

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual quarter		Cumulative quarter	
	31-12-19 RM'000	31-12-18 RM'000	31-12-19 RM'000	31-12-18 RM'000
Revenue	52,457	50,213	191,025	179,272
Cost of sales	(19,877)	(19,793)	(73,315)	(70,561)
Gross profit	32,580	30,420	117,710	108,711
Other income	2,976	1,585	7,916	4,828
Selling and distribution expenses	(9,179)	(8,240)	(37,172)	(34,082)
Administrative and general expenses	(18,415)	(17,675)	(68,560)	(66,346)
Interest expense	(1,831)	(910)	(5,727)	(2,754)
Interest income	558	142	708	254
Share of profit in associates	117	74	362	381
Share of profit/(loss) in joint venture	103	(68)	(32)	(105)
Profit before tax	6,909	5,328	15,205	10,887
Tax expense	(2,197)	(874)	(5,317)	(3,788)
Profit for the period	4,712	4,454	9,888	7,099
Profit attributable to:				
Owners of the Parent	4,712	4,454	9,888	7,099
Non-controlling interests	-	-	-	-
	4,712	4,454	9,888	7,099
Total comprehensive profit attributable to:				
Owners of the Parent	4,712	4,454	9,888	7,099
Non-controlling interests	-	-	-	-
	4,712	4,454	9,888	7,099
Earnings per share attributable to owners of the Parent:				
Basic (sen) *	2.57	2.43	5.39	3.87
Diluted (sen)	N/A	N/A	N/A	N/A

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial report.

* The weighted average number of ordinary shares for the purpose of the computation of the earnings per share had been adjusted retrospectively to reflect the company's bonus issue which was completed on 4 September 2019.

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(The figures have not been audited)

	As at 31-12-19 RM'000 (Unaudited)	As at 31-12-18 RM'000 (Audited)
<u>ASSETS</u>		
Non-current assets		
Property, plant and equipment	37,806	46,770
Right-of-use assets	73,792	-
Lease receivables	5,842	-
Investment in associates	745	698
Investment in joint venture	-	158
Other investment	210	-
Deferred tax assets	186	247
Trade and other receivables	337	1,017
	118,918	48,890
Current assets		
Inventories	49,787	46,033
Trade and other receivables	23,172	24,088
Lease receivables	2,891	-
Current tax assets	11	1
Cash and bank balances	13,666	9,422
	89,527	79,544
TOTAL ASSETS	208,445	128,434
<u>EQUITY AND LIABILITIES</u>		
Equity attributable to owners of the Parent		
Share capital	40,096	40,096
Retained earnings	21,973	17,184
TOTAL EQUITY	62,069	57,280
<u>LIABILITIES</u>		
Non-current liabilities		
Borrowings	7,991	12,411
Lease liabilities	49,335	-
Deferred income	1,139	1,806
Deferred tax liabilities	591	1,290
	59,056	15,507
Current liabilities		
Borrowings	19,672	26,571
Lease liabilities	33,537	-
Trade and other payables	31,834	26,121
Current tax liabilities	718	1,706
Deferred income	1,559	1,249
	87,320	55,647
TOTAL LIABILITIES	146,376	71,154
TOTAL EQUITY AND LIABILITIES	208,445	128,434
 Net assets per share attributable to owners of the Parent (sen) *	 33.86	 31.24

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial report.

*Net assets per share (RM) after adjustment to reflect the company's bonus issue which was completed on 4 September 2019.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(The figures have not been audited)

	← Attributable to owners of the Parent →			
	Non-distributable	Distributable	Total attributable to owners of the parent	Total equity
	Share capital RM'000	Retained earnings RM'000	RM'000	RM'000
At 1 January 2019	40,096	17,184	57,280	57,280
Impact arising from adoption of MFRS 16	-	(974)	(974)	(974)
At 1 January 2019, as restated	40,096	16,210	56,306	56,306
Profit for the period	-	9,888	9,888	9,888
Other comprehensive income	-	-	-	-
Total comprehensive income	-	9,888	9,888	9,888
Transactions with owners				
Dividend paid	-	(4,125)	(4,125)	(4,125)
Total transaction with owners	-	(4,125)	(4,125)	(4,125)
At 31 December 2019	40,096	21,973	62,069	62,069

	← Attributable to owners of the Parent →			
	Non-distributable	Distributable	Total attributable to owners of the parent	Total equity
	Share capital RM'000	Retained earnings RM'000	RM'000	RM'000
At 1 January 2018	40,096	12,248	52,344	52,344
Impact arising from adoption of MFRS 15	-	(513)	(513)	(513)
At 1 January 2018, as restated	40,096	11,735	51,831	51,831
Profit for the period	-	7,099	7,099	7,099
Other comprehensive income	-	-	-	-
Total comprehensive income	-	7,099	7,099	7,099
Transactions with owners				
Dividend paid	-	(1,650)	(1,650)	(1,650)
Total transaction with owners	-	(1,650)	(1,650)	(1,650)
At 31 December 2018	40,096	17,184	57,280	57,280

The Company has initially applied MFRS 16, *Leases* using modified retrospective approach and measures the right-of-use assets as if MFRS 16 had been applied with no restatement of comparative information.

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial report.

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(The figures have not been audited)

	For the 12 months ended 31 December 2019 RM'000 (Unaudited)	For the 12 months ended 31 December 2018 RM'000 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	15,205	10,887
Adjustments for:		
Depreciation of property, plant and equipment	8,120	8,250
Depreciation of right-of-use assets	21,131	-
Lease interest expense	3,595	-
Lease interest income	(492)	-
Other non-cash items	4,182	4,602
Operating profit before working capital changes	51,741	23,739
Changes in inventories	(4,769)	(1,715)
Changes in trade and other receivables	921	(414)
Changes in trade and other payables	5,513	(3,285)
Cash generated from operations	53,406	18,325
Tax refunded	1	-
Income taxes paid	(6,652)	(3,293)
Net cash generated from operating activities	46,755	15,032
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,620)	(2,988)
Proceeds from disposal of property, plant and equipment	59	145
Disposal of investment in joint venture	220	-
Purchase of other investment	(210)	-
Interest received	203	153
Dividend received from an associate	315	315
Net cash used in investing activities	(3,033)	(2,375)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(2,132)	(2,493)
(Placement)/Uplift of fixed deposits pledged to licensed banks	(643)	1,133
Net drawdown/(Repayment) of banker's acceptance	2,059	(6)
Net repayment of hire purchase	(7,284)	(5,381)
Net repayment of term loan	(1,521)	(944)
Repayment of revolving credit	(936)	(424)
Payments of lease liabilities	(26,474)	-
Receipts of lease receivables	3,497	-
Dividend paid	(4,125)	(1,650)
Net cash used in financing activities	(37,559)	(9,765)
Net increase in cash and cash equivalents	6,163	2,892
Cash and cash equivalents at beginning of year	1,533	(1,359)
Cash and cash equivalents at end of period	7,696	1,533

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

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

	For the 12 months ended 31 December 2019 RM'000 (Unaudited)	For the 12 months ended 31 December 2018 RM'000 (Audited)
<i>Cash and cash equivalents comprise:</i>		
Cash and bank balances	7,479	4,433
Fixed deposits with licensed banks	6,187	4,989
	13,666	9,422
Less : Bank overdraft included in borrowings	(1,018)	(3,580)
	12,648	5,842
Less : Fixed deposits pledged to licensed banks	(4,952)	(4,309)
	7,696	1,533

The Company has initially applied MFRS 16, *Leases* using modified retrospective approach and measures the right-of-use assets as if MFRS 16 had been applied with no restatement of comparative information.

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial report.

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

Notes to the Interim Financial Report for the fourth quarter ended 31 December 2019

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

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with MFRS 134 : *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2018.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the financial year ended 31 December 2018, except for the adoption of the following standards applicable to the Group's financial year beginning 1 January 2019.

Title	Effective Date
MFRS 16 <i>Leases</i>	1 January 2019
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019

The initial application of the aforesaid applicable standards, amendments or interpretations, except for MFRS 16 Leases, the impact of which has been disclosed in this announcement, are not expected to have any material financial impact to the current financial year upon their initial adoption.

The following are standards issued by MASB which are not yet effective and have not been early adopted by the Group:

Title	Effective Date
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 101 and MFRS 108 <i>Definition of Material</i>	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 <i>Interest Rate Benchmark Reform</i>	1 January 2020
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	Deferred

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Notes to the Interim Financial Report for the fourth quarter ended 31 December 2019

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

A1. Basis of preparation (cont'd)

The Group is in the process of assessing the impact of implementing these Standards since the effect would only be observable for future financial years.

The initial application of the accounting standards, amendments and interpretations that are effective from 1 January 2019 do not have any material financial impacts to the current and prior financial year of the Company except as mentioned below:

(i) MFRS 16, *Leases*

MFRS 16, *Leases* which is effective from 1 January 2019 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluation the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use assets representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Company has adopted the standard using modified retrospective approach, under which the cumulative effect of initial recognition is recognized in retained earnings. The Company measured the right-of-use assets as if MFRS 16 had always been applied with no restatement of comparative information. The following table shows the impact of changes to the statements of financial position of the Company resulting from the adoption of MFRS 16, *Leases* as at 1 January 2019:

	As at 31 December 2018 RM'000	Initial Recognition RM'000	As at 1 January 2019 RM'000
Non-current assets			
Property, plant and equipment	46,770	(15,355)	31,415
Right-of-use assets	-	53,952	53,952
Lease receivables	-	2,109	2,109
Deferred tax assets	247	-	247
Current assets			
Lease receivables	-	3,723	3,723
Non-current liabilities			
Lease liabilities	-	(20,939)	(20,939)
Deferred tax liabilities	(1,290)	302	(988)
Current liabilities			
Lease liabilities	-	(33,809)	(33,809)
Equity			
Distributable retained earnings	(17,184)	974	(16,210)

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Notes to the Interim Financial Report for the fourth quarter ended 31 December 2019

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

A2. Auditors' reports

The auditors' report on the audited financial statements of the Group for the financial year ended 31 December 2018 was not subject to any qualification.

A3. Seasonal or cyclical factors

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

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

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

A5. Material changes in estimates

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

A6. Changes in debts and equity securities

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

A7. Dividend paid

No dividend was paid in the current quarter.

A8. Segmental reporting

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

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

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

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

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Notes to the Interim Financial Report for the fourth quarter ended 31 December 2019

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

A8. Segmental reporting (cont'd)

The segmental information for the financial year ended 31 December 2019 is as follows:-

	Optical and related products RM'000	Franchise management RM'000	Food and beverage RM'000	Others RM'000	Total RM'000
Revenue					
Total revenue	168,739	3,057	18,014	7,787	197,597
Less : Inter-segment	-	-	(22)	(6,550)	(6,572)
	<u>168,739</u>	<u>3,057</u>	<u>17,992</u>	<u>1,237</u>	<u>191,025</u>
Segment results					
Interest income	18,751	1,202	341	6,099	26,393
Interest expense	1,228	154	53	22	1,457
Interest expense	(5,414)	-	(1,032)	(30)	(6,476)
Share of profit in associates	362	-	-	-	362
Share of loss in joint venture	-	-	(32)	-	(32)
	<u>14,927</u>	<u>1,356</u>	<u>(670)</u>	<u>6,091</u>	<u>21,704</u>
Less : Inter-segment	(961)	(196)	997	(6,339)	(6,499)
Profit/(Loss) before tax	<u>13,966</u>	<u>1,160</u>	<u>327</u>	<u>(248)</u>	<u>15,205</u>
Assets					
Segment assets	207,054	4,900	12,771	50,481	275,206
Investment in associates	745	-	-	-	745
Investment in joint venture	-	-	-	-	-
	<u>207,799</u>	<u>4,900</u>	<u>12,771</u>	<u>50,481</u>	<u>275,951</u>
Less : Inter-segment	(15,378)	(4,061)	-	(48,264)	(67,703)
Total assets	<u>192,421</u>	<u>839</u>	<u>12,771</u>	<u>2,217</u>	<u>208,248</u>
Liabilities					
Segment liabilities	135,252	2,708	26,724	1,233	165,917
Less : Inter-segment	(859)	(1,076)	(18,340)	(575)	(20,850)
Total liabilities	<u>134,393</u>	<u>1,632</u>	<u>8,384</u>	<u>658</u>	<u>145,067</u>

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Notes to the Interim Financial Report for the fourth quarter ended 31 December 2019

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

A8. Segmental reporting (cont'd)

The segmental information for the financial year ended 31 December 2018 is as follows:-

	Optical and related products RM'000	Franchise management RM'000	Food and beverage RM'000	Others RM'000	Total RM'000
Revenue					
Total revenue	159,781	3,108	14,979	3,072	180,940
Less : Inter-segment	-	-	(18)	(1,650)	(1,668)
	<u>159,781</u>	<u>3,108</u>	<u>14,961</u>	<u>1,422</u>	<u>179,272</u>
Segment results					
Interest income	12,689	1,197	(1,131)	1,543	14,298
Interest expense	773	154	51	12	990
Interest expense	(2,573)	-	(917)	-	(3,490)
Share of profit in associates	381	-	-	-	381
Share of loss in joint venture	-	-	(105)	-	(105)
	<u>11,270</u>	<u>1,351</u>	<u>(2,102)</u>	<u>1,555</u>	<u>12,074</u>
Less : Inter-segment	(322)	(160)	797	(1,502)	(1,187)
Profit/(Loss) before tax	<u>10,948</u>	<u>1,191</u>	<u>(1,305)</u>	<u>53</u>	<u>10,887</u>
Assets					
Segment assets	130,923	4,894	9,620	49,484	194,921
Investment in associates	698	-	-	-	698
Investment in joint venture	-	-	158	-	158
	<u>131,621</u>	<u>4,894</u>	<u>9,778</u>	<u>49,484</u>	<u>195,777</u>
Less : Inter-segment	(15,951)	(3,867)	-	(47,773)	(67,591)
Total assets	<u>115,670</u>	<u>1,027</u>	<u>9,778</u>	<u>1,711</u>	<u>128,186</u>
Liabilities					
Segment liabilities	60,545	3,710	23,163	1,620	89,038
Less : Inter-segment	(287)	(1,655)	(17,513)	(1,425)	(20,880)
Total liabilities	<u>60,258</u>	<u>2,055</u>	<u>5,650</u>	<u>195</u>	<u>68,158</u>

The segmental information for the financial year ended 31 December 2019 included impact from adoption of MFRS 16 is as follow:

	Optical and related products RM'000	Franchise management RM'000	Food and beverage RM'000	Others RM'000	Total RM'000
Profit/(Loss) before tax	13,966	1,160	327	(248)	15,205
MFRS 16 impact:					
- Lease rental	(21,480)	-	(1,292)	(205)	(22,977)
- Depreciation of right-of-use assets	19,742	-	1,191	198	21,131
- Lease interest expense	3,436	-	130	29	3,595
- Lease interest income	(492)	-	-	-	(492)
	<u>1,206</u>	<u>-</u>	<u>29</u>	<u>22</u>	<u>1,257</u>
Profit/(Loss) before tax before MFRS 16 adjustment	<u>15,172</u>	<u>1,160</u>	<u>356</u>	<u>(226)</u>	<u>16,462</u>

Geographical information

The Group operates only in Malaysia.

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Notes to the Interim Financial Report for the fourth quarter ended 31 December 2019

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

A9. Valuation of property, plant and equipment

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

A10. Capital Commitments

Capital commitments not provided for in the financial statements as at 31 December 2019 are as follows:

	As at 31-12-19 RM'000	As at 31-12-18 RM'000
Capital expenditure in respect of purchase of property, plant and equipment		
- Contracted but not provided for	-	2
- Approved but not contracted for	-	-
	-	2

A11. Subsequent event

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

A12. Change in composition of the Group

On 27 December 2019, a wholly-owned subsidiary, Multiple Reward Sdn Bhd, disposed the 50% equity interest comprising 300,000 ordinary shares of RM1.00 each in Majestic Ring Sdn Bhd for a total cash consideration of RM220,000.

A13. Change in contingent liability

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

A14. Related party transactions

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

	Individual quarter		Cumulative quarter	
	31-12-19 RM'000	31-12-18 RM'000	31-12-19 RM'000	31-12-18 RM'000
Sale of eyewear and eye care products	201	321	963	1,255
Licensing fee	38	38	150	157
Rental of premises	60	60	240	240

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

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

Notes to the Interim Financial Report for the fourth quarter ended 31 December 2019

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

B1. Review of performance

12-month ended 31 December 2019

Group revenue at RM191.0 million was 7% higher compared with RM179.3 million of the corresponding year. The increase in Group revenue was mainly attributed to higher sales attained by the optical and related products as well as food and beverage businesses. The Group recorded higher profit before tax ("PBT") at RM15.2 million compared with RM10.9 million of the corresponding year. The outstanding performance was attributed to the overall improvement in operating results of the optical and related products as well as food and beverage businesses.. Consequently, the Group also recorded profit after tax of RM9.9 million, substantially higher compared with RM7.1 million of the corresponding year.

Optical and related products segment

Optical and related products segment recorded higher revenue at RM168.7 million compared with RM160.0 million of the corresponding year, representing an increase of 6%. Revenue contribution from the new outlets amounted to RM6.2 million, representing 4% of total retail outlet revenue. On existing outlets, revenue was 3% higher as compared with the corresponding year. Profit before tax ("PBT") at RM14.0 million was 28% higher compared with RM10.9 million of the corresponding year. The increase in PBT was attributed to attainment of higher revenue and rebate income.

Franchise management segment

Revenue at RM3.1 million and profit before tax at RM1.2 million was in line with the corresponding year.

Food and beverage segment

This segment recorded revenue at RM18.0 million, 20% higher compared with RM15.0 million of the corresponding year mainly due to higher contribution from corporate sales.

Owing to higher sales and lower operating expenses, higher gross profit margin attained. Profit before tax at RM0.3 million was 125% higher compared with loss before tax of RM1.3 million of the corresponding year.

3-month ended 31 December 2019

Group revenue at RM52.5 million was 4% higher compared with RM50.2 million of the corresponding quarter, attributed to higher revenue attained by the optical and related products as well as food and beverage businesses. For Group profit before tax, it was recorded at RM6.9 million, 30% higher compared with RM5.3 million of the corresponding quarter, attributed mainly to the higher revenue of optical and related products business.

Prior to the adjustment for the adoption of MFRS 16, *Leases*'s impact, profit before tax for quarter will be RM7.4 million which was 39% higher compared with RM5.3 million of the corresponding quarter as per below table:

	Individual quarter	
	31-12-19	31-12-18
	RM'000	RM'000
Profit before tax	6,909	5,328
MFERS 16 impact:		
- Lease rental	(6,865)	-
- Depreciation of right-of-use assets	6,480	-
- Lease interest expense	1,400	-
- Lease interest income	(492)	-
	523	-
Profit before tax (before MFRS 16 adjustment)	7,432	5,328

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

Notes to the Interim Financial Report for the fourth quarter ended 31 December 2019

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

B2. Comparison with immediate preceding quarter's results

Group revenue at RM52.5 million was 12% higher compared with RM46.9 million of the immediate preceding quarter due to higher sales attained by the optical and related products as well as food and beverage businesses. Consequently, the Group registered profit before tax at RM6.9 million, 182% higher compared with RM2.4 million of the immediate preceding quarter in view of higher profitability attained by the optical and related products as well as food and beverage businesses.

B3. Prospect

The outbreak of the Covid-19 caused varying degree of impact on retail sector in term of sales and the supply chain. Our government will announce an economic stimulus package to mitigate the effect of the outbreak.

Amidst the short-term challenges, we will continue to enhance our optical business's tactical branding, and advertising & promotional activities for sustainable growth. It is our on-going effort to open new outlets at strategic locations and at the same time consolidating non-performing outlets. Launching of new store concepts to compete is also a necessity to stay relevant. The Group opened 12 new outlets (included three franchised outlets) during the financial year and targets to open two new outlets in the first quarter of 2020.

In respect of the food & beverage business, much emphasis would be placed on strengthening its operation and cost saving and introducing new products to corporate customers to further improve its performance. The Group is also active in expanding Komugi licensing business abroad and its corporate sales business. The Group opened one new own Komugi outlet and five new licensed outlets in overseas during the financial year.

We remain cautiously optimistic that with the support of our stakeholders during these challenging times, the company is expecting to achieve a moderate growth.

B4. Financial estimate, forecast, projection or internal target

This is not applicable to the Group.

B5. Profit before tax

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

	Individual quarter		Cumulative quarter	
	31-12-19 RM'000	31-12-18 RM'000	31-12-19 RM'000	31-12-18 RM'000
Depreciation of property, plant and equipment	1,924	2,195	8,120	8,250
Depreciation of right-of-use assets	6,480	-	21,131	-
Lease interest expense	1,400	-	3,595	-
Lease interest income	(492)	-	(492)	-
Bad debts written off	261	-	448	-
(Reversal of impairment loss)/Impairment loss on trade and other receivables	(129)	30	(218)	201
Inventories written off	140	125	489	433
Inventories written down	162	-	525	347
Loss/(Gain) on disposal of property, plant and equipment	7	(21)	12	86
Impairment loss/(Reversal of impairment loss) on property, plant and equipment	50	596	166	747
Property, plant and equipment written-off	222	279	811	559
Realised loss on foreign currency transactions (net)	15	61	52	11

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Net fair value gain on derivative - - - (2)

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B6. Income tax expense

	Individual quarter		Cumulative quarter	
	31-12-19 RM'000	31-12-18 RM'000	31-12-19 RM'000	31-12-18 RM'000
Current tax:				
Current	1,902	1,459	4,890	4,029
Prior year	448	-	763	356
	<u>2,350</u>	<u>1,459</u>	<u>5,653</u>	<u>4,385</u>
Deferred tax:				
Current	13	(257)	(170)	(269)
Prior year	(166)	(328)	(166)	(328)
	<u>(153)</u>	<u>(585)</u>	<u>(336)</u>	<u>(597)</u>
Total	<u>2,197</u>	<u>874</u>	<u>5,317</u>	<u>3,788</u>

The Group effective current tax rates for 2019 and 2018 were higher than prima facie tax rate due principally to certain capital expenditure not qualified for tax purpose and certain expenses non deductible for tax purpose.

B7. Status of corporate proposals

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

B8. Borrowings

	As at 31-12-19 RM'000	As at 31-12-18 RM'000
Short term		
Secured:		
Banker's acceptance	15,147	13,088
Bank overdraft	1,018	3,580
Term loan	1,482	1,554
Hire purchase	-	5,388
Revolving credit	2,025	2,961
	<u>19,672</u>	<u>26,571</u>
Long term		
Secured:		
Term loan	7,991	8,756
Hire purchase	-	3,655
	<u>7,991</u>	<u>12,411</u>
Total borrowings	<u>27,663</u>	<u>38,982</u>

The above borrowings were denominated in Ringgit Malaysia.

The Company has reclassified hire purchase to lease liabilities in accordance to adoption of MFRS 16, *Leases* beginning 1 January 2019.

B9. Material litigation

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

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B10. Dividend

No dividend was declared in the current quarter.

Notes to the Interim Financial Report for the fourth quarter ended 31 December 2019

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

B11. Earnings per share

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

	Individual quarter		Cumulative quarter	
	31-12-19	31-12-18	31-12-19	31-12-18
Profit attributable to owners of the Parent (RM'000)	4,712	4,454	9,888	7,099
Weighted average number of ordinary shares in issue ('000)	183,333	183,333	183,333	183,333
Basic earnings per share (sen) for: Profit for the period after the adjustment to reflect the company's bonus issue which was completed on 4 September 2019	2.57	2.43	5.39	3.87

B12. Authorisation for issue

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Board of Directors on 27 February 2020.