO MFRS

The Group and the Company are non-transitioning entities as defined by the MASB, and have adopted the MFRS Framework during the financial year ended 31 December 2012. Accordingly, these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 4 to the financial statements have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2012, as well as comparative information presented in these financial statements for the financial year ended 31 December 2011 and in the preparation of the opening MFRS statements of financial position at 1 January 2011 (the date of transition of the Group to MFRSs).

There is no impact arising from the transition from FRSs to MFRSs on the Company's financial position, financial performance and cash flows. Thus, the Company has not adjusted any amount previously reported in financial statements that were prepared in accordance with the previous FRS Frameworks.

The Group has adjusted amounts previously reported in financial statements that were prepared in accordance with the previous FRS Frameworks. In preparing the opening statements of financial position at 1 January 2011, an explanation on the impact arising from the transition from FRSs to MFRSs on the Group's financial position, financial performance and cash flows is set out as follows:

(a) Reconciliation of financial position as at 1 January 2011

		Group	
	Previously reported under FRSs RM'000	**Effect on adoption of MFRSs RM'000**	**Restated under MFRSs RM'000**
ASSETS			
Non-current assets			
Property, plant and equipment	22,779	807	23,586
Investments in associates	379	-	379
Held-to-maturity investment	500	-	500
Goodwill on consolidation	410	-	410
Deferred tax assets	283	-	283
Trade and other receivables	1,665	-	1,665
	26,016	807	26,823
Current assets			
Inventories	25,400	-	25,400
Trade and other receivables	16,931	-	16,931
Current tax assets	162	-	162
Cash and cash equivalents	19,803	-	19,803
	62,296	-	62,296
TOTAL ASSETS	88,312	807	89,119

41. **EXPLANATION OF TRANSITION TO MFRS (continued)**

(a) Reconciliation of financial position as at 1 January 2011 (continued)

	[---Group---		]
	Previously reported under FRSs RM'000	**Effect on adoption of MFRSs RM'000**	**Restated under MFRSs RM'000**
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	33,000	-	33,000
Reserves	13,324	703	14,027
	46,324	703	47,027
Non-controlling interests	102	-	102
TOTAL EQUITY	46,426	703	47,129
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	1,104	104	1,208
Borrowings	4,883	-	4,883
Deferred income	998	-	998
	6,985	104	7,089
Current liabilities			
Trade and other payables	16,543	-	16,543
Deferred income	388	-	388
Borrowings	16,398	-	16,398
Current tax liabilities	1,572	-	1,572
	34,901	-	34,901
TOTAL LIABILITIES	41,886	104	41,990
TOTAL EQUITY AND LIABILITIES	88,312	807	89,119

41. **EXPLANATION OF TRANSITION TO MFRS (continued)**

(b) Reconciliation of financial position as at 31 December 2011

	[--------Group--------]		
	Previously reported under FRSs RM'000	**Effect on adoption of MFRSs RM'000**	**Restated under MFRSs RM'000**
ASSETS			
Non-current assets			
Property, plant and equipment	24,287	845	25,132
Investments in associates	472	-	472
Deferred tax assets	296	-	296
Trade and other receivables	1,328	-	1,328
	26,383	845	27,228
Current assets			
Inventories	34,064	-	34,064
Trade and other receivables	16,845	-	16,845
Current tax assets	345	-	345
Cash and cash equivalents	13,980	-	13,980
		-	
	65,234	-	65,234
TOTAL ASSETS	91,617	845	92,462

41. **EXPLANATION OF TRANSITION TO MFRS (continued)**

(b) Reconciliation of financial position as at 31 December 2011 (continued)

	[------Group------]		
	Previously reported under FRSs RM'000	**Effect on adoption of MFRSs RM'000**	**Restated under MFRSs RM'000**
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	33,000	-	33,000
Reserves	16,999	741	17,740
	49,999	741	50,740
Non-controlling interests	(9)	-	(9)
TOTAL EQUITY	49,990	741	50,731
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	1,171	104	1,275
Borrowings	2,733	-	2,733
Deferred income	837	-	837
	4,741	104	4,845
Current liabilities			
Trade and other payables	23,932	-	23,932
Deferred income	464	-	464
Borrowings	12,480	-	12,480
Current tax liabilities	10	-	10
	36,886	-	36,886
TOTAL LIABILITIES	41,627	104	41,731
TOTAL EQUITY AND LIABILITIES	91,617	845	92,462

41. EXPLANATION OF TRANSITION TO MFRS (continued)

(c) Reconciliation of profit and loss and other comprehensive income as at 31 December 2011

The statements of comprehensive income for the financial year ended 31 December 2011 have been restated arising from the adoption of MFRS as follows:

	Group		
	Previously reported under FRSs RM'000	**Effect on adoption of MFRSs RM'000**	**Restated under MFRSs RM'000**
Revenue	120,226	-	120,226
Cost of sales	(49,712)	-	(49,712)
Gross profit	70,514	-	70,514
Other operating income	4,971	-	4,971
Selling and distribution costs	(26,592)	-	(26,592)
Administrative expenses	(38,802)	38	(38,764)
Finance costs	(1,049)	-	(1,049)
Share of profits in associates	128	-	128
Profit before tax	9,170	38	9,208
Tax expense	(2,209)	-	(2,209)
Profit for the financial year	6,961	38	6,999
Other comprehensive income	-	-	-
Total comprehensive income	6,961	38	6,999

41. **EXPLANATION OF TRANSITION TO MFRS (continued)**

(d) Notes to reconciliation

(i) Property, plant and equipment – use fair values as deemed cost

The Group elected to apply the optional exemption to measure certain categories of property, plant and equipment at fair value at the date of transition to MFRSs and use that fair value as deemed cost.

The aggregate fair value of these property, plant and equipment at 1 January 2011 was determined to be RM23,586,000 compared to the then carrying amount of RM22,779,000 under FRSs.

(ii) Income tax

All of the changes described earlier resulted in the following impact on deferred tax liabilities:

	Group	
	31.12.2011	**1.1.2011**
	RM'000	**RM'000**
Increase in deferred tax liabilities	104	104

(iii) Retained earnings

All of the changes described earlier resulted in the following impact on retained earnings:

	Group	
	31.12.2011	**1.1.2011**
	RM'000	**RM'000**
Increase in retained earnings	741	703

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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Total retained earnings of Focus Point Holdings Berhad and its subsidiaries				
- Realised	32,689	28,752	1,109	493
- Unrealised	(920)	(979)	-	-
	31,769	27,773	1,109	493
Total share of retained earnings from associates:				
- Realised	161	133	-	-
- Unrealised	(5)	(5)	-	-
	156	128	-	-
	31,925	27,901	1,109	493
Less: Consolidation adjustments	(18,546)	(17,257)	-	-
Total retained earnings as per consolidated accounts	13,379	10,644	1,109	493