

# **CHAIRMAN'S STATEMENT**

**On behalf of the Board of Directors (the "Board"), it is my pleasure to present the Annual Report together with the Audited Financial Statements of Focus Point Holdings Berhad (the "Company") for the financial year ended 31 December 2018.**

## CHAIRMAN'S STATEMENT

2018 was an eventful year for Focus Point Holdings Berhad as we witnessed full steam, the strategies which were put in place the last 24 months bearing fruits and results.

I am pleased to report that the Company has delivered a remarkable financial result notwithstanding a challenging market condition with a turnover of RM179.3 million and a profit before tax of RM10.9 million.

Being a major player in the retail sector, the Company have had to put up with rising rental, an influx of new and renovated malls, intense competition and also the advent of online platforms.

Thus, to bring focus back to our business, our fellow board members together with the management team and we have pushed through five main strategies so that we can have a more sustainable business:

1. Upgrading our malls in areas where population growth is still prominent;
2. Careful selection of our growth areas and launching our own e-commerce site;
3. Smarter procurement to match the changing lifestyle needs of our consumers;
4. Investing in human capital to support both our wholly owned and franchise business'; and
5. Aligning, and initiating cost management processes for managing and expanding the food and beverage business.

In 2019, we will see a further push of these strategies so that the Group will be a stronger footing when the economy lifts itself.

I would like to take this opportunity to thank the management team and my fellow board members for the results achieved in 2018 and look forward to your continuous support in 2019. Let's work together to retain our market leadership in vision care and work on expanding our food and beverage business carefully.

**Leow Ming Fong @ Leow Min Fong**  
**Independent Non-Executive Chairman**



**PRESIDENT**  
CHIEF EXECUTIVE OFFICER

**DATO' LIAW CHOON LIANG**  
President/Chief Executive Officer

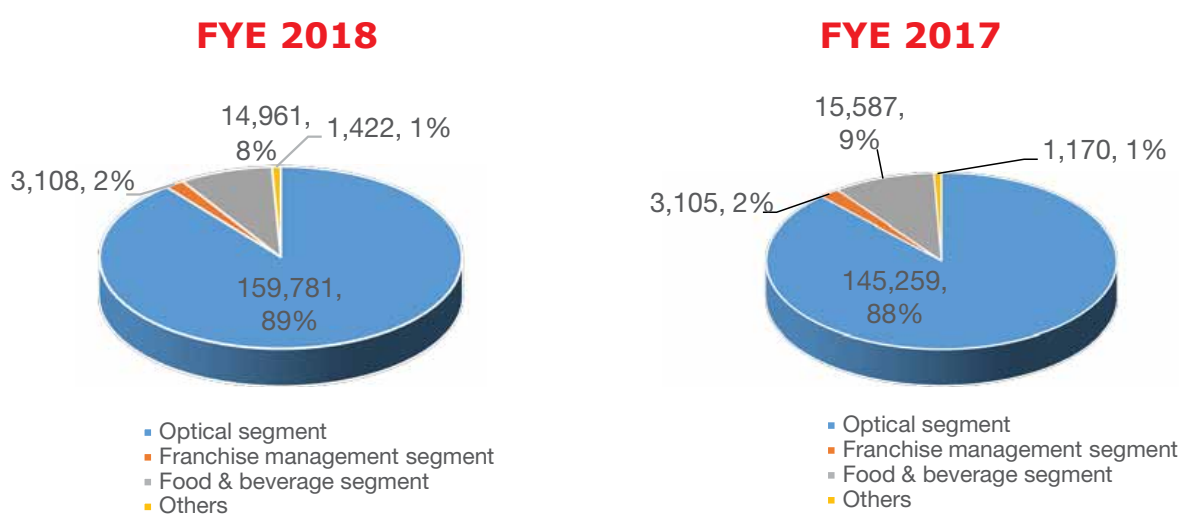
## MANAGEMENT DISCUSSION & ANALYSIS

The Group is principally engaged in the operation of professional eye care centres, trading of eyewear and eye care products, management of franchised professional eye care centres and provision of food and beverage services.

Providing the best vision care and eyewear services as well as upholding the highest standard in reliability, quality and professionalism are the major components of the Group's vision and strategies to maintain our leading optical brand name in the industry.

### Revenue review by segment

	FYE 2018 (RM'000)	%	FYE 2017 (RM'000)	%
Optical	159,781	89	145,259	88
Franchise management	3,108	2	3,105	2
Food & beverage	14,961	8	15,587	9
Others	1,422	1	1,170	1
<b>Total</b>	<b>179,272</b>	<b>100</b>	<b>165,121</b>	<b>100</b>



The Group recorded revenue of RM179.3 million, representing an increase of 9% over RM165.1 million of previous year. The increase was attributed to higher contribution from the optical business with the opening of 6 new outlets; revenue generated thereon was RM3.5 million, representing 2% of the optical business' total retail revenue. On existing outlets, revenue was 7% higher as compared to previous year. The franchise management business' revenue was in line with previous year at RM3.1 million. For the food & beverage business, revenue decline marginally by 4% due mainly to closure of two (2) outlets since November 2017 resulting in lower retail sales coupled with lower sales of products/materials to franchise outlets.

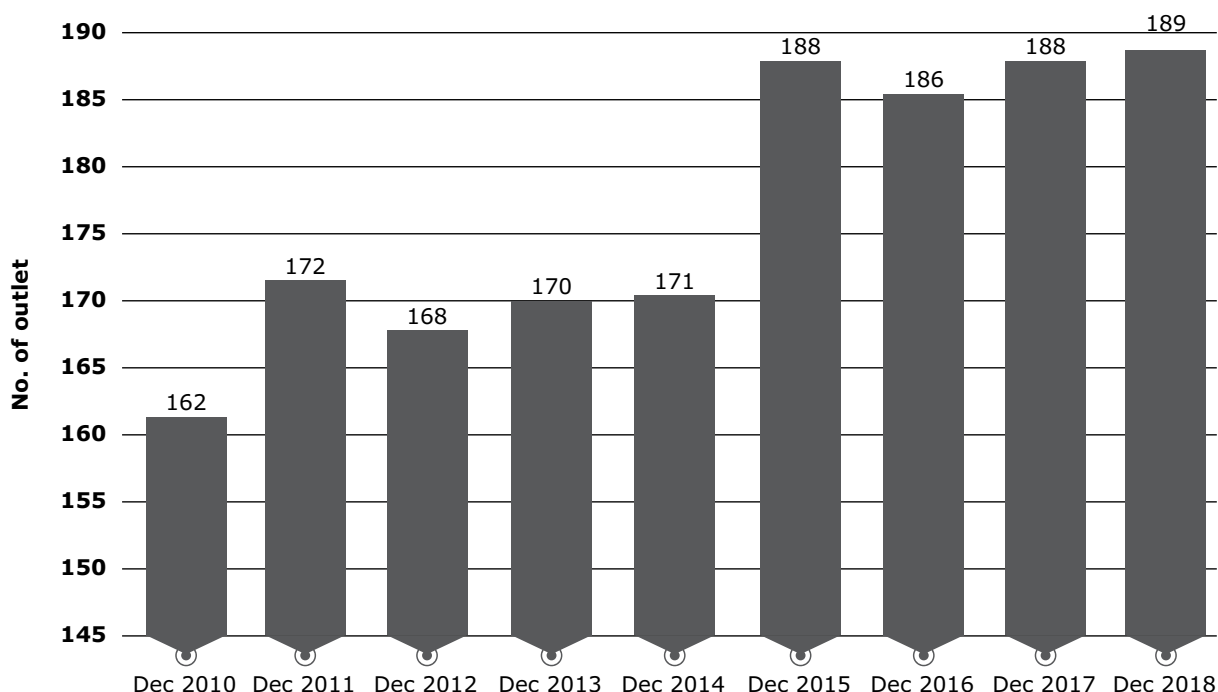
Management Discussion & Analysis  
(Cont'd)

**Profit/(Loss) review by segment**

	FYE 2018 (RM'000)	FYE 2017 (RM'000)
Optical	10,948	4,670
Franchise management	1,191	164
Food & beverage	(1,305)	(2,747)
Others	53	(176)
<b>Total</b>	<b>10,887</b>	<b>1,911</b>

Profit before tax ("PBT") stood at RM10.9 million, significantly higher compared with RM1.9 million recorded in previous year. The improved performance was due to improvement in operating results of the three (3) businesses, out of which the contribution from the optical and related products segment was most significant. The improved performance of optical and related products segment was attributed to the attainment of higher revenue and rebate income. For the franchise business, the better performance was mainly due to lower management fee incurred. The food & beverage business' operating loss reduced largely due to lower operating expenses incurred and higher gross profit margin attained.

**Total number of outlet**



## Management Discussion & Analysis (Cont'd)

The Group has grown its outlets continuously and we now have more store concept than before to cater for the needs of consumers. We will continue to invest in new store at the right location to enhance our market share.

### Financial position review

Total assets stood at RM128.4 million (2017 : RM129.8 million), representing a reduction of 1% due mainly to decrease in property, plant & equipment. Property, plant & equipment declined as a result of lower capital expenditure. Trade and other receivables recorded at RM25.1 million, fairly consistent with previous year. Inventories recorded at RM46.0 million, 2% higher compared with previous year due to carrying more quantities for certain potential brands. Shareholders' fund continued to remain resilient at RM57.3 million (2017 : RM52.3 million) while total borrowings declined to RM39.0 million from RM43.3 million of previous year due to lower bank overdraft & hire purchase. Other than bank borrowings, the Group has no other debt instrument. Trade and other payables decreased to RM26.1 million from RM29.5 million of previous year while net assets per share was 34.72 sen, marginally higher over 31.72 sen of previous year.

The Group incurred approximately RM8.0 million of capital expenditure during the year for opening and upgrading of outlets as well as additional capitalisation of properties through internally generated fund and external borrowings. Certain level of capital expenditure for 2018 has been approved by the Board and the Group will work within the said approved limit.

### Sustaining Momentum for Growth

The Group continued to expand its presence nationwide by embarking on aggressive marketing and promotional activities as well as opening new outlets at various locations to increase market share. In 2018, a total of 6 new outlets were opened while we also consolidated eight (8) under-performing outlets. We have to-date built 118 own-outlets comprising 102 Focus Point outlets and 16 Whoosh outlets. To-date, total number of franchise outlets is 71. These numbers are expected to grow continuously in the following year.

Apart from that, we continue to build cordial relationship with our local and international principals as well as shopping malls to maintain Focus Point's leading position in the market. It is through our commitment to deliver quality products and good customer service all these years that the brand has received good recognition from consumers. With the Group's geographical reach and number of outlets within Malaysia, we maintain as the largest retail chain of professional eye care centres in Malaysia.

Our e-commerce for optical business registered a notable sales growth in the year 2018. We have achieved 7% higher than budget and also grown 66% compared to the year 2017 in our online sales. This solid growth was mainly due to attractive promotion and implementing of effective digital marketing strategies to reach the targeted consumer segment.

Our immediate focus is to continue developing new features to optimise customer shopping experience at our website. We strive for excellent in our service and product delivery for the online customers and we expect growth to continue in the coming years.

In respect of the food & beverage business, locally, there are two (2) existing Komugi licensed outlets after closure of one (1) underperforming licensed outlet in Melaka during the year. The Philippines licensee continued to expand its outlets by opening four (4) outlets during the year bringing to a total of eleven (11) outlets. There is one (1) licensed outlet opened in Melbourne during the year. Both locally and in overseas, to-date there are fourteen (14) licensed outlets. For our own outlets, we wound down one (1) during the year; total number of own Komugi outlets to-date is 10. We will continue to expand the licensing business both locally and in overseas. The central kitchen of Komugi has attained HALAL certification status on 1 January 2018 and the outlets (by the trade name of Komugi and Fuwari) has also obtained their Halal certification in August 2018. This accreditation has enable us to garner a wider consumer market and also created opportunities for additional sales to corporate clients.

## Management Discussion & Analysis (Cont'd)

### Strategic Initiatives

We are pleased to inform that we have added an international high fashion brand, "Celine" to our selection of frame and sunglass for our customer during the year. This high quality brand feature exclusive combinations of colourful acetates which are vintage-inspired, timeless styles with updated shapes that range from sophisticated cat eye to squared designs, elegant yet distinctly unique.

To continuously improve our workforce, relevant programs have been provided internally and externally to further enhance the skills and knowledge of our optometrists and opticians, management team and operational staff. During the year, the Group has conducted the following training and seminar to its staff:-

- 2018 Focus Point National Sales Convention – "Together Everyone Achieves More"
- Trainee Manager Program
- 2018 Focus Point Optometrist Convention – "Go Beyond Average"
- Dry Eyes Workshop
- Continue Education Program for Eyecare Practitioners

The Group has invested sufficient optometrists and opticians who are qualified to dispense spectacles and contact lenses in our optical outlets. We are proud to reveal that we have the highest number of optometrists and opticians within Malaysia providing professional customer service to the consumers.

To promote product loyalty and lessen the rising cost of living, attractive discount is also given to staff who purchase the Group's products.

The Group practices environmental conservation and strives to be environmental friendly in conducting its business. As part of our effort to conserve natural resources, staff are encouraged to conserve energy, re-use and recycle where possible. The Group has started to apply LED lightings to outlets progressively to achieve higher lifespan and electrical efficiency, and more importantly to be environmental friendly.

As far as sustainability is concerned, the focus would be to balance economic, environmental and social (EES) with the interests of various stakeholders. A copy of the Group's sustainability policy is available from the Company's website at [www.focus-point.com](http://www.focus-point.com).

The Group has invested 45 outlets equipped to conduct primary eye care and 16 out of that with additional funduscopy and tonometry instruments. Primary eye care provides an entry point for patients to receive refractions and glasses or contact lenses, screenings for eye conditions or diseases, and referral to specialists when necessary.

## Management Discussion & Analysis (Cont'd)

### Prospect and Moving forward

Meanwhile, the Malaysia economy is forecasted to grow at 4.7% for year 2019 (4.9% : 2018). The key factor for the softer growth going forward was mainly due to government's declining development expenditure as well as lower public and private investment which could have an impact on consumer consumption and as a result, our customer spending habits may change.

On the positive note, the abolition of Goods and Service Tax ("GST") on 8 August 2018 has contributed positively to the retail industry which is the Group's core business. The reintroduction of Sales and Services Tax ("SST") on 1 September 2018 is not expected to affect retail market sentiment moving forward.

Against this economic environment, we will continue to:

- enhance our "Focus Point" brand positioning;
- improve our provision of professional eye-care services;
- strengthen our customer service skills; and
- refine our store concept and expanding our e-commerce business to remain competitive in the optical business.

In respect of our food & beverage business, we will continue to improve our productivity, product quality and customer service, build a wider customer base and timely launching of new bakery and pastry line to attract and retain patrons and corporate customers.

We are continuously evaluating suitable locations for our new outlets and also closely monitoring our underperforming optical and food & beverage's outlets in order to maintain and improve our market position.

We remain optimistic of our strategies and approach to maintain our positive financial performance moving forward.



## SUSTAINABILITY REPORT

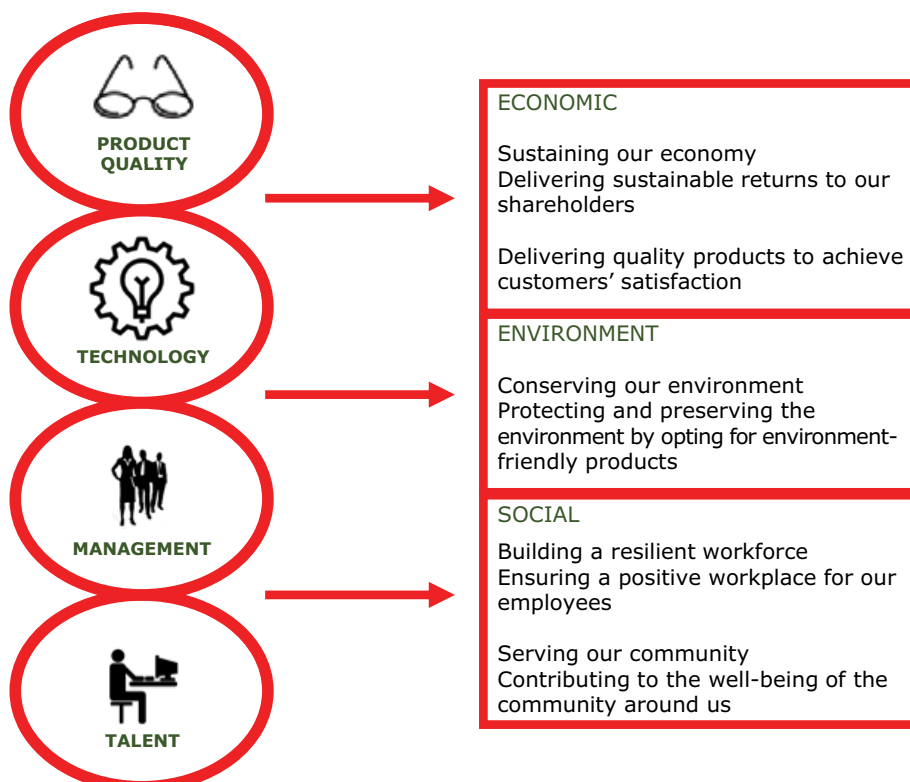
### OUR APPROACH

Sustainability has always been a pillar of the Group’s culture as we strived to achieve continuing growth and profitability in a safe, caring and sustainable environment. We recognise that sustainability practices are fast gaining importance as a criterion in investors’ investment decisions.

In this respect, as a responsible corporate citizen, our mission is to ensure high standards of governance across our business to promote responsible business practices, manage environmental impacts, and meet the social needs of the community in we which operate.



Focus Point Holdings Berhad (“Focus Point”)’s continued success in maintaining sustainable business and generating long-term shareholder value is influenced by several internal and external factors. Each material factor presents unique risks and opportunities to our organisation, and is a key consideration in our approach to strategies formulation and execution as it substantially influences the assessments and decisions of our stakeholders. We regularly review these factors to assess their impacts on our business model over the near, medium and long term.



Sustainability Report  
(Cont'd)

**OUR APPROACH (cont'd)**

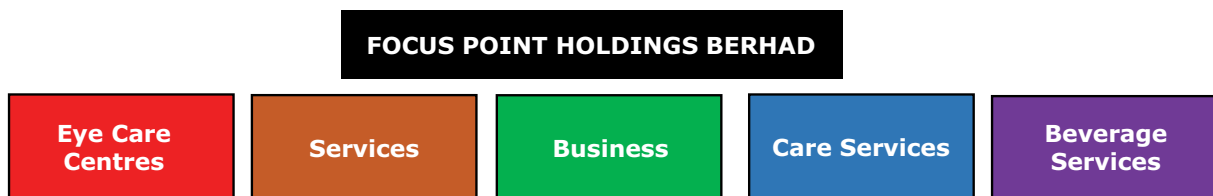
In this context, the Board has adopted Sustainability Policy with the commitment to achieve the following objectives:-

- To perform annual review of the Group’s sustainability practices and report on this on a regular basis;
- To reduce our energy and water utilisation by 2% every year on fair and compatible basis;
- To reduce our consumption of paper by 2% every year on fair and compatible basis;
- To promote awareness on paper recycle to produce less waste and increase recycling and environmental sustainability;
- To install and replace at least 10% each year of all the lighting of the Group with energy saving devices such as LED light bulbs whenever replacements of these are effected; and
- To regularly inspect the air-conditioning systems of all our office places so that the temperature setting conforms to the range of 22 – 25 degree Celsius.

**OUR SCOPE**

The statement covers Focus Point and its subsidiaries. Information disclosed in this Statement encompasses our activities related to eye care, hearing aid as well as food and beverage services as shown below.

This report cover data which had been compiled internally from 1 January 2018 to 31 December 2018. Where available and relevant, historical data of preceding year has been included for comparison.



**SUSTAINABILITY GOVERNANCE**

**Corporate Governance**

Sustainability is embedded in our organisational approach and is led from the top. The Board of Directors ("Board") plays a vital guidance and oversight role in advancing sustainability across the organisation with the assistance from the Senior Management to oversees the implementation of the organisation’s sustainability approach and ensures that key targets are being met.

The Board also acknowledges that risk management and internal control are integral to our corporate governance and that it is responsible for establishing a sound risk management framework and internal control system as well as to ensure their adequacy and effectiveness. The review of the adequacy and effectiveness of the risk management framework and the system of internal control is delegated by the Board to the Audit Committee. Asides, the Group’s performance is also tracked with the assistance of Nomination Committee and Remuneration Committee.

The responsibility of the Board to promote and embed sustainability in the Group includes overseeing the following:

- Stakeholders engagement;
- Materiality assessment and identification of sustainability risks and opportunities relevant to us; and
- Management of material sustainability risks and opportunities.

## Sustainability Report (Cont'd)

### Corporate Governance (cont'd)

#### Ethical Business Practices

The Board recognises the importance of ethical business conduct across the operations to maintain our stakeholders' trust. Code of Conduct and Ethics is established to achieve standard of ethical behaviour based on trustworthiness and values that can be accepted and uphold spirit of responsibility. Our Whistleblowing Policy, uploaded on our website, provides all stakeholders a direct channel for reporting instances of misconduct that contradict to our Code of Conduct and Ethics and/or other non-compliance offences.

#### STAKEHOLDERS ENGAGEMENT

We continued to engage our stakeholders actively throughout the financial year as part of our sustainability assessment process. Engagement with stakeholders allow us to gain better understanding on our materiality issues and matters. Whilst, we are also able to capture the key aspects and impacts of our sustainability journey. The table below lists our key stakeholder groups and their respective areas of interest as well as methods by which we engage them.

Stakeholders	Engagement Methods	Engagement Area
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>•Annual &amp; Extraordinary General Meetings</li> <li>•Bursa announcements</li> <li>•Annual &amp; Quarterly report</li> </ul>	<ul style="list-style-type: none"> <li>•Financial and operational performance</li> <li>•Corporate governance</li> <li>•Business direction</li> </ul>
<b>Government</b>	<ul style="list-style-type: none"> <li>•Compliances to laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>•Operations regulations</li> <li>•Bursa listing requirements</li> <li>•Companies Act &amp; Taxation</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>•Trainings</li> <li>•Performance appraisal</li> <li>•Team building activities</li> </ul>	<ul style="list-style-type: none"> <li>•Occupational safety &amp; health</li> <li>•Remuneration policy</li> <li>•Career development</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>•Marketing campaigns</li> <li>•Social media</li> </ul>	<ul style="list-style-type: none"> <li>•After-sales services</li> <li>•Quality assurance</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>•Quality audit on products</li> <li>•Contract negotiation</li> </ul>	<ul style="list-style-type: none"> <li>•Products' quality</li> <li>•Supply commitment</li> </ul>
<b>Communities</b>	<ul style="list-style-type: none"> <li>•Community events</li> </ul>	<ul style="list-style-type: none"> <li>•Social contribution</li> <li>•Donation and financial aid</li> </ul>

#### MATERIAL SUSTAINABILITY MATTERS

##### Economic

##### Shareholders

Our shareholders are the ultimate owners of the Company and as such, they are entitled to timely and quality information on the Group's financial performance and position. Apart from the Annual General Meeting where shareholders are encouraged to ask questions to the Board and Executive Management on business operations, and the financial performance and position of the Group, the Group's corporate website at [www.focus-point.com](http://www.focus-point.com) also provide a link on investor relations where quarterly and annual financial statements, announcements, financial information, annual reports, circulars/statements to shareholders and other pertinent information are uploaded on a timely basis when available.

##### Customers & Products

The Group is committed to see that not only our shareholders' interests are taken of but also those of our customers and suppliers. In this regard, the Group values its customers as they are a major reason for its profitability.

Sustainability Report  
(Cont'd)

**MATERIAL SUSTAINABILITY MATTERS (cont'd)**

**Economic (cont'd)**

**Customers & Products (cont'd)**

The Group placed great importance in providing quality assurance on eye wear and the professionalism of our optometrist/optician. The Group is proud to assure that the products carried by the Group are 100% authentic. As such, to provide additional assurance to the customer, one year warranty are given for our eye wear.

Our emphasis on authentic product, and efficient and reliable customer service, has accorded us with our industry reputation as a trusted and reliable distributor of professional eye wear. Apart from that, we continue to build cordial relationship with our local and international principals as well as shopping malls to maintain Focus Point's leading position in the market.

CUSTOMERS' SATISFACTION
Internationally recognised best practices and international quality accreditation
Experienced management and equipped with industry knowledge, extensive technical support and comprehensive training services
Reliable customer service
Efficient after-sales service, create an integrated and resilient workforce

While for our food and beverage division, we are proud to share that our central kitchen has obtained the Halal certificate since January 2018 and subsequently our outlet by the trade name of "Komugi" and "Fuwari" has obtained the same on August 2018. All of our products are Halal certified and complied with requirements of Malaysia Standard (MS 1500 : 2009) and Halal Manual Certification by Jabatan Kemajuan Islam Malaysia (JAKIM). Pursuant to this, Internal Halal Committee has been established with the mission of:

- Foods produced are handled and processed in a hygienic and safe environment;
- Foods produced are safe to be consumed & which is not intoxicating or hazardous to health; and
- Foods produced are free from any forbidden animals or any parts from it.

**Suppliers**

To our suppliers, we are committed to enhance our processes and engaging with our suppliers to identify and manage risks, increase productivity and efficiency within the supply chain, underpinned by values of integrity and transparency. We look to create value, by looking for opportunities to collaborate and to share best practices with our suppliers. In respect of this, every specification and materials involved in the procurement process are being closely monitored. Hence, our suppliers are filtered through careful selection ensuring only the one with specific criteria met are engaged.

**Environment**

**Products**

Although we generally do not generate any major environmental concerns, the Group is conscious of complying with all applicable environmental laws, guidelines and regulations. With the rising awareness on eco-friendly practices, consumers are opting for environment-friendly products. Thus, the Group is continuously sources for the latest technology products which recyclable.

**Energy and Water Saving Initiatives**

Action has been taken to reduce the overall energy consumed by lighting. Where lighting in and around our office facilities and corridors need to be replaced, we have converted them to LED. The process is on going and on stages. Furthermore, management will be initiating the provision of reminders to switch off lighting when not in use.

## Sustainability Report (Cont'd)

### **MATERIAL SUSTAINABILITY MATTERS (cont'd)**

#### **Environment (cont'd)**

##### **Energy and Water Saving Initiatives (cont'd)**

Water is a limited resource, and as the world continues to advance and the global population continues to grow, an increasing strain is being placed on the supply of clean water. Water conservation is therefore an area that our Group is works hard on, both improving the efficiency with which we use our water, as well as working to educate our employees and the public about the need to conserve it.

##### **Waste Management**

Paper recycling initiatives are already in progress by encouraging the employees to prioritise electronic means to share and store documents, and to reduce printing or photocopying, otherwise, to use double sided printing. Additionally, other material such as furnishing and fixture are recycled or reused where possible.

#### **Social**

##### **Employees**

We are made up of people with vast experience and industry background. Building capability is key, hence we proactively provide opportunities for growth and development for talent in the organisation through targeted development plans and succession planning. Ensuring our long term sustainability, we continuously invest time and effort in recruiting (internal and external), upskilling, engaging and rewarding talents/employees of the organisation accordingly.

For critical and leadership roles, succession planning is vital to our long-term performance as part of our Group's sustainability move. The succession planning across the Group is implemented by stages and training programmes are designed specifically for management staff.

Apart from promoting safety and good health, motivation is an essential part of the Group's responsibility to our employees. Maintaining a healthy work-life balance is important for employee well-being and it can contribute towards greater productivity and performance. In the HQ, the Group had a wellness room with Yoga and Zumba class ongoing every Wednesday and Thursday. This creates the sense of belonging and promotes work-life balance to the employees.

In addition to the day-to-day motivation measures, it is the Group's tradition to have an Annual Dinner for our employees to mingle and celebrate the year past. The Annual Dinner for 2018 was held at Tropicana Golf and Country Resort on November 2018.



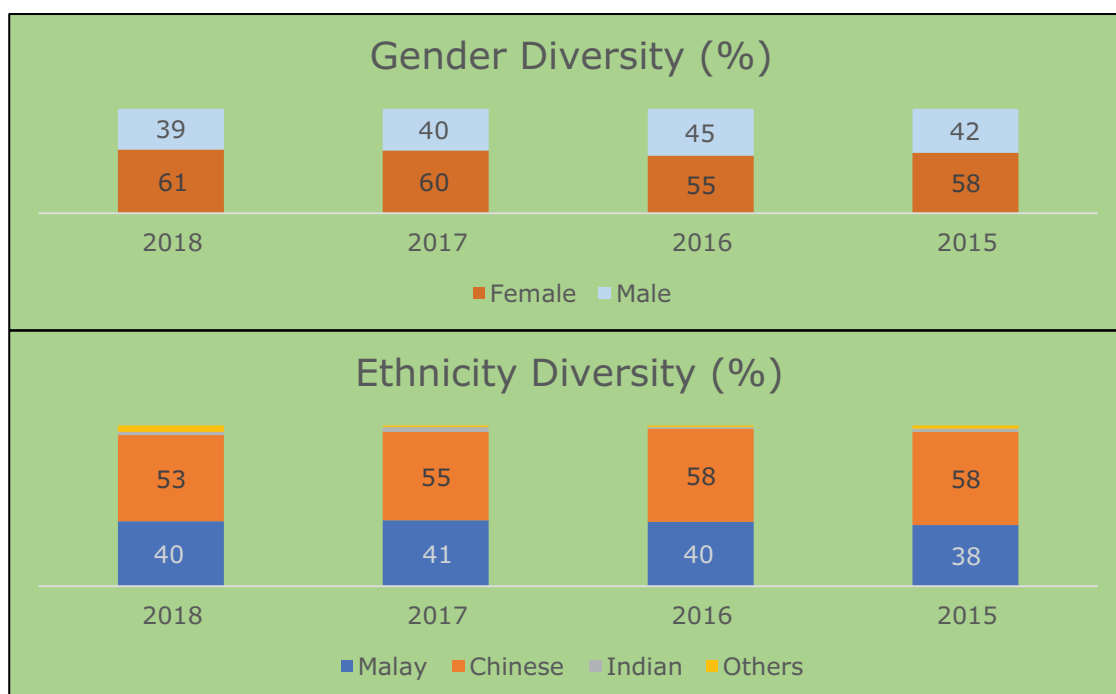
In Focus Point, employees are our greatest assets. We will continue to focus on human capital development to nurture our employees to their full potential. Training programs for skill development and improvement are conducted for our employees so that they can execute their roles and responsibilities efficiently as well as for their personal career development. For our eye-care professionals (optometrist and optician), the Group will ensure continuous training are provided to obtain Continuing Professional Development (CPD) points for annual report certificate renewal.

**MATERIAL SUSTAINABILITY MATTERS (cont'd)**

**Social (cont'd)**

**Employees (cont'd)**

We are conscious of the need to maintain our edge as a preferred and fair employer. We are proud to comprises a mix of employees from different genders, age groups and ethnicity. We also practising non-discrimination regardless of race, caste, national origin, religion, marital status and political affiliation. The following chart demonstrates that the Group had shows a balance mix of gender and race throughout the years.



Having a diverse team of employees, across gender and industry experience, encourages open-minded dialogues, broadens our positive influence and reach, helps bridge gaps, and brings in new perspectives and strategies.

Every employee is given equal opportunity to rise up in their careers through hard work and dedication. We also place great importance on hiring the right candidate for the right job. As part of our succession planning, we focus continuously on attracting quality talents who best fit our job requirements and complement our work culture.

**Community**

Helping the less fortunate members of our community is our way of giving back to society. Our Group strongly believes in giving back to the society and started the Focus Point Caring Hearts Charity Foundation. On annual basis, the Group organise the World Sight Day to create awareness on blindness, visual impairment and rehabilitation of the visually impaired. In October 2018, the Group launched a thirteen (13) days event on World Sight Day 2018 campaign – “Eye Care Everywhere”, a holistic Corporate Social Responsibility campaign aimed at advocating eye and vision care amidst rising vision impairment and eye problem incidences in the country. This event offered a kaleidoscopic range of holistic activities to encourage Malaysians to care for their eyes and vision.

World Sight Day is a global awareness initiative coordinated by the International Agency for the Prevention of Blindness and the effort for universal eye health which in line with the World Health Organisation’s Action Plan 2014 – 2019.

## Sustainability Report (Cont'd)

### MATERIAL SUSTAINABILITY MATTERS (cont'd)

#### Social (cont'd)

##### Community (cont'd)

In conjunction with the World Sight Day Campaign, our Group has partnered with the Global Peace Foundation Malaysia to raise funds for the purpose of supporting the Orang Asli communities in Chini Pahang, with water filters that will ensure over three hundred (300) people in the community have better access to clean water. In tandem with this, Focus Point has organised free eyesight screenings for the Orang Asli community and donated eyeglasses that benefited over five hundred (500) people in Ulu Geroh, Gopeng.



For the 13th time and on humanitarian causes, Focus Point has on 4 November 2018 joined force with our Caring Heart Foundation and Lions Club of KL Bukit Kiara to organise blood donation drive at The Curve, Mutiara Damansara. This noble act was participated by staff of Focus Point and our customers. More than one hundred (100) people participated in the event donating a pint of blood.



Focus Point has on 10 December 2018 hosted a fund-raising charity event - Miss Focus Point Dazzling Charity Ball incorporating a subsidiary title show from Miss Tourism International 2018 World Final's 43 delegates at Tropicana Golf & Country Club. Focus Point has always devoted to philanthropy, hence, in conjunction with this special occasion, Focus Point Caring Hearts Charity Foundation has donated RM50,000 cash to nine (9) charitable organizations and/or homes in aid for the underprivileged communities. The contribution had been made to the following organisation or foundation:

- Lovely Nursing Centre
- Pertubuhan Kebajikan Anak-Anak Yatim
- OKU Mesra Petaling Jaya
- Pusat Jagaan Cahaya Kasih Bestari
- V Care For You Home
- Persatuan Kebajikan Amal Da Ai Malaysia
- Persatuan Kebajikan Kanak-Kanak Terencat Akal Malaysia
- Pusat Jagaan Kanak-Kanak WP
- Pertubuhan Membantu Pesakit Parah Miskin Malaysia

Sustainability Report  
(Cont'd)

**MATERIAL SUSTAINABILITY MATTERS (cont'd)**

**Social (cont'd)**

**Community (cont'd)**



As an annual programme, the Group has been undertaking good initiative by providing free eye screening to schools since 2012. During the year, four (4) schools were visited, more than eight thousand (8,000) students screened and some eyewear were sponsored to those who needed them. It has been always our intention to assist students in their growth and development into independent and healthy people.



**OUR COMMITMENT**

As a responsible corporate citizen, the Group shall endeavour to undertake sustainable and responsible practices to add value to sustainable business growth, environmental stewardship and social responsibility.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (the "Board") of Focus Point Holdings Berhad (the "Company") is committed to uphold high standard of corporate governance. The Board acknowledges the importance of corporate governance in enhancing integrity and delivering long term sustainability as well as creating economic value for its shareholders.

This statement describes the extent of how the Company has applied and complied with principles and best practices of corporate governance established by ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Malaysian Code on Corporate Governance ("MCCG") issued by Securities Commission Malaysia.

This corporate governance overview statement is prepared in compliance with Paragraph 15.25 (1) of the Listing Requirement of Bursa Securities and it is to be read together with the Corporate Governance Report 2018 ("CG Report") which detailed the application of each Practice of MCCG. The CG Report is available on the Group's website at [www.focus-point.com](http://www.focus-point.com). The key focus areas of the Group's Corporate Governance practices are further described below.

The Board are of the opinion that for financial year ended 31 December 2018, the Company complied with the principals and practices as set out in the MCCG, apart from departures on the following practices:-

- Practice 4.1 - At least half of the Board comprised independent Directors
- Practice 6.1 - Disclosure of the Company's policies and procedures to determine the remuneration of Directors and Senior Management
- Practice 7.2 - Disclosure on a named basis of the Company's top five Senior Management's remuneration component
- Practice 11.2 - Large companies are encouraged to adopt integrated reporting based on a globally recognised framework

The Company has provided clear explanations for the non-application of the departed Practices in the Corporate Governance Report. The Board comprehends the Intended Outcome envisaged by the MCCG and has adopted alternative measures that would deliver similar outcomes. The Board will undertake an appropriateness assessment to evaluate the adoption of the departed Practices as it is the Board's foremost priority to ensure corporate governance practices are aligned to the needs of the Company from time to time.

### A) Board Leadership and Effectiveness

#### Board Responsibilities

The Board assumes responsibility for leading and controlling the Group towards realising long term shareholders' value. The Board has overall responsibilities for corporate governance, formulating strategic direction, reviewing and approving business plan, formulation of policies, overseeing investments and conduct of the Company's businesses, risk management, succession planning, developing and implementing investor relations as well as reviewing the adequacy and integrity of internal controls.

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

The terms of reference of the three Board Committees were revised to be in line with the amended Listing Requirements and MCCG and the revised terms of reference was approved by the Board on 26 February 2018 and 12 April 2018.

## Corporate Governance Overview Statement (Cont'd)

### Board Balance

Rules 15.02 of the Listing Requirements of Bursa Securities states that at least two (2) directors or one third of the directors, whichever is higher, shall be Independent Non-Executive Directors. The Company has fully complied with this requirement as the Board currently has six (6) members, comprising a President/Chief Executive Officer, two (2) Executive Directors, one (1) Non-Independent Non-Executive Director, one (1) Independent Non-Executive Director and one (1) Independent Non-Executive Chairman. 33% of the Board are made up of Independent Non-Executive Directors. There are two (2) female directors which makes up of 33% of the Board.

The roles of the Chairman and the President/Chief Executive Officer are separated and clearly defined to ensure that there is a balance of power and authority. The Board is led by Mr Leow Ming Fong @ Leow Min Fong as Independent Non-Executive Chairman whilst the executive management of the Company is led by Dato' Liaw Choon Liang, the President/Chief Executive Officer.

The Independent Non-Executive Chairman leads strategic planning at the Board level whilst the President/Chief Executive Officer is generally responsible for the implementation of policies laid down and making executive and investment decisions including but not limited to the following:

- implementing Board's decisions relating to strategies and policy matters;
- overseeing management's performance; and
- supplying timely, accurate and clear information of business and financials to the Board.

In discharging his duties, the Chief Executive Officer is supported by the heads of departments ("HODs") who are principally responsible for their own departments' activities. The HODs report directly to the Chief Executive Officer on day-to-day businesses and are given specific threshold of authority relating to their own departments' activities. Beyond that specific authority, Chief Executive Officer's approval is required.

As a whole, the Board's principal functions include the following:

- approves the Group Business plan and strategic plan;
- oversees the Group's business operation and financial performance against approved business plan;
- ensures that internal control system, risk management, financial control and operational control are in place and properly implemented; and
- undertakes various functions as directed by regulatory authorities from time to time.

The Board, as a whole, reviewed all the matters brought up to its attention during the Board meeting. Through reviewing the Board papers and seeking clarification from the management, the Board was satisfied that important issues relating to the Group were adequately dealt with. During the year, follow-up action, where appropriate, was carried out by the management pursuant to the Board meeting to address issues raised by the Board and the same were reported to the Board in the following meeting.

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

The Board is of the opinion that its current composition is fairly balanced to ensure long-term interest of shareholders, employees, customers and other stakeholders are safeguarded. Mr Leow Ming Fong @ Leow Min Fong, the Independent Non-Executive Chairman of the Company will have served the Company for a cumulative term of ten (10) years on 31 March 2020. The Board had via the Nomination Committee conducted an annual performance evaluation and assessment of Mr Leow Ming Fong @ Leow Min Fong and concluded that he met the independence criteria as set out in the Listing Requirements of Bursa Securities. The Board resolved to seek shareholders' approval for Mr Leow Ming Fong @ Leow Min Fong to continue serving as an Independent Non-Executive Chairman of the Company based on the justification as disclosed in the CG Report.

## Corporate Governance Overview Statement (Cont'd)

### **Board Balance (Continued)**

The Board recognises diversity as an important part of the criteria that are used to determine board composition and to ensure that different perspectives are considered for board effectiveness and strength. Board diversity includes gender, ethnicity, age, business experience and personal skills.

The Company's Board Diversity Policy has been developed and adopted by the Board on 22 August 2017, a copy of which is available from the Company's website at [www.focus-point.com](http://www.focus-point.com).

### **Board Charter**

The Board has adopted the Board Charter on 16 April 2013 and shall undertake periodic review on it. The Board Charter was revised to be in line with the Companies Act 2016 and amended Listing Requirements as well as MCGG and approved by the Board on 12 April 2018. It is available from the Company's website at [www.focus-point.com](http://www.focus-point.com).

The objectives of the Company's Board Charter are to ensure that all Board members are fully aware of their roles and responsibilities as Board members and the various regulations that may have an impact on the discharge of the Board's responsibilities. In pursuit of the principles set out in this Board Charter, the Board shall commit to employ the principles of integrity, transparency and professionalism to ensure that the principles of good corporate governance are applied in all of the Group's business dealings in respect of its shareholders and relevant stakeholders and that the shareholders' investment and value as well as the interests of stakeholders are safeguarded.

The succession planning for senior management positions is currently under review by the Board and management.

### **Code of Conduct and Ethics ("CCE") for Directors**

The Board is committed to adhere to the company directors' Code of Ethics established by the Companies Commission of Malaysia. With reference to the above, the Board has established a CCE for directors and senior management on 16 April 2013 with the objective to ensure high standards of business conduct and ethical behaviour which the directors and senior management should possess in discharging their duties and responsibilities, and to enhance their high standards of personal integrity and professionalism.

The CCE for Directors and senior management in respect of their behaviour was adopted by the Company on 16 April 2013 and shall be reviewed by the Board periodically. This CCE is available from the Company's website at [www.focus-point.com](http://www.focus-point.com).

The Board will ensure implementation of internal system to support, promote and ensure compliance with the CCE.

During the year, the Board adopted a Whistleblowing Policy where directors or employees are able to report violations of laws, rules and regulations or the Company's CCE or potential ethic violations.

### **Board Meetings and Supply of Information to the Board**

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

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

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

Corporate Governance Overview Statement  
(Cont'd)**Board Meetings and Supply of Information to the Board (Continued)**

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

<b>Directors</b>	<b>Total number of meetings attended by directors</b>
Dato' Liaw Choon Liang	5/5
Datin Goh Poi Eong	5/5
Leow Ming Fong @ Leow Min Fong	5/5
Datin Sim Swee Yoke	5/5
Dato' Syed Kamarulzaman bin Dato' Syed Zainol Khodki Shahabudin	5/5
Kelvin Liaw Kai Xuan	5/5

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

The Executive Directors, together with the Group's management, have regular meetings where operational details and other issues are discussed and considered. Board and Board Committee meetings are scheduled one (1) year in advance and an annual corporate calendar with an indication of meeting dates is circulated to the Board to facilitate their time planning.

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

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

The Board is supported by suitable qualified and competent company secretaries who provide sound governance advices and facilitate overall compliance with the Listing Requirements of Bursa Securities, Companies Act 2016 and other relevant laws and regulations. Both the company secretaries are qualified, suitable and capable of carrying out the duties required as they are members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). The details of the roles and responsibilities of the company secretaries are disclosed in the CG Report.

**Nomination Committee**

The Nomination Committee ("NC") comprises solely Non-Executive Directors of which majority are Independent Directors and its composition is as follows:

- Leow Ming Fong @ Leow Min Fong - Chairman
- Datin Sim Swee Yoke - Member
- Dato' Syed Kamarulzaman bin Dato' Syed Zainol Khodki Shahabudin - Member

The Chairman of the NC is the Senior Independent Non-Executive Director of the Company.

## Corporate Governance Overview Statement (Cont'd)

### Nomination Committee (Continued)

The NC meets twice a year. During the financial year, the NC held two (2) meetings with full attendance to discuss the following matters:-

- Carried out assessment contribution and performance of the Board as a whole, the Committees of the Board and individual director including assessment on independence of the Independent Directors through self-assessment and peer-assessment practice. Appraisal forms which encompass a wide range of questionnaires, including but not limited to professionalism, availability, business knowledge, industry knowledge, meeting attendance, Board participation, composition, relevant skill and experience are distributed to the Directors for their input and completion. Based on the outcome of the assessment, the NC deliberates the scores obtained by individual director, Board Committee as well as the Board as a whole to determine if there is any further improvement to be made and relevant training to be recommended. The Board is satisfied with the contribution and performance of individual director. The Independent Directors also comply with the criteria of independence based on the Listing Requirements of Bursa Securities.
- Reviewed the proposal on re-election of Directors retired in accordance with the Company's Constitution.
- Adopted the AC evaluation Form and carried out performance assessment of the AC.
- Reviewed the terms of reference of NC in line with the Listing Requirements of Bursa Securities.

The NC also oversees the overall composition of the Board in terms of the appropriate size and skills as well as the balance between Executive Directors, Non-Executive Directors and Independent Directors, and mix of skills and other core competencies required to be deemed fit and proper to be appointed as directors in accordance with the Listing Requirements of Bursa Securities and MCCG issued by Securities Commission Malaysia through annual reviews.

The Board, assisted by the NC, considers the following aspects and processes for Board nomination and election.

- identification of candidate;
- evaluation of suitability of candidate;
- meeting up with candidate;
- final deliberation by NC; and
- recommendation to the Board.

The Directors are required to notify the Chairman on the Board before accepting any new directorship and to indicate the time expected to be spent by the new appointment. In this respect, Directors are at liberty to accept other board appointments (outside the Group) so long as the appointment is not in conflict with the business of the Group and that it would not detrimentally affect his or her performance as a board member of the Company. The Board is satisfied with the level of time committed by its members in discharging their duties and roles as directors of the Company for the time being.

The full details of the NC's Terms of Reference are published in the Company's website at [www.focus-point.com](http://www.focus-point.com).

### Appointment to the Board

The selection of new director is done via nomination by major shareholder or holding company or recommendations from management/existing directors prior to approval by the Board. New Board member is to be appointed by appropriate recommendation from the Nomination Committee, which oversees the selection and assessment of directors for the Board's consideration and decision of the full Board. The assessment on new Board member is based on gender, age, mix of skills, character, experience, integrity, competence and time commitment.

Newly appointed director is expected to declare his/her time commitment to the Board, and if he/she sits in other listed corporations as a director, and to notify the same to the Chairman.

The number of directorships in listed corporations held by any Board member at any one time shall comply with the Listing Requirements of Bursa Securities. Currently all the directors of the Company hold not more than five (5) directorships in public listed corporations.

Corporate Governance Overview Statement  
(Cont'd)**Appointment to the Board (Continued)**

To facilitate the directors' time planning, a corporate calendar is prepared and circulated to all the directors in advance of each new year. The corporate calendar provides directors with the scheduled dates for meetings of the Board, Committees of the Board, the Annual General Meeting and the closed periods for dealings in securities by the directors based on the targeted dates of announcement of the Company's quarterly results.

**Re-election of Directors**

In accordance with the Company's Constitution, one third (1/3) of the Board, including the President/Chief Executive Office, shall retire from office and be eligible for re-election at each Annual General Meeting ("AGM") and all the directors including the President/Chief Executive Officer shall retire from office once in every three (3) years but shall be eligible for re-election.

The director appointed by the Board during the financial year shall be subject to retirement and re-election by shareholders in the next AGM held following his/her appointment.

The NC assessed the performance of all the Directors particularly the Directors who are standing for re-election at the 9<sup>th</sup> AGM. The NC found that they met the criteria of character, experience, integrity, competence and time to effectively discharge their respective roles as Directors as prescribed by the Listing Requirements of Bursa Securities.

**Directors' Training**

The Board recognises the importance of continual education for its members to gain an insight into statutory and regulatory updates, as well as developments in the industry and business environment within which the Group operates, and is committed to ensure that its Directors are equipped with the appropriate knowledge and skills through formal and informal training/briefings to keep abreast with recent developments in laws, regulations and industry.

In consultation with the NC, the individual director is well aware of his or her own training needs and is committed to participate in relevant training program to further enhance his/her own knowledge.

The Board is notified of a series of training programmes or workshop conducted by Bursa Securities for its consideration of participation and the Board receives updates of the regulations and laws from his/her own sources or the company secretary from time to time.

Conferences, seminars and training programmes attended by directors during the year are set out below:

Director	Name of conferences, seminars and training programmes	Date
Leow Ming Fong @ Leow Min Fong	LCD 1 – Listed Company Director Essentials	24 January 2018
	A.I and Machine Learning for Transforming SMEs: How Accountants Can Become Trusted Advisors for their Clients	17 April 2018
	Accounting for Agriculture Sector: For both Private and Non-Private Entities	27 June 2018
	2-day Training on Risk-based Internal Audit and Fraud Investigations for Internal Auditors of Canadia Bank PLC	19 & 20 July 2018
	Advocacy Programme on CG Assessment (Malaysian PLCs)	9 August 2018
	Preparing for Malaysia's New Sales and Service Tax 2.0	28 August 2018
Dato' Liaw Choon Liang	Strategic thinking and planning	1 August 2018

## Corporate Governance Overview Statement (Cont'd)

### Directors' Training (Continued)

Director	Name of conferences, seminars and training programmes	Date
Datin Goh Poi Eong	ICDM: "Would a Business Judgment Rule Help Directors Sleep Better at Night?"	17 December 2018
Kelvin Liaw Kai Xuan	Strategic thinking and planning	1 August 2018
	ICDM: "Would a Business Judgment Rule Help Directors Sleep Better at Night?"	17 December 2018
Datin Sim Swee Yoke	Bursa Malaysia: Sustainability Reporting Workshops for Practitioners 2018	17 July 2018
	Bursa Malaysia & MSWG: Advocacy Programme On CG Assessment Using The Revised ASEAN CG Scorecard Methodology	9 August 2018
	Bursa Malaysia & IIA Malaysia: International Professional Practices Framework for Audit Committee	28 August 2018
	Bursa Malaysia: Case Study Workshop Rethinking - Independent Directors: Board Best Practices	5 September 2018
	ICDM: "Would a business judgment rule help directors sleep better at night?"	17 December 2018
Dato' Syed Kamarulzaman bin Dato' Syed Zainol Khodki Shahabudin	MIA: Governance for the Audit Committee Members	27 June 2018
	Kongres Masa Depan Bumiputera dan Negara	1 September 2018
	Introduction To Corporate Liability Provision : 'What It Is, How Will My Company Be Affected, and What Do I Need To Put In Place By Way Of Safeguards?'	6 September 2018
	PNS: Ethics & Integrity Programme by Malaysian Institute of Integrity	24 October 2018

The directors shall continue to attend relevant seminars and courses annually to further enhance and update their skills and knowledge and to keep abreast with developments in the dynamic business environments.

### Directors' Remuneration Policies and Procedures

The Remuneration Committee ("RC") reviews the remuneration of directors annually and submits its recommendations to the Board, taking consideration their contributions throughout the year. The RC will also ensure that payments are competitive to attract and retain directors and in tandem with the Group's corporate objectives, culture and strategy. In the case of President/Chief Executive Director and Executive Directors, the component parts of remuneration are structured so as to link rewards to corporate and individual performance, and involve a balance between fixed and performance link elements. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular non-executive concerned.

The composition of the RC comprises exclusively Non-Executive Directors with a majority of whom must be independent is as follows:

- Datin Sim Swee Yoke - Chairman
- Leow Ming Fong @ Leow Min Fong - Member
- Dato' Syed Kamarulzaman bin Dato' Syed Zainol Khodki Shahabudin - Member

Corporate Governance Overview Statement  
(Cont'd)**Directors' Remuneration Policies and Procedures (Continued)**

The RC meets at least once a year and whenever required. In 2018, one meeting was held with full attendance.

The functions of the RC shall:

- Establish formal and transparent Board remuneration policies and procedures; and
- Recommend to the Board, the remuneration of Executive Directors in all its forms, drawing from outside advice as necessary and Executive Directors shall play no part in decisions on their own remuneration.

Determination of remuneration packages of the Independent Non-Executive Directors shall be determined by the Board as a whole and the individuals concerned should abstain from discussing their own remuneration. The respective directors shall play no part in decisions on their own remuneration. The Directors who are shareholders should abstain from voting at general meetings to approve their fees.

The Directors' fees payable to the Independent Non-Executive Directors and any benefit payable to the Directors of the Company shall from time to time be determined and approved by the shareholders at the Annual General Meeting in accordance with Section 230 of Companies Act 2016.

**Board Remuneration Package**

- Remuneration (inclusive of statutory employer contributions to the Employees Provident Fund) for Executive Directors is reviewed by the RC, taking into consideration the performance of individual director and by referencing to the rates for similar positions in selected group of comparable companies.
- Fees payable to Non-Executive Directors is based on the fixed sum as authorised by shareholders and the Board and by referencing to the level of responsibilities undertaken by individual director and comparable industry rates.
- Bonus scheme for Executive Directors is dependent primarily on the performance of the Group against previous year and budget, together with an assessment of individual director's performance. Bonus payable to Executive Directors is reviewed by the RC.
- Benefits-in-kind for Executive Directors includes but not limited to company assigned car, driver, medical and dental coverage.

**Details of Directors' Remuneration**

The aggregate remuneration to directors for the financial year ended 31 December 2018 is summarised as follows:

	Salaries	Fees	Bonus	Other Remuneration	Benefits- in-kind	Total
	RM	RM	RM	RM	RM	RM
<b>Executive Directors</b>						
Dato' Liaw Choon Liang	1,836,000	–	152,000	268,680	196,871	2,453,551
Datin Goh Poi Eong	456,000	–	38,000	59,280	32,050	585,330
Kelvin Liaw Kai Xuan	117,000	–	2,742	15,176	23,950	158,868
<b>Non-Executive Directors</b>						
Leow Ming Fong @ Leow Min Fong	–	48,000	–	–	–	48,000
Datin Sim Swee Yoke	–	42,000	–	–	–	42,000
Dato' Syed Kamarulzaman bin Dato' Syed Zainol Khodki Shahabudin	–	42,000	–	–	–	42,000
<b>Total</b>	<b>2,409,000</b>	<b>132,000</b>	<b>192,742</b>	<b>343,136</b>	<b>252,871</b>	<b>3,329,749</b>



## Corporate Governance Overview Statement (Cont'd)

### **B) Effective Audit and Risk Management**

#### **Audit Committee**

The financial reporting, risk management framework and internal control system are reviewed by the Audit Committee, which comprises two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The Chairman of the Audit Committee is not the Chairman of the Board so as not to impair the objective of the Board's view of the Audit Committee's findings and recommendation.

The Audit Committee is authorised by the Board to investigate any activities within its Terms of Reference and has unrestricted access to both the internal and external auditors and members of the senior management of the Company.

The Audit Committee has incorporated a policy in its Terms of Reference that a former key audit partner is required to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee.

The Nomination Committee reviews the term of office and the performance of each Audit Committee member annually pursuant to Rule 15.20 of the Listing Requirements of Bursa Securities.

The internal auditor is invited to attend the Audit Committee meeting for the purpose of reporting the internal audit activities to the Audit Committee.

The Role of the Audit Committee, the number of meetings held during the financial year, the attendance record of each member, and the activities carried out by the Audit Committee are set out in the Audit Committee Report on pages 43 to 44 of the Annual Report.

#### **Financial Reporting**

The Board is responsible to ensure that the accounting records are properly kept and that the financial statements are prepared in accordance with applicable approved accounting standards and the provisions of Companies Act 2016.

The Board, assisted by the Audit Committee, oversees the financial reporting processes as well as the quality and reliability of the financial reporting by the Group. The Audit Committee reviews and ensures accuracy and integrity of the Group's quarterly financial results and annual financial statements and that comply with applicable financial reporting standards and Companies Act 2016. The Audit Committee also assists to review the appropriateness of accounting policies applied and changes to these policies.

The Chief Financial Officer presents analysis and components of Group balance sheet and Group income statement compared with corresponding period (i.e. quarter and year-to-date comparison) and explanations on major variances are given to the Audit Committee. The Chief Financial Officer also presents actual performance compared with budget, and explanations on major variances are given to the Audit Committee, in particular for non-achievement of revenue and profit budget. Action plans to recover from the shortfall are deliberated, where appropriate.

#### **Risk Management**

The Board recognises the importance of an effective enterprise risk management in order to achieve a steady growth in profitability and strong assets base that in turn will optimise the Group's value to its shareholders. The Board, with the assistance of the Audit Committee and Risk Management Committee, oversees the Group's risk management activities. The benefits of enterprise risk management include timely reporting and transparency of risks across the whole organisation, increased effectiveness and coordination of risk management activities, and better alignment of its business strategies with its risk appetite and tolerance.

The risk scorecards of the three (3) businesses are presented to the Audit Committee and the Board for review and deliberation twice a year.

The details of the risk management activities are set out in the Statement of Risk Management and Internal Control as contained on pages 46 to 47 of this Annual Report.

Corporate Governance Overview Statement  
(Cont'd)**Internal Control**

The Board acknowledges its overall responsibility for maintaining sound internal control and risk management practices towards maintaining reasonable assurance for effective and efficient operations, compliance with laws and regulations, as well as adherence with internal procedures and guidelines. The Group has established internal controls to ensure its operations are effective and efficient, and to safeguard its assets and shareholders' interest.

Nevertheless, the Board is of the view that the Group's system of internal control can only provide reasonable but not absolute assurance against material misstatement, operational failures, fraud or loss.

The effectiveness of the system of internal control is reviewed at least once every quarterly by the Audit Committee. The review covers financial, operational and compliance controls. The internal auditor monitors compliance with policies and standards and the effectiveness of internal control structure across the Group.

The details of the internal audit function and internal control are disclosed in the Statement of Risk Management and Internal Control as contained on page 48 of the Annual Report.

**Related Party Transaction**

Reviews are carried out on the nature of related party transactions within the Group to ascertain any conflict of interest situations that would raise questions of management integrity. The results of the reviews are tabled at the Audit Committee meetings and thereafter reported to the Board.

**Relationship with External Auditors**

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

The Audit Committee meets with the Group's external auditors at least twice a year to review the scope of work and adequacy of audit process, their audit findings and annual financial statements. The Audit Committee also reviews audit fee and recommends to the Board for approval. In the review, the Audit Committee ensures that the independence and suitability of external auditors are not compromised.

The Audit Committee reviews and assesses suitability and independence of external auditors annually. The external auditors have confirmed their independence throughout the conduct of the audit engagement in accordance with relevant professional and regulatory requirements to the Board. The Chief Financial Officer also made presentation to the Audit Committee criteria in assessing suitability of external auditors and the Audit Committee was satisfied with the outcome of the criteria assessment. The Audit Committee then recommends to the Board on suitability and independence of external auditors. The Group has yet to establish policies and procedures in governing circumstances for contracts of non-audit services to be entered with external auditors.

**C) Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders****Annual General Meeting**

The Annual General Meeting ("AGM") represents the principal forum for dialogue and interaction with all shareholders of the Company. At the AGM, the Board provides opportunities for shareholders to participate in the question and answer session where all directors, senior management and external auditors are present to respond to the shareholders' questions during the AGM. The Notice of 9<sup>th</sup> AGM was dispatched to the shareholders together with a copy of the Company's annual report at least twenty-eight (28) days before the meeting, in advance of the 21 days requirement under Companies Act 2016. This would allow the shareholders to make the necessary arrangements to attend the Annual General Meeting in person or through corporate representatives, proxies or attorneys.

## Corporate Governance Overview Statement (Cont'd)

### Annual General Meeting (Continued)

The Notice of 10<sup>th</sup> AGM of the Company is circulated twenty-eight (28) days prior to the date of the meeting to allow the shareholders to have more ample time to go through the Annual Report.

The Board also ensures shareholders are given the opportunity to speak and seek clarification during the Company's AGM for effective and transparent communication with its stakeholders.

Pursuant to Rule 8.31A(1) of the Listing Requirements of Bursa Securities, any resolutions set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting of the Company will be subjected to poll voting by the shareholders. The votes cast at the general meeting will be validated by a scrutineer, who is independent of the person undertaking the polling process, not an officer of the Company and is not interested in the resolution to be passed at the general meeting.

Other than the forum at the AGM, investor relations activities such as meetings with substantial shareholder and potential shareholder are attended by the Chief Executive Officer and Chief Financial Officer and communications between the Company and shareholders and/or investors could also be made through the Company's website at [www.focus-point.com](http://www.focus-point.com).

The Group would consider introduce electronic voting (e-voting) facilities and make available such facilities in the future meetings if the number of attendees at general meeting increase. This is to ensure that the mandatory poll voting process at all general meetings to be carried out efficiently. In addition, the Company is amending its Constitution to allow the Company to leverage on technology to enhance the communication with the shareholders of the Company and the conduct of the general meetings in future.

### Effective Communications with Stakeholders

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

The Board has appointed Mr Leow Ming Fong @ Leow Min Fong, the Chairman of the Board and Nomination Committee, as Senior Independent Non-Executive Director to whom any concerns pertaining to the Company may be conveyed to him. He can be reached via email at [leowjim2015@gmail.com](mailto:leowjim2015@gmail.com) or via letter stamped "Private & Confidential" to Unit 1, 3, 5 & 7, Jalan PJU 1/37, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

### Corporate Disclosure Policies and Procedures

Along with good corporate governance practices, the Company is committed to provide stakeholders with comprehensive, accurate and quality material information on a timely and even basis. In line with this commitment and in order to enhance transparency and accountability, the Board has established Corporate Disclosure Policies and Procedures ("CDPP") to facilitate the handling and disclosure of material information in a timely and accurate manner. The CDPP aims to ensure the Company's compliance with the disclosure requirements are set out in the Listing Requirements of Bursa Securities and other applicable laws.

The CDPP is based on the following principles:

- Transparency and accountability;
- Compliance with disclosure requirements; and
- Prompt and timely disclosure.

The Chief Financial Officer has been appointed by the Board to be the designated person to ensure compliance with the CDPP.

## AUDIT COMMITTEE REPORT

**Members of the Audit Committee**

The members of the Audit Committee are:

Designation	Name	Directorship
Chairman	Datin Sim Swee Yoke	Independent Non-Executive Director
Member	Leow Ming Fong @ Leow Min Fong	Independent Non-Executive Chairman
Member	Dato' Syed Kamarulzaman bin Dato' Syed Zainol Khodki Shahabudin	Non-Independent Non-Executive Director

Mr Leow Ming Fong @ Leow Min Fong is a Fellow of Institute of Chartered Accountants in England and Wales as well as a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants.

**Terms and Reference of the Audit Committee**

The full terms of reference of the Audit Committee outline the composition of the Audit Committee, Duties of the Committee, Rights of the Committee, Procedures of the Committee and Internal Audit. The terms of reference of the Audit Committee is accessible via the Company's website at [www.focus-point.com](http://www.focus-point.com).

**Attendance and Meetings of the Audit Committee**

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

Name	Total meetings attended by directors	Percentage of attendance (%)
Datin Sim Swee Yoke	5/5	100
Leow Ming Fong @ Leow Min Fong	5/5	100
Dato' Syed Kamarulzaman bin Dato' Syed Zainol Khodki Shahabudin	5/5	100

**Summary of Work of the Audit Committee**

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

The main activities and work undertaken by the Committee during the financial year were as follows:

- Reviewed external auditors' scope of work and audit plan of the Group and the Company. Prior to the audit, representatives from external auditors presented their audit strategy and plan to the Committee at the Committee meeting;
- Reviewed, with external auditors, results of the audit, management letter and the auditors' report of the Group and the Company for recommendation to the Board for approval;
- Assessed the competency, independence and suitability of external auditors including adequacy of their resources, experience of the firm and staff strength, level of non-audit fee and rotation of partner. Having satisfied with the competency, independence and suitability of Messrs BDO PLT, made recommendation to the Board for approval of the re-appointment of Messrs BDO PLT as external auditors for the financial year ended 31 December 2018 at its meeting held on 12 April 2018;
- Reviewed the report of external auditors on statement of risk management and internal control;

## Audit Committee Report (Cont'd)

### Summary of Work of the Audit Committee (Continued)

- Met with external auditors once without executive Board members and management on 26 February 2018;
- Reviewed quarterly announcements of unaudited financial results and audited year-end financial statements of the Group and the Company before submitting to the Board for approval, focusing particularly:-
  - Any change in or implementation of major accounting policies and practices;
  - Significant adjustment made by the Management;
  - Significant matter highlighted including financial reporting issue;
  - Significant or unusual events or transactions;
  - Going-concern assumption; and
  - Compliance with applicable accounting standards and other legal requirements.
- Reviewed Annual Report which includes the Audited Financial Statements of the Group and the Company prior to the submission to the Board for their consideration and approval at the meeting held on 12 April 2018 so to ensure that the Audited Financial Statements were drawn up in accordance with the provisions of Companies Act 2016 and applicable accounting standards. Any significant issues arising from the audit of the Group financial statements by external auditors were deliberated upon;
- Reviewed significant audit issues brought up by the external auditors as follows:-
  - Valuation of inventories

The Committee took note of the audit response presented by the external auditors including audit work done carried out to arrive at an opinion, audit findings as well as audit conclusion and were satisfied that these issues were adequately dealt with and fairly stated.
- Reviewed with the internal auditors, internal audit reports which highlighted internal audit findings, recommendations and management's response. Discussed with management, actions taken to improve the system of internal control based on improvement opportunities identified in internal audit reports; and
- Reviewed related party transactions entered into by the Group and the Company to ensure that such transactions were undertaken in line with the Group's normal commercial terms and the internal control procedures with regards to such transactions are sufficient.

### Internal Audit Function

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

During the financial year, the Internal Auditors carried out, inter alia, the following activities:

- Formulated and agreed with the Committee on the audit plan, strategy and scope of work;
- Reviewed compliance with internal policies, procedures and standards, relevant external rules and regulations, as well as assessed the adequacy and effectiveness of the Group's internal control system;
- Analysed and assessed certain key business processes, reported findings, and made recommendations to improve their effectiveness and efficiency;

Audit Committee Report  
(Cont'd)

**Internal Audit Function (Continued)**

- Attended the Committee meeting to table and discuss the audit report; and
- Performed internal audit reviews by the outsourced internal auditors on the following areas:
  - Review of E-Commerce function of optical business
  - Review of franchise development function of optical business and follow-up on previous audit performed on inventory management and the Capital Expenditure and Property, Plant and Equipment Management of optical business
  - Review of Halal Certification procedures of food & beverages business and follow-up on previous audit performed on effectiveness of procurement function of food & beverage business
  - Review of warehouse management of optical business

The Internal Auditor's reports were deliberated by the Committee and recommendations were duly acted upon by the management. Follow-up reviews were also conducted by the Internal Auditor on previous audit performed to ensure that all matters arising from each audit are adequately and promptly addressed by the management.

The costs incurred by the Group on Internal Auditor and in-house internal auditors during the financial year ended 31 December 2018 was RM55,788 and RM404,849 respectively.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (the “Board”) is committed to maintain a sound risk management framework and internal control system and is pleased to provide the following statement which outlines the main features of risk management framework and internal control of the Group during the financial year.

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

### Risk Management Framework

The main features of the risk management framework are as follows:-

- Heads of business units are responsible for identifying, mitigating and managing risks and ensuring day-to-day business activities are carried out in accordance with risk management methodology.
- Heads of business units are required to update Corporate Risk Scorecards.
- Through a systematic software, the processes of risk evaluation are as follows:-
  - Assessment of existing risk by updating its rating of probability and impact;
  - Identification of new risk, if any, and rating of its probability and impact;
  - Assessment/update of control and management action plan relating to each risk; and
  - Elimination of risk that is no longer relevant.

Corporate Risk Scorecards which would have incorporated the above update are subject for review half-yearly during risk management meeting chaired by the President/Chief Executive Officer to ensure they remain relevant and effective in managing the associated risks due to changes in marketplace and business environment. Major risk that has a major impact if it happens and with high probability of occurrence is made known to the management in particular to ensure that business is aligned to such risk identified.

The Group has three (3) core businesses, namely, optical retail, optical franchise and food & beverage. The top three (3) risks of each business are tabulated as follows:-

Business division	Key risk	Risk management approach
Optical retail	Increasing competitiveness to gain market presence	<ol style="list-style-type: none"> <li>1. Carry out more aggressive branding, advertising and promotional activities</li> <li>2. Review relevant industry market studies and capitalise on market intelligence</li> <li>3. Monitor market development, trend and pricing of competitors</li> <li>4. Review and evaluate current business model for local and regional competitiveness</li> <li>5. Establish different brand names/concept to cater for different markets’ requirements</li> <li>6. Continue to enhance customer service quality</li> <li>7. Research on and develop potential new product, trend and package</li> </ol>
	Adverse economic and market condition (which will affect high-end products)	<ol style="list-style-type: none"> <li>1. Keep abreast with business activity level / industry trend</li> <li>2. Improve overall efficiency, productivity and business processes</li> <li>3. Contain cost</li> </ol>

Statement on Risk Management and Internal Control  
(Cont'd)

## Risk Management Framework (Continued)

Business division	Key risk	Risk management approach
	Influx of fake products	<ol style="list-style-type: none"> <li>1. Work closely with suppliers</li> <li>2. Educate public and consumers to "Go Original" via campaigns, leaflets, facebook, etc</li> </ol>
Optical franchise	Increasing competitiveness to gain market presence	<ol style="list-style-type: none"> <li>1. Carry out more aggressive branding, advertisement and promotional activities</li> <li>2. Review relevant industry market studies and capitalise on market intelligence</li> <li>3. Monitor market development, trend and pricing of competitors</li> <li>4. Review and evaluate current business model for local and regional competitiveness</li> <li>5. Establish different brand names/concept to cater for different markets' requirements</li> <li>6. Continue to enhance customer service quality</li> <li>7. Explore and develop potential new product, trend and package</li> </ol>
	Inability to attract new franchisee	<ol style="list-style-type: none"> <li>1. Review continuously terms of franchise arrangement to enhance competitiveness and new business opportunities</li> <li>2. Innovate current mechanism of business model to increase attractiveness to potential investor</li> </ol>
	Credit risk	<ol style="list-style-type: none"> <li>1. Comply strictly to credit control policies and procedures and perform bi-annually review</li> <li>2. Monitor closely collections from franchisees</li> <li>3. Follow up on delinquent account and carry on discussion with the owner</li> </ol>
Food & beverage	Product wastage	<ol style="list-style-type: none"> <li>1. Execute more effective production planning</li> <li>2. Capitalise on information system and business process to capture data more accurately</li> </ol>
	Loss of key staff including chef	<ol style="list-style-type: none"> <li>1. Benchmark compensation and reward to industry standard</li> <li>2. Review current compensation and benefits scheme as well as measures to attract right candidates</li> <li>3. Track competitors' offers and benefits</li> <li>4. Identify and develop successors for senior categories and multitask key positions</li> <li>5. Implement performance based remuneration scheme</li> <li>6. Establish clear career development program</li> <li>7. Implement job rotation</li> </ol>
	Inadequate customer service level	<ol style="list-style-type: none"> <li>1. Train continuously</li> <li>2. Establish customer service charter</li> <li>3. Implement the use of customer feedback form</li> </ol>

The Board affirms that there is a systematic and continuous process to identify and manage significant risks of the Group. Key risks relating to the Group's operations are identified and communicated to the Audit Committee and the Board in terms of likelihood exposures and impact on the Group's businesses. Every half-yearly, there will be an update of the Corporate Risk Scorecards to the Board. The Chief Financial Officer has assumed the role of risk management facilitator.

The Board will continue to manage the risks of the Group continuously.



## Statement on Risk Management and Internal Control (Cont'd)

### Internal Audit Function

The internal audit function is in place to assist the Audit Committee to discharge its functions effectively. The in-house internal auditors and outsourced internal auditors (collectively known as the "internal audit teams") monitor compliance with policies and procedures and the effectiveness of the internal control system and highlight significant findings in respect of any non-compliance. The outsourced internal auditors report directly to the Audit Committee. Audits are carried out by the internal audit teams on head office, branches and franchisees, the frequency of which is determined by the level of risk assessed. The finding of the internal audit from the internal audit teams are tabled at the Audit Committee meetings for deliberation and appropriate corrective action plan will be communicated to the auditees. Follow-up audit will also be carried out to ensure that management has implemented improvement process as recommended in the internal audit report. The annual audit plan is reviewed and approved by the Audit Committee. A statement of the internal audit function is set out on pages 44 to 45 of the Audit Committee Report.

### Key Processes of Internal Control

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

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

The outsourced internal auditors, namely NGL Tricor Governance Sdn Bhd, carried out four (4) reviews on the Group's businesses and reported to the Audit Committee accordingly. Arising from the reviews, corrective actions were communicated to the management and the Board for subsequent implementation by the management. Follow up audits were also carried out by the outsourced internal auditors.

The Board is satisfied that the system of internal control was generally satisfactory. The Chief Executive Officer and Chief Financial Officer have also given assurance to the Board on the adequacy and effectiveness of the Group's risk management and internal control system.

As required by rule 15.23 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement of Risk Management & Internal Control. As set out in their terms of engagement, the procedures were performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 issued by Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the risk management and internal control system of the Group. Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention that caused them to believe that this Statement is not prepared in all material respects, in accordance with the disclosures required by paragraphs 41 & 42 of the Guidelines, nor is it factually inaccurate.

Through the review of the risk management framework adopted by the Group and internal audits performed by the outsourced internal auditors, the Board is satisfied that the Risk Management and Internal Control system are in place.

The Statement is made in accordance with the resolution of the Board dated 10 April 2019.

## OTHER DISCLOSURE INFORMATION

**1. Audit and Non-Audit fees**

The audit and non-audit fees paid or payable (inclusive of out-of-pocket expenses) of the Group and the Company were as follows:-

	Audit Fee RM	Non-audit Fee RM
Group	142,673	-
Company	38,608	-
<b>Total</b>	<b>181,281</b>	<b>-</b>

**2. Material Contracts**

There were no material contracts entered into by the Company and/or its subsidiaries involving directors and major shareholders of the Company either subsisting at the end of the financial year or entered into since the end of the previous financial year.

**3. Recurrent Related Party Transactions of Revenue or Trading Nature ("RRPT")**

The Company had at the 9<sup>th</sup> Annual General Meeting of the Company held on 24 May 2018 obtained shareholders' mandate for the Group to enter into RRPT, which are necessary for its day-to-day operations and are in the ordinary course of business with related parties. The shareholders' mandate shall lapse at the conclusion of the Company's forthcoming Annual General Meeting.

The details of the mandate RRPT transacted during the financial year are as follows:-

Transacting parties		Nature of relationship	Nature of transaction	Actual Value transacted RM'000
Focus Point Group	Related party			
Focus Point Vision Care Group Sdn Bhd ("Focus Point Vision Care")	Focus Point Vision Care (HP) Sdn Bhd ("Focus Point Vision Care (HP)")	Focus Point Vision Care (HP), in which Dato' Liaw Choon Liang's brother, Liaw Choon Kuan has substantial shareholdings, is a 35%-owned associate company of Focus Point Vision Care. Dato' Liaw Choon Liang and Liaw Choon Kuan are directors of Focus Point Vision Care (HP).	Sale of eyewear and eye care products to Focus Point Vision Care (HP).	1,255

Other Disclosure Information  
(Cont'd)

3. Recurrent Related Party Transactions of Revenue or Trading Nature ("RRPT") (Continued)

Transacting parties		Nature of relationship	Nature of transaction	Actual Value transacted RM'000
Focus Point Group	Related party			
Focus Point Management Sdn Bhd	Focus Point Vision Care (HP)	Focus Point Vision Care (HP), in which Dato' Liaw Choon Liang's brother, Liaw Choon Kuan has substantial shareholdings, is a 35%-owned associate company of Focus Point Vision Care. Dato' Liaw Choon Liang and Liaw Choon Kuan are directors of Focus Point Vision Care (HP).	Licensing fee received from Focus Point Vision Care (HP) for granting "Focus Point" licensed outlets.	157
Multiple Reward Sdn Bhd	Sejati Serimas Sdn Bhd	Datin Goh Poi Eong and Kelvin Liaw Kai Xuan are shareholders and directors of Sejati Serimas. They are also directors and shareholders of Focus Point Holdings Berhad.	Rental of detached factory from Sejati Serimas for central kitchen purpose.	240

At the forthcoming 10<sup>th</sup> Annual General Meeting to be held on 23 May 2019, the Company intends to seek shareholders' mandate in respect of RRPT. The details of the general mandate to be sought are set out in the Circular to Shareholders dated 24 April 2019 attached together with the 2018 Annual Report.

## STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE ANNUAL FINANCIAL STATEMENTS

The Directors are required by Companies Act 2016 and the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") to prepare the financial statements for each financial year and give a true and fair view of the financial position of the Group and of the Company and their financial performance and cash flows for the financial year.

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

- selecting suitable accounting policies and applied them consistently;
- making judgements and estimates that are prudent and reasonable; and
- ensuring that all applicable accounting standards have been complied with.

The Directors are responsible for ensuring that the Company keeps its accounting records which discloses the financial position of the Group and the Company with reasonable accuracy and to ensure that the financial statements comply with Companies Act 2016, Listing Requirements and applicable approved accounting standards. The Directors have overall responsibilities in taking reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

# Financial Statements

Directors' Report	<b>53</b>
Statement by Directors	<b>57</b>
Statutory Declaration	<b>57</b>
Independent Auditors' Report	<b>58</b>
Statements of Financial Position	<b>62</b>
Statements of Profit or Loss and Other Comprehensive Income	<b>64</b>
Consolidated Statement of Changes in Equity	<b>65</b>
Statement of Changes in Equity	<b>66</b>
Statements of Cash Flows	<b>67</b>
Notes to the Financial Statements	<b>70</b>

## 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 2018.

### PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities and the details of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	7,099	1,196
Attributable to:		
Owners of the parent	7,099	1,196
Non-controlling interests	–	–
	7,099	1,196

### DIVIDENDS

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

	RM'000
In respect of the financial year ended 31 December 2018:	
First interim single tier dividend of 1.0 sen per ordinary share, paid on 24 July 2018	1,650

The Directors do not recommend the payment of any 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' Report (Cont'd)

### DIRECTORS

The Directors who have held office during the financial year until the date of this report are as follows:

Dato' Liaw Choon Liang\*  
 Datin Goh Poi Eong\*  
 Leow Ming Fong @ Leow Min Fong  
 Datin Sim Swee Yoke  
 Dato' Syed Kamarulzaman bin Dato' Syed Zainol Khodki Shahabudin  
 Kelvin Liaw Kai Xuan\*

\* *Directors of the Company and its subsidiaries*

### 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 2018 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of Companies Act 2016 in Malaysia were as follows:

	← Number of ordinary shares →			
	Balance as at 1.1.2018	Bought	Sold	
<b>Shares in the Company</b>				
<b>Direct interests</b>				
Dato' Liaw Choon Liang	75,843,001	-	-	75,843,001
Datin Goh Poi Eong	22,464,699	-	(1,000,000)	21,464,699
Leow Ming Fong @ Leow Min Fong	500,000	-	-	500,000
Kelvin Liaw Kai Xuan	-	1,000,000	-	1,000,000

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.

Kelvin Liaw Kai Xuan is the son of Dato' Liaw Choon Liang and Datin Goh Poi Eong. By virtue of their relationship, Dato' Liaw Choon Liang and Datin Goh Poi Eong are deemed to have interests in shares held by Kelvin Liaw Kai Xuan.

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

None of the other Directors holding office at the end of the financial year held any 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 a benefit included in the aggregate amount of remunerations 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 35 to the financial statements.

**DIRECTORS' BENEFITS (continued)**

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.

**DIRECTORS' REMUNERATION**

The details of Directors' remuneration are disclosed in Note 30 to the financial statements.

**INDEMNITY AND INSURANCE FOR OFFICERS AND AUDITORS**

The Group and the Company effected Directors' liability insurance during the financial year to protect the Directors of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

**OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY****(I) AS AT THE END OF THE FINANCIAL YEAR**

- (a) Before the financial statements of the Group and of the Company were prepared, 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 had satisfied themselves that there are no known bad debts to be 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.

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

- (b) In the opinion of the Directors, the results of 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.
- (c) The Directors are not aware of any circumstances:
  - (i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
  - (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.



## Directors' Report (Cont'd)

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

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

- (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 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.

#### (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.

### AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

The details of auditors' remuneration are disclosed in Note 29 to the financial statements.

BDO PLT (LLP0018825-LCA & AF 0206) was registered on 2 January 2019 and with effect from that date, BDO (AF 0206), a conventional partnership was converted to a limited liability partnership.

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

.....  
**Dato' Liaw Choon Liang**  
Director

.....  
**Kelvin Liaw Kai Xuan**  
Director

10 April 2019

## STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 62 to 120 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of Companies Act 2016 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 2018 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

.....  
**Dato' Liaw Choon Liang**  
Director

10 April 2019

.....  
**Kelvin Liaw Kai Xuan**  
Director

## STATUTORY DECLARATION

I, Kenneth Chin Kah Kiong (CA 19801), 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 62 to 120 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 10 April 2019

**Kenneth Chin Kah Kiong**

Before me:

Commissioner for Oaths  
**WONG CHOY YIN**  
B508

## INDEPENDENT AUDITORS' REPORT

To the Members of Focus Point Holdings Berhad  
(Incorporated in Malaysia)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of Focus Point Holdings Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of profit or loss and other 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 62 to 120.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2018, and of their financial performance and their 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 2016 in Malaysia.

#### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ('ISAs'). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ('By-Laws') and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### a) *Carrying amount of inventories at lower of cost and net realisable value*

As at 31 December 2018, inventories of the Group of RM46,033,000 comprised mainly optical and related products. Details of the inventories have been disclosed in Note 11 to the financial statements.

We have focused on the audit risk that the carrying amount of inventories may not be stated at the lower of cost and net realisable value.

Writing down of inventories to net realisable value is mainly based on management estimates, which has been derived from assessment by management with reference to ageing, specifications and design of inventories, coupled with market knowledge of the merchandising department.

#### *Audit response*

Our procedures included the following:

- (i) analysed the inventories turnover period by comparing that to the assessment of management on the identification of slow moving and obsolete inventories; and
- (ii) challenged the assessment prepared by management that the write down of inventories was appropriate by verifying actual margins and selling prices from sales invoices subsequent to the end of the reporting period.

Independent Auditors' Report  
To the Members of Focus Point Holdings Berhad  
(Incorporated in Malaysia)  
(Cont'd)

**Key Audit Matters (continued)****b) Impairment assessment of the carrying amount of investments in subsidiaries**

As at 31 December 2018, investments in subsidiaries of the Company were RM47,650,000 as disclosed in Note 7 to the financial statements. The Company had made impairment of RM155,000 in respect of the carrying amounts of investments in subsidiaries in the previous financial year. There was no further impairment made in the current financial year.

We determined this to be a key audit matter because it requires management to exercise significant judgement and estimates about the future results and key assumptions applied to cash flow projections of the subsidiaries. In this instance, the recoverable amount is based on value-in-use. These key assumptions include different budgeted operating profit margins, growth rates, terminal values as well as determining an appropriate pre-tax discount rate used for each subsidiary.

**Audit response**

Our procedures included the following:

- (i) compared cash flow projections against recent performance and assessed and challenged the key assumptions used in the projections by comparing to actual gross margins and growth rates to assess reliability of management forecasting process;
- (ii) verified gross profit margins, growth rates and terminal values by assessing evidence available to support these key assumptions;
- (iii) verified pre-tax discount rate used for each subsidiary by comparing to weighted average cost of capital of the Group and relevant risk factors; and
- (iv) performed sensitivity analysis of our own to stress test the key assumptions in the impairment model.

**Information Other than the Financial Statements and Auditors' Report Thereon**

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Independent Auditors' Report

### To the Members of Focus Point Holdings Berhad (Incorporated in Malaysia)

#### (Cont'd)

#### **Responsibilities of the Directors for the Financial Statements**

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit 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 internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditors' Report  
To the Members of Focus Point Holdings Berhad  
(Incorporated in Malaysia)  
(Cont'd)

**Auditors' Responsibilities for the Audit of the Financial Statements (continued)**

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**BDO PLT**  
LLP0018825-LCA & AF 0206  
Chartered Accountants

10 April 2019  
Kuala Lumpur

**Lee Ken Wai**  
03185/07/2019 J  
Chartered Accountant

## STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

	Note	2018 RM'000	Group 2017 RM'000	2018 RM'000	Company 2017 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	6	46,770	48,530	–	–
Investments in subsidiaries	7	–	–	47,650	42,950
Investment in a joint venture	8	158	263	–	–
Investments in associates	9	698	632	–	–
Trade and other receivables	10	1,017	553	–	–
Deferred tax assets	21	247	250	–	–
		48,890	50,228	47,650	42,950
<b>Current assets</b>					
Inventories	11	46,033	45,098	–	–
Trade and other receivables	10	24,088	24,518	4	4,711
Cash and bank balances	12	9,422	9,900	5	11
Current tax assets		1	74	1	1
		79,544	79,590	10	4,723
<b>TOTAL ASSETS</b>		<b>128,434</b>	<b>129,818</b>	<b>47,660</b>	<b>47,673</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	23	40,096	40,096	40,096	40,096
Retained earnings		17,184	12,248	6,084	6,538
<b>TOTAL EQUITY</b>		<b>57,280</b>	<b>52,344</b>	<b>46,180</b>	<b>46,634</b>

Statements of Financial Position  
As at 31 December 2018  
(Cont'd)

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	13	12,411	14,124	-	-
Deferred tax liabilities	21	1,290	2,042	-	-
Deferred income	20	1,806	1,390	-	-
		15,507	17,556	-	-
<b>Current liabilities</b>					
Borrowings	13	26,571	29,207	-	-
Trade and other payables	19	26,121	29,487	1,480	1,039
Deferred income	20	1,249	535	-	-
Current tax liabilities		1,706	687	-	-
Derivative liabilities	22	-	2	-	-
		55,647	59,918	1,480	1,039
<b>TOTAL LIABILITIES</b>		71,154	77,474	1,480	1,039
<b>TOTAL EQUITY AND LIABILITIES</b>		128,434	129,818	47,660	47,673

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



## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year ended 31 December 2018

	Note	2018 RM'000	Group 2017 RM'000	2018 RM'000	Company 2017 RM'000
Revenue	26	179,272	165,121	1,650	4,000
Cost of sales	27	(70,561)	(67,193)	-	-
Gross profit		108,711	97,928	1,650	4,000
Other operating income		5,082	4,911	-	-
Selling and distribution costs		(34,082)	(33,832)	-	-
Administrative expenses		(66,346)	(64,701)	(454)	(317)
Finance costs	28	(2,754)	(2,714)	-	-
Share of profit in associates, net of tax		381	356	-	-
Share of loss in a joint venture, net of tax		(105)	(37)	-	-
Profit before tax	29	10,887	1,911	1,196	3,683
Taxation	31	(3,788)	(2,368)	-	-
Profit/(Loss) for the financial year		7,099	(457)	1,196	3,683
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income/(loss)		7,099	(457)	1,196	3,683
Profit/(Loss) attributable to:					
Owners of the parent		7,099	(458)	1,196	3,683
Non-controlling interests		-	1	-	-
		7,099	(457)	1,196	3,683
Total comprehensive income/(loss) attributable to:					
Owners of the parent		7,099	(458)	1,196	3,683
Non-controlling interests		-	1	-	-
		7,099	(457)	1,196	3,683
<b>Earnings/(Loss) per ordinary share attributable to owners of the parent (sen):</b>					
- Basic and diluted	32	4.30	(0.28)		

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year ended 31 December 2018

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 2017		33,000	7,096	12,706	52,802	(6)	52,796
Loss for the financial year		-	-	(458)	(458)	1	(457)
Other comprehensive income, net of tax		-	-	-	-	-	-
Total comprehensive loss		-	-	(458)	(458)	1	(457)
<b>Transaction with owners</b>							
Disposal of equity interest in a subsidiary	7(d)	-	-	-	-	5	5
Total transaction with owners		-	-	-	-	5	5
Transfer pursuant to Companies Act 2016*		7,096	(7,096)	-	-	-	-
Balance as at 31 December 2017		40,096	-	12,248	52,344	-	52,344

\* Pursuant to the transitional provisions set out in Section 618(2) of Companies Act 2016 in Malaysia, the credit balance in the share premium account has been transferred to the share capital account.

Group	Note	Share capital RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Total equity RM'000
Balance as at 1 January 2018, as previously reported		40,096	12,248	52,344	52,344
Adjustments on initial application of:					
MFRS 9	36.1(a)	-	(30)	(30)	(30)
MFRS 15	36.1(b)	-	(483)	(483)	(483)
Balance as at 1 January 2018, as restated		40,096	11,735	51,831	51,831
Profit for the financial year		-	7,099	7,099	7,099
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	7,099	7,099	7,099
<b>Transaction with owners</b>					
Dividend paid	33	-	(1,650)	(1,650)	(1,650)
Total transaction with owners		-	(1,650)	(1,650)	(1,650)
Balance as at 31 December 2018		40,096	17,184	57,280	57,280

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

## STATEMENT OF CHANGES IN EQUITY

For the Financial Year ended 31 December 2018

Company	Note	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 January 2017		33,000	7,096	2,855	42,951
Profit for the financial year		-	-	3,683	3,683
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	3,683	3,683
Transfer pursuant to Companies Act 2016*		7,096	(7,096)	-	-
Balance as at 31 December 2017		40,096	-	6,538	46,634
Profit for the financial year		-	-	1,196	1,196
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	1,196	1,196
<b>Transactions with owners</b>					
Dividend paid	33	-	-	(1,650)	(1,650)
Total transaction with owners		-	-	(1,650)	(1,650)
Balance as at 31 December 2018		40,096	-	6,084	46,180

\* Pursuant to the transitional provisions set out in Section 618(2) of Companies Act 2016 in Malaysia, the credit balance in the share premium account has been transferred to the share capital account.

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

## STATEMENTS OF CASH FLOWS

For the Financial Year ended 31 December 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before tax		10,887	1,911	1,196	3,683
Adjustments for:					
Depreciation of property, plant and equipment	6	8,250	8,069	-	-
Deposit written off		3	23	-	-
Dividend income from a subsidiary		-	-	(1,650)	(4,000)
Gain on disposal of property, plant and equipment		(25)	(162)	-	-
Impairment losses on:					
- property, plant and equipment	6(c)	747	698	-	-
- trade and other receivables	10(i)	205	333	157	-
Interest expense on:					
- hire-purchase		838	903	-	-
- term loans		534	531	-	-
- bankers' acceptances		719	611	-	-
- bank overdrafts		232	424	-	-
- revolving credits		170	136	-	-
- others		261	109	-	-
Interest income on:					
- fixed deposits		(153)	(179)	-	-
- others		(101)	(79)	-	-
Inventories written down	11(b)	347	437	-	-
Inventories written off	11(b)	433	380	-	-
Loss on disposal of property, plant and equipment		111	81	-	-
Net fair value (gain)/loss on derivative		(2)	41	-	-
Gain on disposal of investment in a subsidiary	7(d)	-	(38)	-	-
Property, plant and equipment written off		559	778	-	-
Reversal of impairment loss on other receivables	10(j)	(4)	(2)	-	-
Share of profit in associates		(381)	(356)	-	-
Share of loss in a joint venture		105	37	-	-
Waiver of debts owing by an associate		4	-	-	-
Operating profit/(loss) before changes in working capital		23,739	14,686	(297)	(317)

## Statements of Cash Flows

For the Financial Year ended 31 December 2018

(Cont'd)

	Note	2018 RM'000	Group 2017 RM'000	2018 RM'000	Company 2017 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES (continued)</b>					
Operating profit/(loss) before changes in working capital (continued)		23,739	14,686	(297)	(317)
Changes in working capital:					
Inventories		(1,715)	482	-	-
Trade and other receivables		(414)	(790)	-	-
Trade and other payables		(3,780)	(2,518)	3	5
Deferred income		495	373	-	-
Cash generated from/(used in) operations		18,325	12,233	(294)	(312)
Tax paid		(3,293)	(1,802)	-	(1)
Tax refunded		-	35	-	1
Net cash from/(used in) operating activities		15,032	10,466	(294)	(312)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Acquisition of interest in a joint venture		-	(300)	-	-
Net cash inflow from disposal of a subsidiary	7(d)	-	21	-	-
Net repayments from/(advances to) subsidiaries		-	-	288	(3,688)
Dividends received from an associate	9(e)	315	420	-	-
Dividends received from a subsidiary		-	-	1,650	4,000
Interest received		153	179	-	-
Proceeds from disposal of property, plant and equipment		145	562	-	-
Purchase of property, plant and equipment	6(b)	(2,988)	(3,298)	-	-
Fixed deposits pledged to licensed banks with original maturity of twelve (12) months		1,133	3,231	-	-
Net cash (used in)/from investing activities		(1,242)	815	1,938	312

Statements of Cash Flows  
 For the Financial Year ended 31 December 2018  
 (Cont'd)

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividend paid		(1,650)	–	(1,650)	–
Interest paid		(2,493)	(2,605)	–	–
Net (repayments)/drawdowns of revolving credits		(424)	2,370	–	–
Net repayments of bankers' acceptances		(6)	(3,298)	–	–
Repayments of hire-purchase liabilities		(5,381)	(5,447)	–	–
Repayments of term loans		(944)	(1,430)	–	–
Net cash used in financing activities		(10,898)	(10,410)	(1,650)	–
Net increase/(decrease) in cash and cash equivalents		2,892	871	(6)	–
Cash and cash equivalents at beginning of the financial year		(1,359)	(2,230)	11	11
Cash and cash equivalents at end of the financial year	12(d)	1,533	(1,359)	5	11

**RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

	Group			
	Term loans (Note 13) RM'000	Hire-purchase (Note 13) RM'000	Bankers' acceptances (Note 13) RM'000	Revolving credits (Note 13) RM'000
At 1 January 2017	10,104	11,114	16,392	1,015
Cash flows	(1,430)	(5,447)	(3,298)	2,370
Non-cash flows:				
- Acquisition of property, plant and equipment	2,158	4,536	–	–
At 31 December 2017/ 1 January 2018	10,832	10,203	13,094	3,385
Cash flows	(944)	(5,381)	(6)	(424)
Non-cash flows:				
- Acquisition of property, plant and equipment	422	4,221	–	–
At 31 December 2018	10,310	9,043	13,088	2,961

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

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

### 1. CORPORATE INFORMATION

Focus Point Holdings Berhad ('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 Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

The principal place of business of the Company is located at Unit 1, 3, 5 & 7, Jalan PJU 1/37, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan.

The consolidated financial statements for the financial year ended 31 December 2018 comprise the Company and its subsidiaries and the interest of the Group in a joint venture and associates. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company. 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 10 April 2019.

### 2. PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities and the details of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### 3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the provisions of Companies Act 2016 in Malaysia.

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 and also on the basis of accounting policies applicable to a going concern.

As at 31 December 2018, the Company's current liabilities exceeded its current assets by RM1,470,000. The net current liabilities included amounts owing to subsidiaries of RM1,424,000.

The Directors are of the opinion that the preparation of the financial statements of the Company on a going concern basis is appropriate due to expected dividends from the subsidiaries to meet its operational requirements. In addition, the Company carries out cash flows reviews for the next twelve (12) months to ensure that the business operations have sufficient funds to operate as a going concern.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 36.1 to the financial statements.

The Group and the Company applied MFRS 15 *Revenue from Contracts with Customers* and MFRS 9 *Financial Instruments* for the first time during the current financial year, using the cumulative effect method as at 1 January 2018. Consequently, the comparative information were not restated and are not comparable to the financial information of the current financial year.

Notes to the Financial Statements  
31 December 2018  
(Cont'd)

#### 4. OPERATING SEGMENTS

Focus Point Holdings Berhad and its subsidiaries are principally engaged in the 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 the 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**

Management of franchised professional eye care centres.

**(iii) Food and beverages**

Provision of food and beverages services.

Other operating segments comprise investment holding, laser eye surgery treatment activities as well as retailing of hearing solutions and related accessories.

The Group evaluates performance on the basis of profit or loss from operations before tax.

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 and previous financial years.

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's position.



Notes to the Financial Statements

31 December 2018

(Cont'd)

4. OPERATING SEGMENTS (continued)

2018	Optical related products RM'000	Franchise management RM'000	Food and beverages RM'000	Others RM'000	Total RM'000
<b>Revenue</b>					
Total revenue	159,781	3,108	14,979	3,072	180,940
Inter-segment revenue	–	–	(18)	(1,650)	(1,668)
<hr/>					
Revenue from external customers	159,781	3,108	14,961	1,422	179,272
<hr/>					
Finance income	190	1	51	12	254
Finance costs	(2,573)	–	(181)	–	(2,754)
<hr/>					
Net finance (expense)/income	(2,383)	1	(130)	12	(2,500)
<hr/>					
Depreciation	6,752	–	1,414	84	8,250
<b>Segment profit/(loss) before tax</b>					
	<b>11,270</b>	<b>1,353</b>	<b>(2,102)</b>	<b>1,555</b>	<b>12,076</b>
Share of profit of associates, net of tax	381	–	–	–	381
Share of loss of a joint venture, net of tax	–	–	(105)	–	(105)
Taxation	(3,416)	(285)	–	(87)	(3,788)
Other material non-cash items:					
Net fair value gain on derivative	(2)	–	–	–	(2)
Impairment losses on:					
- property, plant and equipment	555	–	192	–	747
- trade and other receivables	–	3	202	–	205
Inventories written down	347	–	–	–	347
Inventories written off	433	–	–	–	433
Property, plant and equipment written off	518	–	41	–	559
Net (gain)/loss on disposal of property, plant and equipment	(11)	–	97	–	86
Investment in a joint venture	–	–	158	–	158
Investments in associates	698	–	–	–	698
Additions to non-current assets other than financial instruments and deferred tax assets					
	7,852	–	160	15	8,027
<b>Segment assets</b>	<b>115,670</b>	<b>1,027</b>	<b>9,778</b>	<b>1,711</b>	<b>128,186</b>
<b>Segment liabilities</b>	<b>60,258</b>	<b>2,055</b>	<b>5,650</b>	<b>195</b>	<b>68,158</b>

Notes to the Financial Statements  
31 December 2018  
(Cont'd)

## 4. OPERATING SEGMENTS (continued)

2017	Optical related products RM'000	Franchise management RM'000	Food and beverages RM'000	Others RM'000	Total RM'000
<b>Revenue</b>					
Total revenue	145,307	3,105	15,609	5,170	169,191
Inter-segment revenue	(48)	-	(22)	(4,000)	(4,070)
<hr/>					
Revenue from external customers	145,259	3,105	15,587	1,170	165,121
<hr/>					
Finance income	196	1	49	12	258
Finance costs	(2,451)	-	(263)	-	(2,714)
<hr/>					
Net finance (expense)/income	(2,255)	1	(214)	12	(2,456)
<hr/>					
Depreciation	6,416	-	1,565	88	8,069
<b>Segment profit/(loss) before tax</b>					
	<b>5,883</b>	<b>317</b>	<b>(3,533)</b>	<b>3,858</b>	<b>6,525</b>
Share of profit of associates, net of tax	356	-	-	-	356
Share of loss of a joint venture, net of tax	-	-	(37)	-	(37)
Taxation	(2,234)	(106)	-	(28)	(2,368)
Other material non-cash items:					
Net fair value loss on derivative	41	-	-	-	41
Impairment losses on:					
- property, plant and equipment	662	-	36	-	698
- trade and other receivables	77	-	256	-	333
Inventories written down	437	-	-	-	437
Inventories written off	380	-	-	-	380
Property, plant and equipment written off	648	-	130	-	778
Net gain on disposal of property, plant and equipment	(38)	-	(43)	-	(81)
Investment in a joint venture	-	-	263	-	263
Investments in associates	632	-	-	-	632
Additions to non-current assets other than financial instruments and deferred tax assets					
	9,778	-	248	62	10,088
<b>Segment assets</b>	<b>116,568</b>	<b>1,279</b>	<b>10,264</b>	<b>1,383</b>	<b>129,494</b>
<b>Segment liabilities</b>	<b>67,004</b>	<b>2,295</b>	<b>5,300</b>	<b>146</b>	<b>74,745</b>

## Notes to the Financial Statements

31 December 2018

(Cont'd)

#### 4. OPERATING SEGMENTS (continued)

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

	2018 RM'000	2017 RM'000
<b>Profit/(Loss) for the financial year</b>		
Total profit or loss for reportable segments	12,076	6,525
Elimination of inter-segment results	(1,189)	(4,614)
Profit before tax	10,887	1,911
Taxation	(3,788)	(2,368)
Profit/(Loss) for the financial year of the Group per consolidated statement of profit or loss and other comprehensive income	7,099	(457)
<b>Assets</b>		
Total assets for reportable segments	128,186	129,494
Tax assets	248	324
Total assets of the Group per consolidated statement of financial position	128,434	129,818
<b>Liabilities</b>		
Total liabilities for reportable segments	68,158	74,745
Tax liabilities	2,996	2,729
Total liabilities of the Group per consolidated statement of financial position	71,154	77,474

#### **Geographical information**

The Group operates predominantly in Malaysia.

#### **Major customers**

There are no major customers with revenue equal or more than ten percent (10%) of the Group revenue. As such, information on major customers is not presented.

Notes to the Financial Statements  
31 December 2018  
(Cont'd)

5. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary 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 the financial year ended 31 December 2017.

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 2018 and 31 December 2017.

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Borrowings	38,982	43,331	–	–
Trade and other payables	26,121	29,487	1,480	1,039
Total liabilities	65,103	72,818	1,480	1,039
Less: Cash and bank balances	(9,422)	(9,900)	(5)	(11)
Net debt	55,681	62,918	1,475	1,028
Total capital	57,280	52,344	46,180	46,634
Net debt	55,681	62,918	1,475	1,028
	112,961	115,262	47,655	47,662
Gearing ratio (%)	49.3	54.6	3.1	2.2

Pursuant to the requirements of Guidance Note No. 3/2006 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the twenty-five percent (25%) of the issued and paid-up capital. The Group has complied with this requirement during the financial year ended 31 December 2018.

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

## Notes to the Financial Statements

31 December 2018

(Cont'd)

### 5. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

#### (b) 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 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.

#### Foreign currency risk

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 currencies that gives rise to this risk are primarily the United States Dollar ('USD') and European Euro ('EURO'). The Group monitors its foreign currency exposure on an ongoing basis.

In the previous financial year, the Group entered into foreign currency forward contracts to manage exposures to currency risk for payables which are denominated in currencies other than the functional currency of the Group.

The notional amount and maturity date of the forward currency contracts outstanding as at the end of the previous financial year were as follows:

Contract	Expiry date	Contract amount USD'000	RM'000 equivalent
Contracts used to hedge anticipated payables	31 January 2018	63	256

Sensitivity analysis of RM against foreign currencies at the end of the reporting period was not presented as the effect was immaterial to the Group.

#### Interest rate risk

The Group's exposure to interest rate risk arises primarily from their fixed deposits with licensed banks 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.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Notes 12 and 13 to the financial statements.

Notes to the Financial Statements  
31 December 2018  
(Cont'd)

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management objectives and policies (continued)

**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 executing its 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.

The analysis of financial instruments by remaining contractual maturities have been disclosed in Notes 13 and 19 to the financial statements.

**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 exposure to credit risks of the Group and of the Company have been disclosed in Notes 10 and 12 to the financial statements.

Notes to the Financial Statements

31 December 2018

(Cont'd)

6. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.1.2018 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Reclassification RM'000	Balance as at 31.12.2018 RM'000
<b>At cost</b>						
Freehold land	5,072	-	-	-	-	5,072
Buildings	3,680	-	-	-	5,132	8,812
Alarm and security system	943	252	-	(21)	-	1,174
Computers	5,750	131	(5)	(82)	-	5,794
Furniture and fittings	24,303	2,967	(50)	(1,074)	-	26,146
Hearing equipment	30	-	-	-	-	30
Lab tools and equipment	2,733	-	-	-	-	2,733
Motor vehicles	4,660	387	(742)	-	-	4,305
Office equipment	1,435	38	(12)	(51)	-	1,410
Optical equipment	15,314	1,631	(145)	(951)	-	15,849
Renovation and electrical installations	14,830	1,928	-	(1,126)	-	15,632
Signboards	1,569	204	-	(103)	-	1,670
Bakery equipment	7,623	67	(340)	(29)	-	7,321
Construction work-in-progress	4,710	422	-	-	(5,132)	-
	92,652	8,027	(1,294)	(3,437)	-	95,948

Group	Balance as at 1.1.2018 RM'000	Charge for the financial year RM'000	Disposals RM'000	Written off RM'000	Impairment loss RM'000	Balance as at 31.12.2018 RM'000
<b>Accumulated depreciation and impairment loss</b>						
Buildings	465	127	-	-	-	592
Alarm and security system	523	162	-	(20)	61	726
Computers	4,916	509	-	(81)	-	5,344
Furniture and fittings	9,847	2,990	(21)	(830)	355	12,341
Hearing equipment	30	-	-	-	-	30
Lab tools and equipment	2,374	72	-	-	-	2,446
Motor vehicles	3,971	233	(743)	-	-	3,461
Office equipment	1,012	139	(10)	(48)	-	1,093
Optical equipment	8,214	1,247	(114)	(773)	-	8,574
Renovation and electrical installations	8,368	1,804	-	(1,017)	275	9,430
Signboards	970	222	-	(99)	56	1,149
Bakery equipment	3,432	745	(175)	(10)	-	3,992
	44,122	8,250	(1,063)	(2,878)	747	49,178

Notes to the Financial Statements  
31 December 2018  
(Cont'd)

## 6. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Balance as at 1.1.2017 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Disposal of a subsidiary RM'000	Balance as at 31.12.2017 RM'000
<b>At cost</b>						
Freehold land	5,072	-	-	-	-	5,072
Buildings	3,680	-	-	-	-	3,680
Alarm and security system	825	216	-	(98)	-	943
Computers	5,892	582	(3)	(718)	(3)	5,750
Furniture and fittings	23,307	2,978	(200)	(1,780)	(2)	24,303
Hearing equipment	30	-	-	-	-	30
Lab tools and equipment	2,722	11	-	-	-	2,733
Motor vehicles	4,580	465	(385)	-	-	4,660
Office equipment	1,427	128	(14)	(106)	-	1,435
Optical equipment	14,116	1,464	(1)	(265)	-	15,314
Renovation and electrical installations	14,328	1,775	(42)	(1,231)	-	14,830
Signboards	1,389	262	-	(82)	-	1,569
Bakery equipment	8,184	31	(561)	(31)	-	7,623
Construction work-in-progress	2,534	2,176	-	-	-	4,710
	88,086	10,088	(1,206)	(4,311)	(5)	92,652

Group	Balance as at 1.1.2017 RM'000	Charge for the financial year RM'000	Disposals RM'000	Written off RM'000	Impairment loss RM'000	Disposal of a subsidiary RM'000	Balance as at 31.12.2017 RM'000
<b>Accumulated depreciation and impairment loss</b>							
Buildings	382	83	-	-	-	-	465
Alarm and security system	492	122	-	(101)	10	-	523
Computers	5,130	505	-	(717)	-	(2)	4,916
Furniture and fittings	8,429	2,840	(95)	(1,326)	-	(1)	9,847
Hearing equipment	30	-	-	-	-	-	30
Lab tools and equipment	2,294	80	-	-	-	-	2,374
Motor vehicles	4,036	320	(385)	-	-	-	3,971
Office equipment	951	158	(14)	(83)	-	-	1,012
Optical equipment	7,268	1,191	-	(245)	-	-	8,214
Renovation and electrical installations	6,957	1,809	(33)	(981)	616	-	8,368
Signboards	785	189	-	(76)	72	-	970
Bakery equipment	2,862	772	(198)	(4)	-	-	3,432
	39,616	8,069	(725)	(3,533)	698	(3)	44,122



Notes to the Financial Statements  
31 December 2018  
(Cont'd)

6. PROPERTY, PLANT AND EQUIPMENT (continued)

Carrying amount	Group	
	2018 RM'000	2017 RM'000
Freehold land	5,072	5,072
Buildings	8,220	3,215
Alarm and security system	448	420
Computers	450	834
Furniture and fittings	13,805	14,456
Hearing equipment	–	–
Lab tools and equipment	287	359
Motor vehicles	844	689
Office equipment	317	423
Optical equipment	7,275	7,100
Renovation and electrical installations	6,202	6,462
Signboards	521	599
Bakery equipment	3,329	4,191
Construction work-in-progress	–	4,710
	46,770	48,530

- (a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the various business segments of the Group.

The principal annual depreciation rates are as follows:

Buildings	2%
Alarm and security system	20%
Computers	33.3%
Furniture and fittings	12.5%
Hearing equipment	10%
Lab tools and equipment	10%
Motor vehicles	10% - 20%
Office equipment	20%
Optical equipment	10%
Renovation and electrical installations	14.3%
Signboards	20%
Bakery equipment	10%

Freehold land has an unlimited useful life and is not depreciated. Construction work-in-progress is not depreciated until such time when the asset is available for use.

Notes to the Financial Statements  
31 December 2018  
(Cont'd)

6. PROPERTY, PLANT AND EQUIPMENT (continued)

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

	Group	
	2018 RM'000	2017 RM'000
Additions of property, plant and equipment	8,027	10,088
Financed by hire-purchase arrangements	(4,221)	(4,536)
Financed by term-loan arrangements	(422)	(2,158)
Unsettled and remained as other payables	(396)	(96)
	<hr/>	
Cash payments on purchase of property, plant and equipment	2,988	3,298

- (c) The Group has carried out a review of the recoverable amount of its property, plant and equipment during the financial year and has recognised impairment losses on certain property, plant and equipment to reduce the carrying amounts of the assets to their recoverable amounts. The impairment losses included in profit or loss during the financial year are as follows:

	Group	
	2018 RM'000	2017 RM'000
Impairment loss on property, plant and equipment	747	698

- (d) The carrying amounts of property, plant and equipment of the Group pledged as securities for banking facilities granted to the Group (Notes 14, 17 and 25 to the financial statements) are as follows:

	Group	
	2018 RM'000	2017 RM'000
Freehold land	5,072	5,072
Buildings	8,220	3,215
Construction work-in-progress	-	4,710
	<hr/>	
	13,292	12,997

Notes to the Financial Statements

31 December 2018

(Cont'd)

6. PROPERTY, PLANT AND EQUIPMENT (continued)

(e) As at 31 December 2018, the carrying amounts of property, plant and equipment of the Group acquired under hire-purchase arrangements are as follows:

	Group	
	2018 RM'000	2017 RM'000
Alarm and security system	101	117
Furniture and fittings	6,822	9,232
Motor vehicles	813	644
Office equipment	112	153
Optical equipment	2,782	2,151
Renovation and electrical installations	4,174	4,899
Signboards	373	450
Bakery equipment	178	399
	15,355	18,045

Details of the terms and conditions of the hire-purchase arrangements are disclosed in Note 15 to the financial statements.

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2018 RM'000	2017 RM'000
<b>At cost</b>		
Unquoted shares	47,805	43,105
Less: Accumulated impairment losses	(155)	(155)
	47,650	42,950

(a) Investments in subsidiaries are stated in the separate financial statements at cost.

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

Name of company	Country of incorporation	Effective interest in equity		Principal activities
		2018	2017	
		%	%	
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

Notes to the Financial Statements  
31 December 2018  
(Cont'd)

7. INVESTMENTS IN SUBSIDIARIES (continued)

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

Name of company	Country of incorporation	Effective interest in equity		Principal activities
		2018 %	2017 %	
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	100	Provision of food and beverages services
Excellent Reward Japanese Restaurants Sdn. Bhd.	Malaysia	100	100	In the process of striking off
<b>Subsidiaries of Focus Point Vision Care Group Sdn. Bhd.</b>				
Esprit Shoppe Sdn. Bhd.	Malaysia	100	100	Dormant
Focus Point Vision Care Group (OC) Sdn. Bhd.	Malaysia	100	100	In the process of striking off
Opulence Optometry Sdn. Bhd.	Malaysia	100	100	Dormant
Radiant Attraction Sdn. Bhd.	Malaysia	100	100	Dormant
Eye-Zed Sdn. Bhd.	Malaysia	100	100	Dormant
Truesight Eyewear Optical Sdn. Bhd.	Malaysia	100	100	Dormant
Care Point Optical Sdn. Bhd.	Malaysia	100	100	Dormant

(c) On 28 February 2018, the Company subscribed for an additional 4,700,000 ordinary shares of RM1.00 each in Multiple Reward Sdn. Bhd. ("MRSB") via capitalisation of amount owing from MRSB. Upon completion of the shares allotment, MRSB remained as a wholly-owned subsidiary of the Company.

Notes to the Financial Statements

31 December 2018

(Cont'd)

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

- (d) In the previous financial year, Esprit Shoppe Sdn. Bhd., a wholly-owned subsidiary of Focus Point Vision Care Group Sdn. Bhd., which in turn is a wholly-owned subsidiary of the Company disposed its entire investment in Optolab Sdn. Bhd. ('OSB') comprising 30,000 ordinary shares, representing 60% equity shares in OSB, for a total consideration of RM30,000.

The fair value of the identifiable assets and liabilities of OSB as at the date of disposal were as follows:

	<b>RM'000</b>
Property, plant and equipment	2
Inventories	15
Trade and other receivables	205
Cash and bank balances	9
Trade and other payables	(244)
<b>Total identifiable net liabilities</b>	<b>(13)</b>
Less: Fair value of 40% equity interest held by non-controlling interest	5
<b>Total identifiable net liabilities disposed off (at 60%)</b>	<b>(8)</b>
Disposal proceeds	(30)
<b>Gain on disposal of subsidiary</b>	<b>(38)</b>
Cash consideration received	30
Cash and bank balances of subsidiary disposed off	(9)
<b>Net cash inflow to the Group</b>	<b>21</b>

- (e) The subsidiaries of the Group that had non-controlling interests ('NCI') are as follows:

<b>2017</b>	<b>Optolab Sdn. Bhd.</b>	<b>Total</b>
NCI percentage of ownership interest and voting interest	-	-
Carrying amount of NCI (RM'000)	-	-
Gain allocated to NCI (RM'000)	1	1

Notes to the Financial Statements  
31 December 2018  
(Cont'd)

**8. INVESTMENT IN A JOINT VENTURE**

	2018 RM'000	Group 2017 RM'000
<b>At cost</b>		
Unquoted equity shares	300	300
Share of post-acquisition losses, net of dividends received	(142)	(37)
	158	263

- (a) Investment in a joint venture is accounted for using the equity method in the consolidated financial statements.
- (b) The financial statements of joint venture are coterminous with those of the Group.
- (c) The details of the joint venture are as follows:

Name of company	Country of incorporation	Effective interest in equity		Principal activities
		2018 %	2017 %	
<b>Joint venture of Multiple Reward Sdn. Bhd.</b>				
Majestic Ring Sdn. Bhd.*	Malaysia	50	50	Provision of food and beverages services

\* Joint venture not audited by BDO

- (d) The joint venture, in which the Group participates, is an unlisted separate structured entity whose quoted market price is not available. The contractual arrangement stipulates unanimous consent of all parties over relevant activities of joint venture and provides the Group with only the rights to the net assets of the joint arrangement, with the rights to the assets and obligation for liabilities of the joint arrangement resting primarily with the joint venture. These joint arrangement has been classified as joint venture and has been included in the consolidated financial statements using the equity method.
- (e) The summarised financial information of the joint venture are as follows:

	2018 RM'000	2017 RM'000
<b>Assets and liabilities</b>		
Current assets	160	291
Non-current assets	671	800
Total assets	831	1,091
Current liabilities	516	565
Non-current liabilities	-	-
Total liabilities	516	565

Notes to the Financial Statements

31 December 2018

(Cont'd)

8. INVESTMENT IN A JOINT VENTURE (continued)

(e) The summarised financial information of the joint venture are as follows (continued):

	2018 RM'000	2017 RM'000
<b>Results</b>		
Revenue	1,478	2,077
Loss for the financial year	(210)	(74)

(f) The reconciliation of net assets of the joint venture to the carrying amount of the investment in joint venture are as follows:

	2018 RM'000	2017 RM'000
Share of net assets	158	263
<b>Share of results for the financial year</b>		
Share of profit or loss	(105)	(37)
Share of other comprehensive income	-	-
Share of total comprehensive loss	(105)	(37)

9. INVESTMENTS IN ASSOCIATES

	2018 RM'000	Group 2017 RM'000
<b>At cost</b>		
Unquoted equity shares	107	107
Share of post-acquisition reserves, net of dividends received	670	604
Less: Accumulated impairment losses	(79)	(79)
	698	632

(a) Investments in associates are accounted for using the equity method in the consolidated financial statements.

(b) The financial statements of all associates are coterminous with those of the Group.

Notes to the Financial Statements  
31 December 2018  
(Cont'd)

9. INVESTMENTS IN ASSOCIATES (continued)

(c) The details of the associates are as follows:

Name of company	Country of incorporation	Effective interest in equity		Principal activities
		2018 %	2017 %	
<b>Associates of Focus Point Vision Care Group Sdn. Bhd.</b>				
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	Struck off and gazetted on 18 January 2019
Zania (M) Sdn. Bhd.	Malaysia	20	20	In the process of striking off

\* Associates not audited by BDO

(d) The summarised financial information of the associates are as follows:

	Individually immaterial associates	
	2018 RM'000	2017 RM'000
<b>Assets and liabilities</b>		
Current assets	2,119	2,228
Non-current assets	1,911	1,966
<b>Total assets</b>	<b>4,030</b>	<b>4,194</b>
Current liabilities	1,576	1,943
Non-current liabilities	18	31
<b>Total liabilities</b>	<b>1,594</b>	<b>1,974</b>
<b>Results</b>		
Revenue	7,839	8,037
Profit for the financial year	1,116	1,016



Notes to the Financial Statements

31 December 2018

(Cont'd)

9. INVESTMENTS IN ASSOCIATES (continued)

- (e) The reconciliation of net assets of the associates to the carrying amount of the investments in associates are as follows:

	Individually immaterial associates	
	2018 RM'000	2017 RM'000
Share of net assets	698	632
<b>Share of results of the financial year</b>		
Share of profit or loss	381	356
Share of other comprehensive income	–	–
Share of total comprehensive income	381	356
<b>Other information</b>		
Dividend received	315	420

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Non-current</b>				
<b>Trade receivables</b>				
Third parties	947	363	–	–
Amount owing by a joint venture	70	176	–	–
	1,017	539	–	–
<b>Other receivables</b>				
Third parties	102	116	–	–
Less: Impairment losses	(102)	(102)	–	–
	–	14	–	–
<b>Total receivables</b>	1,017	553	–	–

Notes to the Financial Statements  
31 December 2018  
(Cont'd)

## 10. TRADE AND OTHER RECEIVABLES (continued)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Current</b>				
<b>Trade receivables</b>				
Third parties	6,944	8,497	-	-
Amount owing by a joint venture	285	203	-	-
Amount owing by an associate	350	221	-	-
	7,579	8,921	-	-
Less: Impairment losses				
- Third parties	(1,252)	(1,050)	-	-
- Joint venture	(30)	-	-	-
- Associates	(3)	-	-	-
	6,294	7,871	-	-
<b>Other receivables</b>				
Third parties	3,084	2,208	-	-
Amount owing by a subsidiary	-	-	157	4,707
Amounts owing by associates	15	8	-	-
	3,099	2,216	157	4,707
Less: Impairment losses				
- Third parties	(91)	(91)	-	-
- Subsidiary	-	-	(157)	-
- Associates	-	(4)	-	-
	3,008	2,121	-	4,707
<b>Deposits</b>				
Less : Impairment loss	12,404	11,845	4	4
	(77)	(77)	-	-
	12,327	11,768	4	4
<b>Total receivables</b>	21,629	21,760	4	4,711
<b>Prepayments</b>	2,459	2,758	-	-
	24,088	24,518	4	4,711

(a) Total receivables are classified as financial assets measured at amortised cost.

(b) The Group's and the Company's exposure to credit risks, or the risk of counterparties defaulting, arises mainly from third party 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 (2017: 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.

Notes to the Financial Statements

31 December 2018

(Cont'd)

**10. TRADE AND OTHER RECEIVABLES (continued)**

- (c) As at the end of the reporting period, the Group and the Company does not have any significant concentration of credit risk related to any individual customer or counterparty. In the previous financial year, amount owing by a subsidiary represented total receivables of the Company.
- (d) Included in trade receivables of the Group are amounts owing by franchisees and a joint venture for the sales of initial stocks and fixed assets by the Group amounting to RM825,000 (2017: RM877,000), which are subject to interest ranging from Nil to 10% (2017: Nil to 10%).
- (e) Included in other receivables of the Group are amounts owing by trade suppliers of RM2,287,000 (2017: RM1,530,000) after netting of purchase rebates receivable during the financial year, which are unsecured, interest-free and repayable in cash and cash equivalents.
- (f) In the previous financial year, amount owing by a subsidiary represented balances arising from non-trade transactions and payments made on behalf, which was unsecured, interest-free and repayable upon demand in cash and cash equivalents.
- (g) Amounts owing by associates and a joint venture represent balances arising from trade transactions and payments made on behalf, which are unsecured, interest-free and repayable in cash and cash equivalents. The trade transactions are subject to normal trade terms.
- (h) Included in deposits of the Group are tenant deposits amounting to RM12,254,000 (2017: RM11,697,000), which are in respect of the rental of business premises in accordance with rental agreements.
- (i) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

The Group considers credit lost experience and observable data such as current changes and future forecasts in economic conditions of the Group to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the consolidated statement of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment. As at the end of the reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets.

As at the end of each reporting period, the credit risks exposures and concentration relating to trade receivables of the Group are summarised in the table below:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Maximum exposure	7,311	8,410

Notes to the Financial Statements  
31 December 2018  
(Cont'd)

## 10. TRADE AND OTHER RECEIVABLES (continued)

- (i) Movements in the impairment allowance for trade receivables are as follows:

	2018 RM'000	Group 2017 RM'000
<b>Trade receivables</b>		
At 1 January under MFRS 139	1,050	794
Restated through opening retained earnings	30	-
Opening impairment loss of trade receivables in accordance with MFRS 9	1,080	794
Charge for the financial year	205	256
At 31 December	1,285	1,050

- (j) Impairment for other receivables are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly as defined in Note 10(i) to the financial statements, lifetime expected credit losses along with the gross interest income are recognised.

The probabilities of non-payment by other receivables are adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the twelve month or lifetime expected credit loss for other receivables.

It requires management to exercise significant judgement in determining the probabilities of default by other receivables, appropriate forward looking information and significant increase in credit risk.

Movements in the impairment allowance for other receivables are as follows:

	2018 RM'000	Group 2017 RM'000
<b>Other receivables</b>		
At 1 January	197	505
Reversal of impairment loss	(4)	(2)
Written off	-	(306)
At 31 December	193	197
<b>Deposits</b>		
At 1 January	77	-
Charge for the financial year	-	77
At 31 December	77	77

Notes to the Financial Statements

31 December 2018

(Cont'd)

10. TRADE AND OTHER RECEIVABLES (continued)

(k) The currency exposure profile of trade and other receivables excluding prepayments are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Australian Dollar	26	-	-	-
United States Dollar	105	2	-	-
Singapore Dollar	1	1	-	-
Ringgit Malaysia	22,514	22,310	4	4,711
	22,646	22,313	4	4,711

(l) The trade receivables of the Group as at the end of the reporting period carried at fair values are:

2018	Group	
	Carrying amount RM'000	Fair value RM'000
<b>Total receivables</b>		
Trade and other receivables - Level 3	1,017	1,017
<b>2017</b>		
<b>Total receivables</b>		
Trade and other receivables - Level 3	553	553

There is no transfer between levels in the hierarchy during the financial year.

11. INVENTORIES

	Group	
	2018 RM'000	2017 RM'000
<b>At cost</b>		
Optical and related products	45,127	44,817
Food and beverages	864	251
Operation consumables	35	16
	46,026	45,084
<b>At net realisable value</b>		
Optical and related products	7	14
Hearing aid and related accessories	*	*
	7	14
	46,033	45,098

\* Represents RM31 (2017: RM31)

## Notes to the Financial Statements

31 December 2018

(Cont'd)

**11. INVENTORIES (continued)**

- (a) Inventories are stated at the lower of cost and net realisable value. 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 using the first-in, first-out method. 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.

Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trends 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.

- (b) The Group has written off inventories which amounted to RM433,000 (2017: RM380,000) and has written down slow-moving inventories to their net realisable value which amounted to RM347,000 (2017: RM437,000) during the financial year and are included in cost of sales.

**12. CASH AND BANK BALANCES**

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash and bank balances	4,433	3,778	5	11
Fixed deposits with licensed banks	4,989	6,122	–	–
	9,422	9,900	5	11

- (a) Fixed deposits with licensed banks of the Group and of the Company have maturity periods of 30 days to 365 days (2017: 30 days to 365 days) with interest rates ranging from 2.75% to 3.34% (2017: 2.75% to 3.10%) per annum respectively.
- (b) Certain fixed deposits with licensed banks of the Group are pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Notes 14, 16, 17, 18 and 25 to the financial statements.
- (c) All cash and bank balances are denominated in RM.
- (d) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash and bank balances	9,422	9,900	5	11
Less:				
Bank overdrafts included in borrowings (Note 13)	(3,580)	(5,817)	–	–
Fixed deposits pledged to licensed banks with original maturity of twelve (12) months	(4,309)	(5,442)	–	–
	1,533	(1,359)	5	11

Notes to the Financial Statements

31 December 2018

(Cont'd)

12. CASH AND BANK BALANCES (continued)

(e) At the end of the reporting period, the interest rate profile of the cash and bank balances was:

	2018 RM'000	Group 2017 RM'000
Fixed rate	4,989	6,122

Sensitivity analysis for fixed rate cash and bank balances at the end of the reporting period is not presented as change in interest rates would not materially affect profit or loss.

(f) No expected credit losses were recognised arising from cash and bank balances and deposits with financial institutions because the probability of default by these financial institutions were negligible.

13. BORROWINGS

	Note	2018 RM'000	Group 2017 RM'000
<b>Non-current liabilities</b>			
Term loans - secured	14	8,756	9,448
Hire-purchase liabilities - secured	15	3,655	4,676
		12,411	14,124
<b>Current liabilities</b>			
Term loans - secured	14	1,554	1,384
Hire-purchase liabilities - secured	15	5,388	5,527
Bank overdrafts - secured	12(d), 16	3,580	5,817
Bankers' acceptances - secured	17	13,088	13,094
Revolving credits - secured	18	2,961	3,385
		26,571	29,207
<b>Total borrowings</b>			
Term loans - secured	14	10,310	10,832
Hire-purchase liabilities - secured	15	9,043	10,203
Bank overdrafts - secured	16	3,580	5,817
Bankers' acceptances - secured	17	13,088	13,094
Revolving credits - secured	18	2,961	3,385
		38,982	43,331

(a) All borrowings are denominated in RM.

Notes to the Financial Statements  
31 December 2018  
(Cont'd)

**13. BORROWINGS (continued)**

- (b) The weighted average interest rates per annum of borrowings that were effective as at the end of the reporting period were as follows:

	<b>2018</b>	<b>Group</b>	<b>2017</b>
	%		%
Term loans - secured	5.03		4.96
Hire-purchase liabilities - secured	7.68		7.88
Bank overdrafts - secured	8.18		7.64
Bankers' acceptances - secured	4.99		4.85
Revolving credits - secured	5.59		5.33

- (c) At the end of the reporting period, the interest rate profile of the borrowings was:

	<b>2018</b>	<b>Group</b>	<b>2017</b>
	RM'000		RM'000
Fixed rate	9,043		10,203
Variable rate	29,939		33,128

Sensitivity analysis for fixed rate borrowings at the end of the reporting period is not presented as changes in interest rates would not materially affect profit or loss.

Sensitivity analysis of interest rate at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	<b>2018</b>	<b>2017</b>
	RM'000	RM'000
<b>Effects of 100 basis points changes to profit/(loss) after tax</b>		
Variable rate instruments	±228	±252

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



Notes to the Financial Statements

31 December 2018

(Cont'd)

13. BORROWINGS (continued)

- (d) The table below summarises the maturity profile of the Group's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:

Group	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>2018</b>				
<b>Financial liabilities</b>				
Term loans	2,024	4,082	8,019	14,125
Hire-purchase liabilities	6,075	4,110	–	10,185
Bank overdrafts	3,580	–	–	3,580
Bankers' acceptances	13,088	–	–	13,088
Revolving credits	2,961	–	–	2,961
	27,728	8,192	8,019	43,939
<b>2017</b>				
<b>Financial liabilities</b>				
Term loans	1,883	4,837	8,327	15,047
Hire-purchase liabilities	6,239	5,277	–	11,516
Bank overdrafts	5,817	–	–	5,817
Bankers' acceptances	13,094	–	–	13,094
Revolving credits	3,385	–	–	3,385
	30,418	10,114	8,327	48,859

Notes to the Financial Statements  
31 December 2018  
(Cont'd)

**13. BORROWINGS (continued)**

- (e) The following table sets out the carrying amounts as at the end of the reporting period and the remaining maturities of the Group's borrowings that are exposed to interest rate risk:

Group	Note	Within one year RM'000	One to two years RM'000	Two to three years RM'000	Three to four years RM'000	Four to five years RM'000	More than five years RM'000	Total RM'000
<b>At 31 December 2018</b>								
<b>Fixed rates</b>								
Hire-purchase liabilities	15	(5,388)	(2,588)	(908)	(106)	(53)	-	(9,043)
<b>Floating rates</b>								
Term loans	14	(1,554)	(1,447)	(487)	(407)	(426)	(5,989)	(10,310)
Bank overdrafts	16	(3,580)	-	-	-	-	-	(3,580)
Bankers' acceptances	17	(13,088)	-	-	-	-	-	(13,088)
Revolving credits	18	(2,961)	-	-	-	-	-	(2,961)
<b>At 31 December 2017</b>								
<b>Fixed rates</b>								
Hire-purchase liabilities	15	(5,527)	(3,648)	(924)	(68)	(36)	-	(10,203)
<b>Floating rates</b>								
Term loans	14	(1,384)	(1,452)	(1,367)	(396)	(305)	(5,928)	(10,832)
Bank overdrafts	16	(5,817)	-	-	-	-	-	(5,817)
Bankers' acceptances	17	(13,094)	-	-	-	-	-	(13,094)
Revolving credits	18	(3,385)	-	-	-	-	-	(3,385)

**14. TERM LOANS (SECURED)**

- (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 and buildings as disclosed in Note 6(d) to the financial statements; and
  - (iii) a charge over the Group's fixed deposits as disclosed in Note 12(b) to the financial statements.
- (b) The term loans of the Group bear interest ranging from 4.77% to 5.89% (2017: 4.65% to 5.59%) per annum respectively.
- (c) The term loans are repayable by equal monthly instalments ranging from 60 to 240 months (2017: 31 to 180 months).
- (d) In the previous financial year, a significant covenant for the secured term loans was that the gearing ratio of a subsidiary shall not exceed 3.0 times throughout the tenure of the facilities in relation to the term loans amounting to RM41,000 of the subsidiary. The term loan has been settled in the current financial year.

Notes to the Financial Statements  
31 December 2018  
(Cont'd)

15. HIRE-PURCHASE LIABILITIES (SECURED)

	2018 RM'000	Group	2017 RM'000
Minimum hire-purchase payments			
- not later than one (1) year	6,075		6,239
- later than one (1) year and not later than five (5) years	4,110		5,278
<b>Total minimum hire-purchase payments</b>	<b>10,185</b>		<b>11,517</b>
Less: Future interest charges	(1,142)		(1,314)
<b>Present value of hire-purchase liabilities</b>	<b>9,043</b>		<b>10,203</b>
Repayable as follows:			
<b>Current liabilities:</b>			
- not later than one (1) year	5,388		5,527
<b>Non-current liabilities:</b>			
- later than one (1) year and not later than five (5) years	3,655		4,676
	9,043		10,203

- (a) Hire-purchase facilities of the Group are secured by:
- (i) a corporate guarantee from the Company; and
  - (ii) a charge over the Group's property, plant and equipment as disclosed in Note 6(e) to the financial statements.
- (b) Hire-purchase liabilities of the Group bear interest ranging from 3.52% to 8.37% (2017: 4.44% to 8.37%) per annum.
- (c) The carrying amounts of hire purchase liabilities of the Group as at the end of reporting period that do not approximate their fair values are:

	Carrying amount RM'000	Group	Fair value RM'000
<b>At 31 December 2018</b>			
Hire purchase and lease creditors	9,043		9,038
<b>At 31 December 2017</b>			
Hire purchase and lease creditors	10,203		10,175

- (d) The fair value of 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.

Notes to the Financial Statements  
31 December 2018  
(Cont'd)

**16. BANK OVERDRAFTS (SECURED)**

- (a) Bank overdrafts of the Group are secured by:
  - (i) a corporate guarantee from the Company; and
  - (ii) a charge over the Group's fixed deposits as disclosed in Note 12(b) to the financial statements.
- (b) The bank overdrafts of the Group bear interest ranging from 8.10% to 8.35% (2017: 7.40% to 7.75%) per annum.
- (c) A significant covenant for the secured bank overdrafts is that the gearing ratio of a subsidiary 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 RM2,500,000 (2017: RM2,327,000).

**17. BANKERS' ACCEPTANCES (SECURED)**

- (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 and buildings as disclosed in Note 6(d) to the financial statements; and
  - (iii) a charge over the Group's fixed deposits as disclosed in Note 12(b) to the financial statements.
- (b) The bankers' acceptances of the Group bear interest ranging from 4.57% to 6.52% (2017: 4.22% to 6.42%) per annum.

**18. REVOLVING CREDITS (SECURED)**

- (a) Revolving credits of the Group are secured by:
  - (i) a corporate guarantee by the Company; and
  - (ii) a charge over the Group's fixed deposits as disclosed in Note 12(b) to the financial statements.
- (b) The revolving credits of the Group bear interest ranging from 5.18% to 5.69% (2017: 5.17% to 5.43%) per annum.

Notes to the Financial Statements

31 December 2018

(Cont'd)

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Trade payables</b>				
Third parties	14,585	18,072	-	-
<b>Other payables</b>				
Third parties	1,909	2,883	30	-
Amounts owing to associates	24	24	-	-
Amounts owing to Directors	113	77	-	-
Amounts owing to subsidiaries	-	-	1,424	986
Deposits received	2,000	3,035	-	-
Accruals	7,490	5,396	26	53
	11,536	11,415	1,480	1,039
<b>Total financial liabilities</b>	<b>26,121</b>	<b>29,487</b>	<b>1,480</b>	<b>1,039</b>

- (a) Trade and other payables classified as financial liabilities are measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal credit terms granted to the Group by suppliers range from 30 to 90 days (2017: 30 to 90 days) from date of invoice.
- (c) Amounts owing to associates represent balances arising from payments made on behalf, which are unsecured, interest-free and payable within the next twelve (12) months in cash and cash equivalents.
- (d) Amounts owing to Directors represent advances, which are unsecured, interest-free and payable within the next twelve (12) months in cash and cash equivalents.
- (e) Amounts owing to subsidiaries represent advances, which are unsecured, interest-free and payable within the next twelve (12) months in cash and cash equivalents.
- (f) Included in deposits received of the Group are tenant deposits received from franchisees and retail customers amounting to RM867,000 (2017: RM1,786,000), which are in respect of the rental of business premises in accordance with rental agreements.
- (g) Included in deposits received of the Group are sinking funds amounting to RM883,000 (2017: RM956,000), which is in respect of funds received from the franchisees for the repair and maintenance of the franchise outlets.

Notes to the Financial Statements  
31 December 2018  
(Cont'd)

## 19. TRADE AND OTHER PAYABLES (continued)

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
European Euro	866	979	-	-
United States Dollar	1,494	810	-	-
Hong Kong Dollar	172	117	-	-
Japanese Yen	44	-	-	-
Singapore Dollar	492	500	-	-
Chinese Renminbi	8	240	-	-
Ringgit Malaysia	23,045	26,841	1,480	1,039
	26,121	29,487	1,480	1,039

(i) The maturity profile of the Group's trade and other payables at the end of reporting period based on contractual undiscounted repayment obligations is payable on demand or within one (1) year.

## 20. DEFERRED INCOME

	Group	
	2018 RM'000	2017 RM'000
Unfulfilled performance obligations in respect of:		
- Franchise and licensing fees	2,358	1,925
- Rebate and cash vouchers	681	-
- Laser eye surgery treatment	16	-
	3,055	1,925
Analysed as follows:		
<b>Current liabilities:</b>		
- not later than one (1) year	1,249	535
<b>Non-current liabilities:</b>		
- later than one (1) year and not later than five (5) years	1,806	1,390
	3,055	1,925

Notes to the Financial Statements  
31 December 2018  
(Cont'd)

**20. DEFERRED INCOME (continued)**

Movement of deferred income as at the end of each reporting period are as follows:

	<b>2018</b>	<b>Group</b>
	<b>RM'000</b>	<b>2017</b>
		<b>RM'000</b>
Balance as at 1 January	1,925	1,552
Effects of first time adoption of MFRS 15	635	-
<hr/>		
Balance as at 1 January, as restated	2,560	1,552
Invoiced/Received during the financial year	1,083	878
Recognised as income during the financial year	(588)	(505)
<hr/>		
Balance as at 31 December	3,055	1,925
<hr/>		

**21. DEFERRED TAX**

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

	<b>2018</b>	<b>Group</b>
	<b>RM'000</b>	<b>2017</b>
		<b>RM'000</b>
Balance as at 1 January	1,792	1,700
Effects of first time adoption of MFRS 15	(152)	-
<hr/>		
Balance as at 1 January, as restated	1,640	1,700
Recognised in profit or loss (Note 31)	(597)	92
<hr/>		
Balance as at 31 December	1,043	1,792
<hr/>		
Presented as:		
Deferred tax assets	(247)	(250)
Deferred tax liabilities	1,290	2,042
<hr/>		
	1,043	1,792
<hr/>		

Notes to the Financial Statements  
31 December 2018  
(Cont'd)

## 21. DEFERRED TAX (continued)

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

<b>Deferred tax liabilities of the Group</b>	<b>Property, plant and equipment RM'000</b>	<b>Provisions RM'000</b>	<b>Total RM'000</b>
Balance as at 1 January 2018	2,057	(15)	2,042
Effects of first time adoption of MFRS 15	–	(152)	(152)
Balance as at 1 January, as restated	2,057	(167)	1,890
Recognised in profit or loss	(367)	(233)	(600)
Balance as at 31 December 2018	1,690	(400)	1,290
Balance as at 1 January 2017	2,022	(16)	2,006
Recognised in profit or loss	35	1	36
Balance as at 31 December 2017	2,057	(15)	2,042
<b>Deferred tax assets of the Group</b>	<b>Deferred franchise fees RM'000</b>	<b>Unused tax losses RM'000</b>	<b>Total RM'000</b>
Balance as at 1 January 2018	(250)	–	(250)
Recognised in profit or loss	3	–	3
Balance as at 31 December 2018	(247)	–	(247)
Balance as at 1 January 2017	(220)	(86)	(306)
Recognised in profit or loss	(30)	86	56
Balance as at 31 December 2017	(250)	–	(250)



Notes to the Financial Statements

31 December 2018

(Cont'd)

21. DEFERRED TAX (continued)

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

	2018 RM'000	Group 2017 RM'000
Unused tax losses	4,534	4,958
Unabsorbed capital allowances	12,310	11,051
Other temporary differences	(3,595)	(4,268)
	13,249	11,741

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

The unused tax losses up to the year of assessment 2018 shall be deductible until year of assessment 2025. The unused tax losses for the year of assessment 2019 onwards will expire in seven (7) years.

22. DERIVATIVE LIABILITIES

	Contract/ Notional amount RM'000	Group Liabilities RM'000
<b>31 December 2017</b>		
Forward currency contracts	256	2

- (a) Forward currency contracts have been entered into to operationally hedge forecast purchases denominated in foreign currencies that are expected to occur at various dates within three (3) months from the end of reporting period. The forward currency contracts have maturity dates that coincides with the expected occurrence of these transactions. The fair value of these components has been determined by reference to the difference between the contracted rate and the forward exchange rate as at the end of each reporting period applied to a contract of similar amount and maturity profile.
- (b) The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on Government bonds). The net gain/(loss) on fair value adjustments or derivative liabilities of the Group is disclosed in Note 29 to the financial statements.

Notes to the Financial Statements  
31 December 2018  
(Cont'd)

## 23. SHARE CAPITAL

	Group and Company			
	2018			2017
	Number of ordinary shares	RM'000	Number of ordinary shares	RM'000
<b>Issued and fully paid-up</b>				
Balance as at 1 January	165,000,000	40,096	165,000,000	33,000
Transfer from share premium account pursuant to Companies Act 2016	–	–	–	7,096
Balance as at 31 December	165,000,000	40,096	165,000,000	40,096

- (a) 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 residual assets of the Company.
- (b) With the introduction of Companies Act 2016 effective 31 January 2017, the concept of authorised share capital and par value of share capital have been abolished. Consequently, balance within the share premium account of RM7,096,000 was transferred to the share capital account pursuant to the transitional provisions set out in Section 618(2) of Companies Act 2016. Notwithstanding this provision, the Company may utilise its share premium account for purposes stipulated in Section 618(3) of Companies Act 2016 for a transitional period of 24 months from 31 January 2017. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the member as a result of this transition.

## 24. COMMITMENTS

## (a) Operating lease commitments

**The Group as lessee**

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	
	2018 RM'000	2017 RM'000
<b>Branches</b>		
Not later than one (1) year	27,398	30,583
Later than one (1) year and not later than five (5) years	19,409	23,665
	46,807	54,248

Notes to the Financial Statements  
31 December 2018  
(Cont'd)

24. COMMITMENTS (continued)

(a) Operating lease commitments (continued)

The Group as lessee (continued)

The Group has aggregate future minimum lease commitments as at the end of the reporting period as follows (continued):

	Group	
	2018 RM'000	2017 RM'000
<b>Franchisees</b>		
Not later than one (1) year	5,688	5,612
Later than one (1) year and not later than five (5) years	3,199	3,907
	8,887	9,519

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

The Group as lessor

The Group has back-to-back arrangements with its franchisees on the rental commitments. The Group enters into rental agreements for the business premises with third parties and subsequently, sub-leases these business premises to the franchisees. The rental expenses will be recharged to the franchisees.

(b) Capital commitments

	Group	
	2018 RM'000	2017 RM'000
Capital expenditure in respect of purchase of property, plant and equipment:		
Contracted but not provided for	2	1,622

25. CONTINGENT LIABILITIES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Unsecured corporate guarantees given to licensed banks for facilities granted to subsidiaries				
- Limit of guarantee	-	-	54,699	58,723
- Amount utilised	-	-	38,982	43,331
Secured financial guarantee given to landlord for rental of premises	1,562	1,976	-	-

Notes to the Financial Statements  
31 December 2018  
(Cont'd)

**25. CONTINGENT LIABILITIES (continued)**

The secured financial guarantee of the Group is secured by way of the pledge of the freehold land and buildings and fixed deposits of the Group as disclosed in Notes 6(d) and 12(b) to the financial statements.

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.

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote. Accordingly, the fair values of the above corporate guarantees given to subsidiaries for banking facilities are negligible.

**26. REVENUE**

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<i>Revenue from contracts with customers</i>				
Sale of goods	173,936	160,263	–	–
Services rendered	1,422	1,163	–	–
Franchise fees income	512	480	–	–
Licensing fees income	295	182	–	–
Royalty fees income	3,107	3,033	–	–
<i>Other Revenue</i>				
Dividend income from a subsidiary	–	–	1,650	4,000
	179,272	165,121	1,650	4,000

**(a) Sale of goods and services rendered**

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 services represents the invoiced value arising from laser eye surgery treatment.

Revenue from sale of products and services rendered is recognised at a point in time when the products has been transferred or the services has been rendered to the customer and coincides with the delivery of products and services and acceptance by customers.

There is no significant financing component in the revenue arising from sale of products and services rendered as the sales or services are made on the normal credit terms not exceeding twelve months.

**(b) Franchise fee income**

Franchise fee income is recognised over the period of the respective franchise agreements with the unrecognised portion being recorded as deferred income in the statement of financial position.

## Notes to the Financial Statements

31 December 2018

(Cont'd)

### 26. REVENUE (continued)

- (c) Licensing fee income

Licensing fee income is recognised over the period of the respective licensing agreements with the unrecognised portion being recorded as deferred income in the statement of financial position.

- (d) Royalty fee income

Royalty fee income is recognised point in time when the right to receive payment is established.

- (e) Dividend income

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

- (f) Disaggregation of revenue from contract with customers has been presented in the operating segments, Note 4 to the financial statements.

### 27. COST OF SALES

	2018 RM'000	Group 2017 RM'000
Inventories sold	70,150	66,854
Services rendered	411	339
	70,561	67,193

### 28. FINANCE COSTS

	2018 RM'000	Group 2017 RM'000
Interest expense on:		
- hire-purchase liabilities	838	903
- term loans	534	531
- bankers' acceptances	719	611
- bank overdrafts	232	424
- revolving credits	170	136
- others	261	109
	2,754	2,714

Notes to the Financial Statements  
31 December 2018  
(Cont'd)

**29. PROFIT BEFORE TAX**

Other than those disclosed elsewhere in the financial statements, the profit before tax is arrived at:

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
After charging:				
Auditors' remuneration:				
- statutory audits				
- current year	153	168	32	38
- over provision in prior year	(27)	-	(10)	-
- other services				
- current year	7	8	7	8
- over provision in prior year	(1)	-	(1)	-
Deposit written off	3	23	-	-
Loss on disposal of property, plant and equipment	111	81	-	-
Property, plant and equipment written off	559	778	-	-
Realised loss on foreign currency transactions	167	391	-	-
Rental of premises	35,101	33,654	-	-
Net fair value loss on derivative	-	41	-	-
<b>And crediting:</b>				
Gain on disposal of property, plant and equipment	25	162	-	-
Dividends received from a subsidiary (unquoted)	-	-	1,650	4,000
Interest income received from:				
- fixed deposits	153	179	-	-
- others	101	79	-	-
Net fair value gain on derivative	2	-	-	-
Realised gain on foreign currency transactions	156	240	-	-
Rental income	80	74	-	-

- (a) Interest income is recognised as it accrues, using the effective interest method.
- (b) Rental income is recognised on a straight line basis over the lease term of an ongoing lease.

Notes to the Financial Statements

31 December 2018

(Cont'd)

30. DIRECTORS' REMUNERATION

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Directors of the Company:				
<b>Executive:</b>				
Emoluments other than fees	2,945	2,600	–	–
<b>Non-Executive:</b>				
Fees	132	132	132	132
<b>Total</b>	<b>3,077</b>	<b>2,732</b>	<b>132</b>	<b>132</b>

Estimated monetary value of benefits-in-kind provided to the Executive Directors/Non-Executive Directors of the Company is RM253,000 (2017: RM149,000).

31. TAXATION

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current tax expense	4,029	1,927	–	–
Under-provision of tax in prior years	356	349	–	–
	4,385	2,276	–	–
Deferred tax (Note 21):				
Relating to origination and reversal of temporary differences	(269)	164	–	–
Over-provision of tax in prior years	(328)	(72)	–	–
	(597)	92	–	–
<b>Total</b>	<b>3,788</b>	<b>2,368</b>	<b>–</b>	<b>–</b>

Malaysian income tax is calculated at the statutory tax rate of 24% (2017: 24%) of the estimated taxable profits for the fiscal year.

Notes to the Financial Statements  
31 December 2018  
(Cont'd)

**31. 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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit before tax	10,887	1,911	1,196	3,683
Taxation at Malaysian statutory tax rate of 24% (2017: 24%)	2,613	459	287	884
Tax effects in respect of:				
Non-allowable expenses	1,200	1,385	109	76
Non-taxable income	(106)	(114)	(396)	(960)
Effect of different tax rate on incremental chargeable income	(309)	-	-	-
Deferred tax assets not recognised	362	361	-	-
	3,760	2,091	-	-
Under/(Over)-provision in prior years:				
- income tax	356	349	-	-
- deferred tax	(328)	(72)	-	-
	3,788	2,368	-	-

**32. EARNINGS/(LOSS) PER ORDINARY SHARE****(a) Basic earnings/(loss) per ordinary share**

Basic earnings/(loss) per ordinary share for the financial year is calculated by dividing the profit/(loss) 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	
	2018 RM'000	2017 RM'000
Profit/(Loss) attributable to equity holders of the parent	7,099	(458)
Weighted average number of ordinary shares in issue ('000)	165,000	165,000
	2018 Sen	2017 Sen
Basic earnings/(loss) per ordinary share	4.30	(0.28)



Notes to the Financial Statements

31 December 2018

(Cont'd)

**32. EARNINGS/(LOSS) PER ORDINARY SHARE (continued)**

**(b) Diluted earnings/(loss) per ordinary share**

The diluted earnings/(loss) per ordinary share for the current and previous financial year is equal to the basic earnings/(loss) per ordinary share for the respective financial year as there were no outstanding dilutive potential ordinary shares at the end of each reporting period.

**33. DIVIDENDS**

	Group and Company	
	Dividend per ordinary share sen	Amount of dividend, net of tax RM'000
<b>2018</b>		
First interim dividend paid	1.00	1,650

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

**34. EMPLOYEE BENEFITS**

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Wages, salaries and bonuses	28,226	27,896	132	132
Contributions to defined contribution plan	4,237	4,121	–	–
Social security contributions	465	423	–	–
Other benefits	5,356	5,315	–	–
	38,284	37,755	132	132

**35. RELATED PARTY DISCLOSURES**

**(a) Identities of related parties**

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Company has controlling related party relationship with its direct and indirect subsidiaries.

Notes to the Financial Statements  
31 December 2018  
(Cont'd)

**35. RELATED PARTY DISCLOSURES (continued)****(a) Identities of related parties (continued)**

Related parties of the Group include:

- (i) Direct and indirect subsidiaries as disclosed in Note 7 to the financial statements;
- (ii) Indirect joint venture and associates as disclosed in Notes 8 and 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 and the Company had the following transactions with related parties during the financial year:

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Subsidiary:</b>				
Dividend received	–	–	1,650	4,000
<b>Joint venture:</b>				
Sale of goods	302	459	–	–
Royalty fees received/ receivables	59	83	–	–
Disposal of property, plant and equipment	–	382	–	–
<b>Associate:</b>				
Sale of goods	1,255	1,268	–	–
Licensing fee received/ receivable	157	157	–	–
Dividend received	315	420	–	–
Waiver of debts	(4)	–	–	–
<b>Companies in which certain Directors of the Company have substantial financial interests:</b>				
Rental paid/payable	(240)	(240)	–	–

The related party transactions described above were carried out based on negotiated terms and conditions and mutually agreed with related parties. The licensing fee received/receivable from an associate was charged at 2% (2017: 2%) of monthly gross sales while other licensees of the Group were charged at 5% (2017: 5%) of monthly gross sales.

Information regarding outstanding balances arising from related party transactions as at 31 December 2018 is disclosed in Notes 10 and 19 to the financial statements.

## Notes to the Financial Statements

31 December 2018

(Cont'd)

### 35. RELATED PARTY DISCLOSURES (continued)

#### (c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and of the Company.

The remuneration of Directors during the financial year are disclosed in Note 30 to the financial statements.

#### (d) Material contracts

There were no material contracts, which have been entered into by the Company or its subsidiaries which involved Directors' and major shareholders' interests subsisting at the end of the financial year ended 31 December 2018 or entered into since the end of the previous financial year except as disclosed elsewhere in the financial statements.

### 36. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs

#### 36.1 New MFRSs adopted during the financial year

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

Title	Effective Date
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	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
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</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

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company except for the adoption of MFRS 15 and MFRS 9 described in the following sections.

#### (a) MFRS 9 *Financial Instruments*

MFRS 9 replaces MFRS 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, encompassing all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group applied MFRS 9 prospectively, with an initial application date of 1 January 2018. The Group has not restated the comparative information, which continues to be reported under MFRS 139. Differences arising from the adoption of MFRS 9 have been recognised directly in retained earnings and other components of equity.

Notes to the Financial Statements  
31 December 2018  
(Cont'd)**36. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (continued)****36.1 New MFRSs adopted during the financial year (continued)**(a) MFRS 9 *Financial Instruments* (continued)

## (i) Classification of financial assets and financial liabilities

The Group and the Company classify their financial assets into the following measurement categories depending on the business model of the Group and the Company for managing the financial assets and the terms of contractual cash flows of the financial assets:

- Those to be measured at amortised cost; and
- Those to be measured subsequently at fair value either through other comprehensive income or through profit or loss.

The following summarises the key changes:

- The Available-For-Sale (AFS), Held-To-Maturity (HTM) and Loans and Receivables (L&R) financial asset categories were removed.
- A new financial asset category measured at Amortised Cost (AC) was introduced. This applies to financial assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by collecting contractual cash flows.
- A new financial asset category measured at Fair Value Through Other Comprehensive Income (FVTOCI) was introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- A new financial asset category for non-traded equity investments measured at FVTOCI was introduced.

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities.

However, under MFRS 139 all fair value changes of liabilities designated as FVTPL are recognised in profit or loss, whereas under MFRS 9 these fair value changes are generally presented as follows:

- Amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in Other Comprehensive Income; and
- The remaining amount of change in the fair value is presented in profit or loss.

## Notes to the Financial Statements

31 December 2018

(Cont'd)

**36. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (continued)****36.1 New MFRSs adopted during the financial year (continued)**(a) MFRS 9 *Financial Instruments* (continued)

## (ii) Impairment of financial assets

The adoption of MFRS 9 has fundamentally changed the accounting for impairment losses for financial assets of the Group by replacing the incurred loss approach of MFRS 139 with a forward-looking expected credit loss approach. MFRS 9 requires the Group to record an allowance for expected credit losses for all debt financial assets not held at fair value through profit or loss.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the asset's original effective interest rate of the asset.

Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the consolidated statement of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

Impairment for other receivables and amounts owing by related parties are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Notes to the Financial Statements  
31 December 2018  
(Cont'd)

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

36.1 New MFRSs adopted during the financial year (continued)

(a) MFRS 9 *Financial Instruments* (continued)

(iii) Classification and measurement

The following table summarises the reclassification and measurement of the financial assets and financial liabilities of the Group and of the Company as at 1 January 2018:

	Classification		Carrying amount	
	Existing under MFRS 139	New under MFRS 9	Existing under MFRS 139 RM'000	New under MFRS 9 RM'000
<b>Group</b>				
<b>Financial assets</b>				
Trade and other receivables (excluding prepayments)	L&R	AC	22,313	22,283
Cash and bank balances	L&R	AC	9,900	9,900
<b>Financial liabilities</b>				
Trade and other payables	OFL	AC	29,487	29,487
Borrowings	OFL	AC	43,331	43,331
Derivative liabilities	FVTPL	FVTPL	2	2
<b>Company</b>				
<b>Financial assets</b>				
Trade and other receivables	L&R	AC	4,711	4,711
Cash and bank balances	L&R	AC	11	11
<b>Financial liabilities</b>				
Trade and other payables	AC	AC	1,039	1,039

Notes to the Financial Statements

31 December 2018

(Cont'd)

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

36.1 New MFRSs adopted during the financial year (continued)

(a) MFRS 9 *Financial Instruments* (continued)

(iii) Classification and measurement (continued)

The following tables are reconciliations of the carrying amount of the statement of financial position of the Group and of the Company from MFRS 139 to MFRS 9 as at 1 January 2018:

	Existing under MFRS 139		New under MFRS 9
	Carrying amount as at 31 December 2017 RM'000	Remeasurement RM'000	Carrying amount as at 1 January 2018 RM'000
<b>Group</b>			
Trade and other receivables:			
Opening balance	25,071	–	25,071
Increase in impairment loss	–	(30)	(30)
<b>Total trade and other receivables</b>	<b>25,071</b>	<b>(30)</b>	<b>25,041</b>
Retained earnings:			
Opening balance	12,248	–	12,248
Increase in impairment loss	–	(30)	(30)
<b>Total retained earnings</b>	<b>12,248</b>	<b>(30)</b>	<b>12,218</b>

(b) MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 establishes a comprehensive framework for revenue recognition and measurement. It replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts*, and related Interpretations. Under MFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control, at a point in time or over time, requires significant judgement.

The Group adopted MFRS 15 using the modified retrospective method (without practical expedients), with the effect of initially applying this Standard at the date of initial application of 1 January 2018. The cumulative effect of initially applying MFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under MFRS 111, MFRS 118 and related Interpretations.

Notes to the Financial Statements  
31 December 2018  
(Cont'd)

## 36. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (continued)

## 36.1 New MFRSs adopted during the financial year (continued)

(b) MFRS 15 *Revenue from Contracts with Customers* (continued)

The following table summarises the impact, net of tax, of transition to MFRS 15 on retained earnings at 1 January 2018.

Group	Impact on adopting MFRS 15 on 1 January 2018 RM'000
<b>Retained earnings</b>	
Performance obligation not satisfied	(635)
Related tax	152
<hr/>	
Impact at 1 January 2018	(483)

The following summarises the impact of adopting MFRS 15 on the statement of financial position of the Group as at 31 December 2018 and its statement of profit or loss and OCI for the financial year then ended for each of the line items affected.

## (i) Statements of financial position

	As reported RM'000	Adjustments RM'000	Amounts without adoption of MFRS 15 RM'000
<b>Assets</b>			
Others	128,434	–	128,434
<hr/>			
<b>Total assets</b>	128,434	–	128,434
<hr/>			
<b>Equity</b>			
Retained earnings	17,184	530	17,714
Others	40,096	–	40,096
<hr/>			
<b>Total equity</b>	57,280	530	57,810
<hr/>			
<b>Liabilities</b>			
Deferred income	3,055	(697)	2,358
Deferred tax liabilities	1,290	167	1,457
Others	66,809	–	66,809
<hr/>			
<b>Total liabilities</b>	71,154	(530)	70,624
<hr/>			
<b>Total equity and liabilities</b>	128,434	–	128,434



Notes to the Financial Statements

31 December 2018

(Cont'd)

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

36.1 New MFRSs adopted during the financial year (continued)

(b) MFRS 15 Revenue from Contracts with Customers (continued)

(ii) Statements of profit or loss and OCI

	As reported RM'000	Adjustments RM'000	Amounts without adoption of MFRS 15 RM'000
Revenue	179,272	62	179,334
Cost of sales	(70,561)	-	(70,561)
Taxation	(3,788)	(15)	(3,803)
Others	(97,824)	-	(97,824)
<b>Profit for the financial year</b>	<b>7,099</b>	<b>47</b>	<b>7,146</b>
<b>Total comprehensive income for the financial year</b>	<b>7,099</b>	<b>47</b>	<b>7,146</b>

36.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2019

The following are Standards and Amendments of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

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

The Group and the Company are in the process of assessing the impact of implementing these Standards, since the effects would only be observable for future financial years.

## LIST OF PROPERTIES

As at 31 December 2018

Address	Description/ Existing use/ Tenure	Approx. age of building (years)	Build-up area (square feet)	Net carrying amount (RM'000)	Date of acquisition	Year of revaluation
Unit 1, Block I, Jalan PJU 1/37, Dataran Prima, 47301 Petaling Jaya	5-storey shop office/ Head office/ Freehold	19	7,216	1,791	23.8.2001	2011
Unit 3, Block I, Jalan PJU 1/37, Dataran Prima, 47301 Petaling Jaya	5-storey shop office/ Head office/ Freehold	19	7,216	1,732	1.8.2000	2016
Unit 5-1, Block I, Jalan PJU 1/37, Dataran Prima, 47301 Petaling Jaya	Ground floor of a 5-storey shop office/ Head office/ Freehold	19	1,282	503	8.8.2007	2016
Unit 5-4, Block I, Jalan PJU 1/37, Dataran Prima, 47301 Petaling Jaya	3rd floor of a 5-storey shop office/ Head office/ Freehold	19	1,480	317	11.12.2009	2011
Unit 5-5, Block I, Jalan PJU 1/37, Dataran Prima, 47301 Petaling Jaya	4th floor of a 5-storey shop office/ Head office/ Freehold	19	1,487	410	15.9.2010	2010
Unit 7, Block I, Jalan PJU 1/37, Dataran Prima, 47301 Petaling Jaya	5-storey shop office/ Head office/ Freehold	19	7,170	3,451	12.5.2016	2016
E-06, Sunsuria Forum, No.1, Jln Setia Dagang AL U13/AL, Seksyen U13, Setia Alam 40170 Shah Alam	2-storey shop/ Vacant/ Freehold	0.52	2,460	3,156	12.5.2015 (Vacant Possession: 25.6.2018)	-
R31, Bell Avenue, Jalan Sunsuria Bandar Sunsuria 43900 Sepang	2-storey shop/ Vacant/ Freehold	0.28	2,110	1,932	25.3.2016 (Vacant Possession: 18.9.2018)	-

## ANALYSIS OF SHAREHOLDINGS

As at 29 March 2019

Total number of issued shares : 165,000,000 ordinary shares  
 Class of share : Ordinary shares  
 Voting right : One vote per ordinary share

### ANALYSIS BY SIZE OF HOLDINGS AS AT 29 MARCH 2019

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 - 99	12	1.881	300	0.000
100 - 1,000	132	20.690	77,200	0.047
1,001 - 10,000	214	33.542	1,258,100	0.762
10,001 - 100,000	222	34.796	7,954,000	4.821
100,001 - 8,249,999 (*)	55	8.621	33,652,700	20.396
8,250,000 and above (**)	3	0.470	122,057,700	73.974
<b>TOTAL :</b>	<b>638</b>	<b>100.000</b>	<b>165,000,000</b>	<b>100.000</b>

Remark \* - Less than 5% of issued shares  
 \*\* - 5% and above of issued shares

### LIST OF TOP 30 HOLDERS AS AT 29 MARCH 2019

NO.	NAME	HOLDINGS	%
1	LIAW CHOON LIANG	75,843,001	45.965
2	PERBADANAN NASIONAL BERHAD	24,750,000	15.000
3	GOH POI EONG	21,464,699	13.009
4	WONG LEE SEONG	3,824,800	2.318
5	TAN YAN PIN	3,440,000	2.085
6	TEO KWEE HOCK	2,543,800	1.542
7	WAN SIEW TING	1,658,500	1.005
8	SIM AH HENG	1,538,400	0.932
9	SOO AH MOOI	1,340,000	0.812
10	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SUSY DING (471873)	1,139,000	0.690
11	HAN LONG CHEN	1,030,900	0.625
12	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI (KLC/KEN)	1,029,000	0.624
13	HO LEE LING	1,000,000	0.606
14	KELVIN LIAW KAI XUAN	1,000,000	0.606
15	HUNTERSVILLE (M) SDN BHD	895,500	0.543
16	HOH HON BING	800,000	0.485
17	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO SIEW LAI	800,000	0.485
18	ONG BOON SENG	630,000	0.382
19	WAN SIEW TING	604,000	0.366
20	ALLIANCE GROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KONG KOK CHOY (8092812)	600,000	0.363
21	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN BOON HOCK	600,000	0.363
22	ONG HUNG HENG	600,000	0.363

Analysis of Shareholdings  
(Cont'd)

## LIST OF TOP 30 HOLDERS AS AT 29 MARCH 2019 (continued)

NO.	NAME	HOLDINGS	%
23	RONIE TAN CHOO SENG	505,000	0.306
24	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR LEOW MING FONG @ LEOW MIN FONG (PBCL-0G0161)	500,000	0.303
25	TAN YAN PIN	500,000	0.303
26	WONG LAI HENG	463,000	0.281
27	LIM KIM SOW	450,000	0.273
28	VIVIEN LEE XIN RUI	405,400	0.246
29	GOH HOCK CHUAN	385,500	0.234
30	LIEW NGEK SIN	369,000	0.224
Total		150,709,500	91.339

## Directors' Shareholding as at 29 March 2019 based on the Register of Directors' Shareholdings

Name of Directors	No. of Shares held (Direct)	%	No. of Shares held (Indirect)	%
Dato' Liaw Choon Liang	75,843,001	45.965	22,464,699 *	13.615
Datin Goh Poi Eong	21,464,699	13.009	76,843,001 **	46.571
Kelvin Liaw Kai Xuan	1,000,000	0.606	–	–
Leow Ming Fong @ Leow Min Fong	500,000	0.303	–	–
Datin Sim Swee Yoke	–	–	–	–
Dato' Syed Kamarulzaman bin Dato' Syed Zainol Khodki Shahabudin	–	–	–	–

\* Deemed interest by virtue of the interest of his spouse, Datin Goh Poi Eong and his son, Kelvin Liaw Kai Xuan pursuant to Section 8 of Companies Act 2016.

\*\* Deemed interest by virtue of the interest of her spouse, Dato' Liaw Choon Liang and her son, Kelvin Liaw Kai Xuan pursuant to Section 8 of Companies Act 2016.

## Substantial Shareholders as at 29 March 2019 based on the Register of Substantial Shareholders

Name of Shareholders	No. of Shares held (Direct)	%	No. of Shares held (Indirect)	%
Dato' Liaw Choon Liang	75,843,001	45.965	22,464,699 *	13.615
Perbadanan Nasional Berhad	24,750,000	15.000	–	–
Datin Goh Poi Eong	21,464,699	13.009	76,843,001 **	46.571

\* Deemed interest by virtue of the interest of his spouse, Datin Goh Poi Eong and his son, Kelvin Liaw Kai Xuan pursuant to Section 8 of Companies Act 2016.

\*\* Deemed interest by virtue of the interest of her spouse, Dato' Liaw Choon Liang and her son, Kelvin Liaw Kai Xuan pursuant to Section 8 of Companies Act 2016.

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Tenth Annual General Meeting of Focus Point Holdings Berhad (“the Company”) will be held at Greens II Function Room, Main Wing at Level 1, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 23 May 2019 at 10.00 a.m. to transact the following businesses:

### AGENDA

#### Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon. **(Please refer to Note 2)**
2. To approve the payment of Directors’ fees and benefits of RM138,000 for the period from this 10th Annual General Meeting until the next Annual General Meeting of the Company. **(Resolution 1)**
3. To re-elect Datin Goh Poi Eong who retires pursuant to Article 85 of the Company’s Constitution, as Director of the Company. **(Resolution 2)**
4. To re-elect Datin Sim Swee Yoke who retires pursuant to Article 85 of the Company’s Constitution, as Director of the Company. **(Resolution 3)**
5. To re-appoint Messrs BDO PLT as the Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 4)**

#### Special Business

To consider and, if thought fit, to pass the following resolutions, with or without modifications, as Ordinary/ Special Resolutions of the Company:-

6. **ORDINARY RESOLUTION I  
CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE CHAIRMAN –  
LEOW MING FONG @ LEOW MIN FONG**  
  
“THAT authority be and is hereby given to Leow Ming Fong @ Leow Min Fong who will has served as an Independent Non-Executive Chairman of the Company for a cumulative term of ten years on 31 March 2020, to continue to act as Independent Non-Executive Chairman of the Company until the conclusion of the next Annual General Meeting.” **(Resolution 5)**
7. **ORDINARY RESOLUTION II  
AUTHORITY TO ALLOT SHARES**  
  
“THAT pursuant to Sections 75 and 76 of the Companies Act 2016, the Directors of the Company be and are hereby authorised to allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued from Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company after the approval was given or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by the Company at a general meeting.” **(Resolution 6)**

Notice of Annual General Meeting  
(Cont'd)

8. **ORDINARY RESOLUTION III  
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT  
RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

"THAT pursuant to Rule 10.09 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and its subsidiaries be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.3 of the Circular to Shareholders dated 24 April 2019 ("Related Parties") provided that such transactions and/or arrangements are:-

- (a) necessary for the day-to-day operations;
- (b) are undertaken in the ordinary course of business at arm's length basis and are on normal commercial terms and transaction prices which are not more favourable to the Related Parties than those generally available to the public; and
- (c) are not detrimental to the minority shareholders of the Company,

(collectively known as "Proposed Shareholders' Mandate").

AND THAT such approval, shall continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by an ordinary resolution passed at such Annual General Meeting, the authority is renewed; or
- (b) the expiration of the period within which the next Annual General Meeting of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") (but will not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate."

**(Resolution 7)**

9. **SPECIAL RESOLUTION  
PROPOSED ALTERATION OF THE EXISTING MEMORANDUM AND ARTICLES  
OF ASSOCIATION BY REPLACING WITH A NEW CONSTITUTION ("PROPOSED  
ALTERATION")**

"THAT the existing Memorandum and Articles of Association of the Company be hereby altered by replacing with a new Constitution attached hereto as Annexure A with effect from the date of passing this special resolution.

THAT the Directors of the Company be hereby authorised to do all such acts and things and to take all such steps as they deem fit, necessary, expedient and/or appropriate in order to complete and give full effect to the Proposed Alteration with full powers to assent to any condition, modification, variation and/or amendment as may be required or imposed by the relevant authorities."

**(Resolution 8)**

## Notice of Annual General Meeting (Cont'd)

10. To consider any other business of which due notice shall be given in accordance with the Companies Act 2016.

BY ORDER OF THE BOARD

**WONG WAI FOONG (MAICSA 7001358)**  
**WONG PEIR CHYUN (MAICSA 7018710)**  
Company Secretaries

Kuala Lumpur

Date: 24 April 2019

### NOTES:

#### 1. Notes on Appointment of Proxy

- (a) A member entitled to attend and vote at the Meeting is entitled to appoint proxy(ies) (or in case of a corporation, a duly authorised representative) to attend and vote in his stead. A proxy need not be a member of the Company.
- (b) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's Seal or under the hand of an officer or attorney duly authorised.
- (c) A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meetings and that where the member appoints 2 proxies, such appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
- (d) Where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (e) Where a Member of the Company is an exempt authorised nominee as defined under the SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (f) Where the authorised nominee appoints two (2) proxies or an exempt authorised nominee appoints two (2) or more proxies, the proportion of the shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- (g) The instrument appointing a proxy must be deposited at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd (11324-H) of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting. Provided that in the event the Member(s) duly executes the form of proxy but does not name any proxy, such Member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the Member(s).
- (h) Only the member whose names appear on the Record of Depositors as at 14 May 2019 shall be entitled to attend and vote at this meeting or appoint proxy(ies) to attend and vote on their behalf.

## Notice of Annual General Meeting (Cont'd)

### 2. Audited Financial Statements for the financial year ended 31 December 2018

The Audited Financial Statements in Agenda 1 is meant for discussion only as the approval of the shareholders is not required pursuant to the provisions of Sections 248(2) and 340(1) of the Companies Act 2016. Hence, this Agenda is not put forward for voting by shareholders.

### 3. Resolution 1 – Directors' Fees and Benefits

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the directors and any benefits payable to the directors shall be approved at a general meeting.

The Proposed Resolution 1 for the Directors' fees and benefits proposed for the period from this 10th Annual General Meeting up to the date of next Annual General Meeting are calculated based on the current Board size and number of scheduled Board and Committee Meetings from the 10th Annual General Meeting until the next Annual General Meeting. This resolution is to facilitate payment of Directors' fees and benefits on a current financial year basis. In the event the proposed amount is insufficient, (e.g. due to more meetings or enlarged Board size), approval will be sought at the next Annual General Meeting for the shortfall.

### 4. Resolutions 2 and 3 – Re-election of Directors

Datin Goh Poi Eong and Datin Sim Swee Yoke are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 10th Annual General Meeting.

The Board had through the Nomination Committee carried out the assessment on the Directors and agreed that they meet the criteria as prescribed by Paragraph 2.20A of the ACE Market Listing Requirement of Bursa Malaysia Securities Berhad on character, experience, integrity, competence and time to effectively discharge their role as Directors.

The Board had also through the Nomination Committee carried out assessment on the independence of Datin Sim Swee Yoke and is satisfied that she met the criteria of independence as prescribed in the ACE Market Listing Requirement of Bursa Malaysia Securities Berhad.

### 5. Resolution 4 – Re-appointment of Auditors

The Board has through the Audit Committee assessed the suitability and independence of the External Auditors, Messrs BDO PLT and considered the re-appointment of Messrs BDO PLT as Auditors of the Company. The Board and Audit Committee collectively agreed and satisfied that Messrs BDO PLT has the relevant criteria prescribed by Rule 15.21 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

### 6. Explanatory Notes on Special Business

#### (i) Resolution 5 – Continuing in Office as Independent Non-Executive Chairman

The Board had via the Nomination Committee conducted an annual performance evaluation and assessment of Leow Ming Fong @ Leow Min Fong as an Independent Non-Executive Chairman, who will have served for a cumulative term of ten years on 31 March 2020 and recommended him to continue act as an Independent Non-Executive Chairman based on the following justifications:-

- a. He fulfills the criteria under the definition of "Independent Director" as stated in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, he would be able to function as a check and balance, bring an element of objectivity to the Board;
- b. His tenure with the Company has neither impaired nor compromise his independent judgement and ability to act in the best interest of the Company. He continues to remain objective and are able to exercise his independence judgement in expressing his view and participating in deliberations and decision making of the Board and Board Committee in the best interest of the Company;



## Notice of Annual General Meeting (Cont'd)

- c. He has vast experience in a diverse range of business and has good understanding of the Company's business operations;
- d. He continues to exercise due care during his tenure as an Independent Non-Executive Chairman of the Company and carried out his professional duties in the interest of the Company and shareholders;
- e. He has devoted sufficient time and commitment to discharge his responsibility and professional obligations as an Independent Non-Executive Chairman; and
- f. He does not have any business dealings with the Group.

### (ii) Resolution No. 6 – Authority to Allot Shares

The proposed Resolution 6 is prepared for the purpose of granting a renewed general mandate ("General Mandate") and empowering the Directors to allot shares in the Company up to an amount not exceeding in total per centum (10%) of the total number of issued shares of the Company for such purposes as the Directors consider would be in the interest of the Company.

This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

The renewed general mandate is to provide flexibility to the Company to allot new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings acquisitions and/or for issuance of shares as settlement of purchase consideration.

As at the date of this notice, the Company did not issue any shares pursuant to the mandate granted to the Directors at the Ninth Annual General Meeting because there were no investment(s), acquisition(s) or working capital that require fund raising activity.

### (iii) Resolution No. 7 – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature

The Resolution 7, if passed, will allow the Group to enter into RRPT made on an arm's length basis and on normal commercial terms and which are not detrimental to the interest of the minority shareholders. Please refer to the Circular to Shareholders dated 24 April 2019 enclosed together with the Company's Annual Report 2018.

### (iv) Resolution No. 8 – Proposed Alteration of the Existing Memorandum and Articles of Association by Replacing with a New Constitution

This proposed Special Resolution, if passed, will enable the Company to alter its existing Memorandum and Articles of Association by replacing with a new Constitution which is drafted in accordance with the relevant provisions of the Companies Act 2016, relevant amendments of Chapter 7 and other Chapters of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and other provisions of laws and regulations that are applicable to the Company.

For further information on the Proposed Alteration, please refer to the Annexure A attached to the Annual Report 2018.

STATEMENT ACCOMPANYING NOTICE OF  
**ANNUAL GENERAL MEETING**

Pursuant to Rule 8.29(2) of the ACE Market Listing Requirements of  
Bursa Malaysia Securities Berhad

**Authority for Directors to Allot Shares Pursuant to Section 75 and 76 of the Companies Act 2016**

Kindly refer to item (6)(ii) of the Explanatory Notes on Special Business of the Notice of the Tenth Annual General Meeting for the detail of the authority for Director to allot shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 on page 128.

This page has been intentionally left blank

# FOCUS POINT

**FOCUS POINT HOLDINGS BERHAD** (884238-U)  
(Incorporated in Malaysia)

## FORM OF PROXY

I/We.....\*NRIC No./Passport No./Company No. ....

of.....being \*a member/members of

Focus Point Holdings Berhad hereby appoint.....

NRIC No./Passport No.....of.....

or failing him/her, the Chairman of the Meeting as \*my/our proxy to vote for \*me/us and on \*my/our behalf at the Tenth Annual General Meeting of the Company to be held at Greens II Function Room, Main Wing at Level 1, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 23 May 2019 at 10.00 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below:

Item	Agenda	Resolution	For	Against
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2018 and the Reports of Directors and Auditors thereon.			
		<b>Resolution</b>	<b>For</b>	<b>Against</b>
2.	To approve the payment of Directors' fees and benefits of RM138,000 from this 10 <sup>th</sup> Annual General Meeting until the next Annual General Meeting of the Company.	1		
3.	To re-elect Datin Goh Poi Eong who retires pursuant to Article 85 of the Company's Constitution, as Director of the Company.	2		
4.	To re-elect Datin Sim Swee Yoke who retires pursuant to Article 85 of the Company's Constitution, as Director of the Company.	3		
5.	Re-appointment of Messrs BDO PLT as Auditors of the Company.	4		
<b>Special Business</b>				
6.	Approval on the continuation of office for Leow Ming Fong @ Leow Min Fong as an Independent Non-Executive Chairman of the Company.	5		
7.	Authority to allot shares Pursuant to Sections 75 and 76 of the Companies Act 2016.	6		
8.	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue of Trading Nature.	7		
9.	Proposed Alteration of the Existing Memorandum and Articles of Association by replacing with a New Constitution.	8		

Please indicate with an "X" in the appropriate space how you wish your proxy to vote. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he thinks fit or, at his discretion, abstain from voting.

Dated this day.....of..... 2019

Number of ordinary shares held

.....  
\* Signature/Common Seal of Shareholder

\* Delete if not applicable

### Notes:

- A member entitled to attend and vote at the Meeting is entitled to appoint proxy(ies) (or in case of a corporation, a duly authorised representative) to attend and vote in his stead. A proxy need not be a member of the Company.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's Seal or under the hand of an officer or attorney duly authorised.
- A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meetings and that where the member appoints 2 proxies, such appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
- Where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- Where a Member of the Company is an exempt authorised nominee as defined under the SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- Where the authorised nominee appoints two (2) proxies or an exempt authorised nominee appoints two (2) or more proxies, the proportion of the shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- The instrument appointing a proxy must be deposited at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd (11324-H) of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting. Provided that in the event the Member(s) duly executes the form of proxy but does not name any proxy, such Member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the Member(s).
- Only the member whose names appear on the Record of Depositors as at 14 May 2019 shall be entitled to attend and vote at this meeting or appoint proxy(ies) to attend and vote on their behalf.



Please fold here

---

Stamp

The Share Registrar  
Tricor Investor & Issuing House Services Sdn Bhd (11324-H)  
Unit 32-01, Level 32  
Tower A, Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur

---

Please fold here

[www.focus-point.com](http://www.focus-point.com)

Unit 1, 3, 5 & 7, Jalan PJU 1/37, Dataran Prima  
47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia

Tel : 03-7880 5520 Fax : 03-7880 5530