

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(The figures have not been audited)

| | Individual quarter | | Cumulative quarter | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 30-09-19 RM'000 | 30-09-18 RM'000 | 30-09-19 RM'000 | 30-09-18 RM'000 |
| Revenue | 46,943 | 46,146 | 138,568 | 129,059 |
| Cost of sales | (18,430) | (18,089) | (53,438) | (50,768) |
| Gross profit | 28,513 | 28,057 | 85,130 | 78,291 |
| Other income | 1,954 | 1,006 | 4,940 | 3,243 |
| Selling and distribution expenses | (9,610) | (8,706) | (27,993) | (25,842) |
| Administrative and general expenses | (16,877) | (16,452) | (50,145) | (48,671) |
| Interest expense | (1,606) | (604) | (3,896) | (1,844) |
| Interest income | 54 | 42 | 150 | 112 |
| Share of profit in associates | 67 | 115 | 245 | 307 |
| Share of loss in joint venture | (49) | (9) | (135) | (37) |
| Profit before tax | 2,446 | 3,449 | 8,296 | 5,559 |
| Tax expense | (1,102) | (1,630) | (3,120) | (2,914) |
| Profit for the period | 1,344 | 1,819 | 5,176 | 2,645 |
| Profit attributable to: | | | | |
| Owners of the Parent | 1,344 | 1,819 | 5,176 | 2,645 |
| Non-controlling interests | - | - | - | - |
| | 1,344 | 1,819 | 5,176 | 2,645 |
| Total comprehensive profit attributable to: | | | | |
| Owners of the Parent | 1,344 | 1,819 | 5,176 | 2,645 |
| Non-controlling interests | - | - | - | - |
| | 1,344 | 1,819 | 5,176 | 2,645 |
| Earnings per share attributable to owners of the Parent: | | | | |
| Basic (sen) * | 0.73 | 0.99 | 2.82 | 1.44 |
| 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 30-09-19 RM'000 (Unaudited) | As at 31-12-18 RM'000 (Audited) |
|--|--|--|
| <u>ASSETS</u> | | |
| Non-current assets | | |
| Property, plant and equipment | 47,274 | 46,770 |
| Right-of-use assets | 56,032 | - |
| Investment in associates | 733 | 698 |
| Investment in joint venture | 23 | 158 |
| Other investment | 210 | - |
| Deferred tax assets | 255 | 247 |
| Trade and other receivables | 821 | 1,017 |
| | 105,348 | 48,890 |
| Current assets | | |
| Inventories | 50,621 | 46,033 |
| Trade and other receivables | 22,496 | 24,088 |
| Current tax assets | 12 | 1 |
| Cash and bank balances | 10,258 | 9,422 |
| | 83,387 | 79,544 |
| TOTAL ASSETS | 188,735 | 128,434 |
| <u>EQUITY AND LIABILITIES</u> | | |
| Equity attributable to owners of the Parent | | |
| Share capital | 40,096 | 40,096 |
| Retained earnings | 17,362 | 17,184 |
| TOTAL EQUITY | 57,458 | 57,280 |
| <u>LIABILITIES</u> | | |
| Non-current liabilities | | |
| Borrowings | 11,930 | 12,411 |
| Lease Liabilities | 39,335 | - |
| Deferred income | 1,139 | 1,806 |
| Deferred tax liabilities | 839 | 1,290 |
| | 53,243 | 15,507 |
| Current liabilities | | |
| Borrowings | 23,302 | 26,571 |
| Lease Liabilities | 18,579 | - |
| Trade and other payables | 33,954 | 26,121 |
| Current tax liabilities | 862 | 1,706 |
| Deferred income | 1,337 | 1,249 |
| | 78,034 | 55,647 |
| TOTAL LIABILITIES | 131,277 | 71,154 |
| TOTAL EQUITY AND LIABILITIES | 188,735 | 128,434 |
| Net assets per share attributable to owners of the Parent (sen) * | 31.34 | 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.

FOCUS POINT

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(The figures have not been audited)

| | ← Attributable to owners of the Parent → | | | |
|---|--|--------------------------|---|---------------------|
| | <i>Non-distributable</i> | <i>Distributable</i> | Total attributable to owners of the parent | Total equity |
| | Share capital | Retained earnings | RM'000 | RM'000 |
| At 1 January 2019 | 40,096 | 17,184 | 57,280 | 57,280 |
| Impact arising from adoption of MFRS 16 | - | (873) | (873) | (873) |
| At 1 January 2019, as restated | 40,096 | 16,311 | 56,407 | 56,407 |
| Profit for the period | - | 5,176 | 5,176 | 5,176 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income | - | 5,176 | 5,176 | 5,176 |
| Transactions with owners | | | | |
| Dividend paid | - | (4,125) | (4,125) | (4,125) |
| Total transaction with owners | - | (4,125) | (4,125) | (4,125) |
| At 30 September 2019 | 40,096 | 17,362 | 57,458 | 57,458 |

| | ← Attributable to owners of the Parent → | | | |
|---|--|--------------------------|---|---------------------|
| | <i>Non-distributable</i> | <i>Distributable</i> | Total attributable to owners of the parent | Total equity |
| | Share capital | Retained earnings | RM'000 | RM'000 |
| At 1 January 2018 | 40,096 | 12,248 | 52,344 | 52,344 |
| Impact arising from adoption of MFRS 15 | - | (1,024) | (1,024) | (1,024) |
| At 1 January 2018, as restated | 40,096 | 11,224 | 51,320 | 51,320 |
| Profit for the period | - | 2,645 | 2,645 | 2,645 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income | - | 2,645 | 2,645 | 2,645 |
| Transactions with owners | | | | |
| Dividend paid | - | (1,650) | (1,650) | (1,650) |
| Total transaction with owners | - | (1,650) | (1,650) | (1,650) |
| At 30 September 2018 | 40,096 | 12,219 | 52,315 | 52,315 |

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 9 months ended 30 September 2019 RM'000 | For the 9 months ended 30 September 2018 RM'000 |
|--|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | 8,296 | 5,559 |
| Adjustments for: | | |
| Depreciation | 6,196 | 6,055 |
| Right-of-use assets amortisation | 14,651 | - |
| Lease interest | 2,195 | - |
| Other non-cash items | 2,961 | 2,827 |
| Operating profit before working capital changes | 34,299 | 14,441 |
| Changes in inventories | (5,301) | (2,806) |
| Changes in trade and other receivables | 1,687 | 703 |
| Changes in trade and other payables | (8,413) | (2,177) |
| Cash generated from operations | 22,272 | 10,161 |
| Tax refunded | 1 | - |
| Income taxes paid | (4,597) | (1,884) |
| Net cash generated from operating activities | 17,676 | 8,277 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (2,084) | (2,453) |
| Proceeds from disposal of property, plant and equipment | 41 | 134 |
| Purchase of other investment | (210) | - |
| Interest received | 152 | 112 |
| Dividend received from an associate | 210 | 210 |
| Net cash used in investing activities | (1,891) | (1,997) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Interest paid | (1,706) | (1,844) |
| (Placement)/Uplift of fixed deposits pledged to licensed banks | (605) | 1,165 |
| Net drawdown of banker's acceptance | 1,749 | 788 |
| Net repayment of hire purchase | (5,272) | (2,373) |
| Net repayment of term loan | (1,137) | (1,056) |
| Repayment of revolving credit | (1,957) | (374) |
| Dividend paid | (4,125) | (1,650) |
| Net cash used in financing activities | (13,053) | (5,344) |
| Net increase in cash and cash equivalents | 2,732 | 936 |
| Cash and cash equivalents at beginning of year | 1,533 | (1,359) |
| Cash and cash equivalents at end of period | 4,265 | (423) |

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

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

| | For the 9 months ended 30 September 2019 RM'000 | For the 9 months ended 30 September 2018 RM'000 |
|---|--|--|
| <i>Cash and cash equivalents comprise:</i> | | |
| Cash and bank balances | 4,114 | 2,541 |
| Fixed deposits with licensed banks | 6,144 | 4,957 |
| | <hr/> 10,258 | <hr/> 7,498 |
| Less : Bank overdraft included in borrowings | (1,079) | (3,644) |
| | <hr/> 9,179 | <hr/> 3,854 |
| Less : Fixed deposits pledged to licensed banks | (4,914) | (4,277) |
| | <hr/> 4,265 | <hr/> (423) |

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 third quarter ended 30 September 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 2017, except for the adoption of the following standards applicable to the Group's financial year beginning 1 January 2018.

| Title | Effective Date |
|---|---------------------------------|
| Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i> | 1 January 2018 |
| MFRS 9 <i>Financial Instruments (IFRS 9 as issued by IASB in July 2014)</i> | 1 January 2018 |
| MFRS 15 <i>Revenue from Contracts with Customers</i> | 1 January 2018 |
| Clarifications to MFRS 15 | 1 January 2018 |
| Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i> | 1 January 2018 |
| Amendments to MFRS 128 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i> | 1 January 2018 |
| Amendments to MFRS 140 <i>Transfers of Investment Property</i> | 1 January 2018 |
| IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i> | 1 January 2018 |
| Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance contracts</i> | See MFRS 4 Paragraphs 46 and 48 |

The initial application of the aforesaid applicable standards, amendments or interpretations, except for MFRS 9 Financial Instruments and MFRS 15 Revenue from Contracts with Customers, 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 |
|--|----------------|
| 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 |
| Amendments to References to the Conceptual Framework in MFRS Standards | 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 |

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

Notes to the Interim Financial Report for the third quarter ended 30 September 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 | | | |
| Right-of-use assets | - | 70,683 | 70,683 |
| Deferred tax assets | 247 | 5 | 252 |
| Non-current liabilities | | | |
| Lease liabilities | - | (49,292) | (49,292) |
| Deferred tax liabilities | (1,290) | 271 | (1,019) |
| Current liabilities | | | |
| Lease liabilities | - | (22,540) | (22,540) |
| Equity | | | |
| Distributable retained earnings | (17,184) | 873 | (16,311) |

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.

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

Notes to the Interim Financial Report for the third quarter ended 30 September 2019

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

A3. Seasonal or cyclical factors

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

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

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

A5. Material changes in estimates

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

A6. Changes in debts and equity securities

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

A7. Dividend paid

A single-tier interim dividend of 1.0 sen per share amounting to RM1,650,000 for the financial year ending 31 December 2019 was paid on 13 September 2019 to the shareholders of the Company whose names appear in the Record of Depository on 28 August 2019.

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.

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

Notes to the Interim Financial Report for the third quarter ended 30 September 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 period ended 30 September 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 | 122,095 | 2,375 | 13,204 | 7,463 | 145,137 |
| Less : Inter-segment | - | - | (19) | (6,550) | (6,569) |
| | 122,095 | 2,375 | 13,185 | 913 | 138,568 |
| Segment results | | | | | |
| Interest income | 11,032 | 951 | 452 | 6,234 | 18,669 |
| Interest expense | 552 | 115 | 31 | 13 | 711 |
| Share of profit in associates | (3,676) | - | (754) | (27) | (4,457) |
| Share of profit in associates | 245 | - | - | - | 245 |
| Share of loss in joint venture | - | - | (135) | - | (135) |
| | 8,153 | 1,066 | (406) | 6,220 | 15,033 |
| Less : Inter-segment | (670) | (114) | 505 | (6,458) | (6,737) |
| Profit/(Loss) before tax | 7,483 | 952 | 99 | (238) | 8,296 |
| Assets | | | | | |
| Segment assets | 187,114 | 4,912 | 12,500 | 50,786 | 255,312 |
| Investment in associates | 733 | - | - | - | 733 |
| Investment in joint venture | - | - | 23 | - | 23 |
| | 187,847 | 4,912 | 12,523 | 50,786 | 256,068 |
| Less : Inter-segment | (15,117) | (3,981) | - | (48,502) | (67,600) |
| Total assets | 172,730 | 931 | 12,523 | 2,284 | 188,468 |
| Liabilities | | | | | |
| Segment liabilities | 119,589 | 2,911 | 26,480 | 1,393 | 150,373 |
| Less : Inter-segment | (980) | (1,050) | (18,193) | (574) | (20,797) |
| Total liabilities | 118,609 | 1,861 | 8,287 | 819 | 129,576 |

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

Notes to the Interim Financial Report for the third quarter ended 30 September 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 period ended 30 September 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 | 115,352 | 2,353 | 10,335 | 2,686 | 130,726 |
| Less : Inter-segment | - | - | (17) | (1,650) | (1,667) |
| | 115,352 | 2,353 | 10,318 | 1,036 | 129,059 |
| Segment results | | | | | |
| Interest income | 7,572 | 924 | (1,558) | 1,671 | 8,609 |
| Interest expense | 509 | 115 | 29 | 9 | 662 |
| Share of profit in associates | (1,709) | - | (685) | - | (2,394) |
| Share of loss in joint venture | 307 | - | - | - | 307 |
| | - | - | (37) | - | (37) |
| | 6,679 | 1,039 | (2,251) | 1,680 | 7,147 |
| Less : Inter-segment | (444) | (127) | 645 | (1,662) | (1,588) |
| Profit/(Loss) before tax | 6,235 | 912 | (1,606) | 18 | 5,559 |
| Assets | | | | | |
| Segment assets | 129,779 | 5,080 | 9,794 | 49,549 | 194,202 |
| Investment in associates | 729 | - | - | - | 729 |
| Investment in joint venture | - | - | 226 | - | 226 |
| | 130,508 | 5,080 | 10,020 | 49,549 | 195,157 |
| Less : Inter-segment | (16,349) | (4,083) | (75) | (47,941) | (68,448) |
| Total assets | 114,159 | 997 | 9,945 | 1,608 | 126,709 |
| Liabilities | | | | | |
| Segment liabilities | 63,081 | 3,917 | 23,380 | 1,519 | 91,897 |
| Less : Inter-segment | (271) | (1,907) | (17,054) | (1,382) | (20,614) |
| Total liabilities | 62,810 | 2,010 | 6,326 | 137 | 71,283 |

The segmental information for the financial period ended 30 September 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 | 7,483 | 952 | 99 | (238) | 8,296 |
| MFRS 16 impact: | | | | | |
| - Lease rental | (15,186) | - | (747) | (179) | (16,112) |
| - Right-of-use assets amortisation | 13,802 | - | 685 | 164 | 14,651 |
| - Lease interest | 2,093 | - | 75 | 27 | 2,195 |
| | 709 | - | 13 | 12 | 734 |
| Profit/(Loss) before tax before MFRS 16 adjustment | 8,192 | 952 | 112 | (226) | 9,030 |

Geographical information

The Group operates only in Malaysia.

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

Notes to the Interim Financial Report for the third quarter ended 30 September 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 30 September 2019 are as follows:

| | As at 30-09-19 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 | 843 | 2 |
| - Approved but not contracted for | - | - |
| | 843 | 2 |

This represents capital commitment in respect of property and optical equipment.

A11. Subsequent event

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

A12. Change in composition of the Group

There was no change in composition of the Group during the current quarter.

A13. Change in contingent liability

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

A14. Related party transactions

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

| | Individual quarter | | Cumulative quarter | |
|---------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | 30-09-19 RM'000 | 30-09-18 RM'000 | 30-09-19 RM'000 | 30-09-18 RM'000 |
| Sale of eyewear and eye care products | 241 | 343 | 762 | 934 |
| Licensing fee | 34 | 41 | 111 | 119 |
| Rental of premises | 60 | 60 | 180 | 180 |
| | | | | |

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 third quarter ended 30 September 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

9-month ended 30 September 2019

Group revenue at RM138.6 million was 7% higher compared with RM129.1 million of the corresponding period. 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 RM8.3 million compared with RM5.6 million of the corresponding period. The outstanding performance was attributed to the overall improvement in operating results of the three (3) businesses. Consequently, the Group also recorded profit after tax of RM5.2 million, substantially higher compared with RM2.6 million of the corresponding period.

Optical and related products segment

Optical and related products segment recorded higher revenue at RM122.1 million compared with RM115.4 million of the corresponding period, representing an increase of 6%. Revenue contribution from the new outlets amounted to RM4.1 million, representing 4% of total retail outlet revenue. On existing outlets, revenue was 3% higher as compared with the corresponding period. Profit before tax ("PBT") at RM7.5 million was 20% higher compared with RM6.2 million of the corresponding period. The increase in PBT was attributed to attainment of higher revenue and rebate income.

Franchise management segment

Revenue at RM2.4 million was in line with the corresponding period. The segment recorded profit before tax at RM1.0 million, 4% higher compared with RM0.9 million of the corresponding period.

Food and beverage segment

This segment recorded revenue at RM13.2 million, 28% higher compared with RM10.3 million of the corresponding period mainly due to higher contribution from corporate sales which commenced in quarter 4, 2018.

Owing to higher sales and lower operating expenses, higher gross profit margin attained. Profit before tax at RM0.1 million was 106% higher compared with loss before tax of RM1.6 million of the corresponding period.

3-month ended 30 September 2019

Group revenue at RM46.9 million was 2% higher compared with RM46.1 million of the corresponding quarter, attributed to higher revenue attained mainly by food and beverage business. For Group profit before tax, it was recorded at RM2.4 million, 29% lower compared with RM3.4 million of the corresponding quarter, attributed mainly to the lower operating result of optical and related products business as a result of the adoption of MFRS 16, *Leases* in 2019 and offset by improved performance in operating results of food and beverage business.

Prior to the adjustment for the adoption of MFRS 16, *Leases*'s impact, profit before tax for quarter will be RM3.2 million which was 8% lower compared with RM3.4 million of the corresponding quarter as per below table:

| | Individual quarter | |
|--|---------------------------|-----------------|
| | 30-09-19 | 30-09-18 |
| | RM'000 | RM'000 |
| Profit before tax | | |
| MFRS 16 impact: | | |
| - Lease rental | 2,446 | 3,449 |
| - Right-of-use assets amortisation | (16,112) | - |
| - Lease interest | 14,651 | - |
| | 2,195 | - |
| | 734 | - |
| Profit before tax (before MFRS 16 adjustment) | 3,180 | 3,449 |

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

Notes to the Interim Financial Report for the third quarter ended 30 September 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 RM46.9 million was 2% higher compared with RM45.9 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 RM2.4 million, 8% lower compared with RM2.7 million of the immediate preceding quarter in view of lower profitability attained by the optical and related products and franchise management businesses.

B3. Prospect

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 10 new outlets (included 2 franchised outlets) in the first 9 months and targets to open 2 new outlets in the fourth quarter of 2019.

In respect of the food & beverage business, much emphasis would be placed on strengthening its operation and cost saving to further improve its performance. The Group is also active in expanding Komugi licensing business abroad and its corporate sales business. The Group opened 1 new own Komugi outlet and 4 new licensed outlets in overseas in the first 9 months and expecting to open 1 new licensed outlet in the fourth quarter of 2019.

Premised upon the above, the Group believes it can deliver a satisfactory performance for 2019.

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 | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 30-09-19 RM'000 | 30-09-18 RM'000 | 30-09-19 RM'000 | 30-09-18 RM'000 |
| Depreciation | 2,111 | 1,993 | 6,196 | 6,055 |
| Right-of-use assets amortisation | 5,260 | - | 14,651 | - |
| Bad debts written off | 157 | - | 187 | - |
| Impairment loss/(reversal of impairment loss) on trade and other receivables | 129 | 115 | (89) | 171 |
| Inventories written off | 117 | 102 | 349 | 308 |
| Inventories written down | 121 | 116 | 363 | 347 |
| (Gain)/loss on disposal of property, plant and equipment | (20) | 98 | 5 | 107 |
| (Reversal of impairment loss)/Impairment loss on property, plant and equipment | (42) | - | 116 | 151 |
| Property, plant and equipment written-off | 140 | 62 | 589 | 280 |
| Realised loss/(gain) on foreign currency transactions (net) | 36 | 58 | 37 | (50) |
| Net fair value gain on derivative | - | - | - | (2) |

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

Notes to the Interim Financial Report for the third quarter ended 30 September 2019

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

B6. Income tax expense

| | Individual quarter | | Cumulative quarter | |
|----------------------|--------------------|--------------------|--------------------|--------------------|
| | 30-09-19 RM'000 | 30-09-18 RM'000 | 30-09-19 RM'000 | 30-09-18 RM'000 |
| Current tax: | | | | |
| Current | 866 | 1,293 | 2,988 | 2,570 |
| Prior year | 315 | 356 | 315 | 356 |
| | <u>1,181</u> | <u>1,649</u> | <u>3,303</u> | <u>2,926</u> |
| Deferred tax: | | | | |
| Current | (79) | (19) | (183) | (12) |
| Total | <u>1,102</u> | <u>1,630</u> | <u>3,120</u> | <u>2,914</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 30-09-19 RM'000 | As at 31-12-18 RM'000 |
|-------------------------|-----------------------------|-----------------------------|
| Short term | | |
| Secured: | | |
| Banker's acceptance | 14,837 | 13,088 |
| Bank overdraft | 1,079 | 3,580 |
| Term loan | 1,566 | 1,554 |
| Hire purchase | 4,816 | 5,388 |
| Revolving credit | 1,004 | 2,961 |
| | <u>23,302</u> | <u>26,571</u> |
| Long term | | |
| Secured: | | |
| Term loan | 7,607 | 8,756 |
| Hire purchase | 4,323 | 3,655 |
| | <u>11,930</u> | <u>12,411</u> |
| Total borrowings | <u>35,232</u> | <u>38,982</u> |

The above borrowings were denominated in Ringgit Malaysia.

B9. Material litigation

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

B10. Dividend

No dividend was declared in the current quarter.

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

Notes to the Interim Financial Report for the third quarter ended 30 September 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 | |
|---|--------------------|----------|--------------------|----------|
| | 30-09-19 | 30-09-18 | 30-09-19 | 30-09-18 |
| Profit attributable to owners of the Parent (RM'000) | 1,344 | 1,819 | 5,176 | 2,645 |
| 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 | 0.73 | 0.99 | 2.82 | 1.44 |

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 28 November 2019.