

FOCUS POINT



2016
annual report

FOCUS POINT

MANAGEMENT OFFICE

Unit 1, 3, 5 & 7, Jalan PJU 1/37, Dataran Prima,

47301 Petaling Jaya, Selangor.

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

Central

AEON Alpha Angle	03-4142 0478
AEON BIG Kepong	03-6259 3403
AEON BIG Wangsa Maju	03-4149 6437
AEON Bukit Raja	03-3344 5155
AEON Cheras Selatan	03-9075 3975
AEON Metro Prima Kepong	03-6259 0235
AEON Rawang	03-6092 0843
Alamanda Putrajaya	03-8889 3093
Ampang Point	03-4252 0758
Axis Atrium	03-9281 2449
Bukit Tinggi	03-3323 0349
Damansara Uptown	03-7729 6268
Encorp Strand Mall	03-6143 5822
Fahrenheit 88	03-2141 0527
Gamuda Walk	03-5131 7223
Giant Batu 9 Cheras	03-9076 0125
Giant Batu Caves	03-6188 4799
Giant Kajang	03-8733 3714
Giant Klang	03 3323 5195
Giant Putra Heights	03-5191 5197
Giant Seri Kembangan	03-89382784
Giant Subang Jaya	03-8022 1206
Gombak	03-4021 1341
IOI City Mall Putrajaya	03-8959 9346
IOI Mall Puchong	03-8075 7556
Kajang	03 8736 0220
Kelana Jaya	03-7804 3013
Klang Parade	03-3343 5850
KLCC	03-2166 8318
Leisure Mall	03-2856 0510
Metro Point Kajang	03-8737 0970
MyTown Shopping Centre	03-2710 4980
Nu Sentral	03-2710 4981
One Utama	03-2272 2073
Pandan Kapital	03-7722 1266
Paradigm Mall	03-4285 3500
Pavilion KL	03-7887 1078
PJ Old Town	03-2141 4866
Plaza Shah Alam	03-7781 5341
Rawang	03-5891 0535
SACC Mall	03 6092 2599
Seksyen 14 PJ	03-5510 9593
Selayang B	03-7960 2726
Setapak Sentral	03-6136 9566
Setia City Mall	03-4131 8977
Sri Gombak	03-3345 6510
Sri Hartamas	03-6186 7721
Sri Petaling	03-6143 8828
SS2	03-9054 0470
Subang Parade	03-7873 6220
Sungai Buloh	03-5622 1458
Sunway Giza	03-6141 0976
Sunway Putra Mall	03-6148 1808
Sunway Pyramid	03-4040 0759
Sunway Velocity	03-7494 0480
Taman Putra	03-2725 9263
Tesco Ampang	03-4296 2310
Tesco Extra Cheras	03-9285 7767
Tesco Kepong	03-9133 5130
Tesco Kuala Selangor	03-6273 4010
Tesco Rawang	03-3289 6418
Tesco Shah Alam	03-6091 4809
The Curve	03-5512 1686
The Mines	03-7727 9852
Tropicana City Mall	03-8941 6158
USJ Taipan 1	03-7710 6630
USJ Taipan 2	03-5637 1536
Wangsa Walk	03-5631 0801

Northern

AEON Big Ipoh	05-281 1410
AEON Bukit Mertajam	04-548 5797
AEON Kinta City	05-546 3566
AEON Klebang	05-291 4257
AEON Seri Manjung	05-687 0046
AEON Station 18, Ipoh	05-321 7225
AEON Taiping	05-804 8036
Alor Setar Mall	04-771 2150

Aman Central	04-733 5520
Giant Ipoh	05-547 4384
Gurney Paragon	04-226 1850
Gurney Plaza	04-228 0816
Kompleks Bukit Jambul	04-642 5155
Queensbay Mall	04-641 1975
Sunway Carnival	04-390 5520
Taiping Mall	05-804 8129
Tesco Ipoh	05-548 4906
Tesco Penang	04-659 5070
Tesco Seberang Jaya	04-399 6972
Tesco Station 18, Ipoh	05-322 3509
Tesco Sungai Petani Lagenda	04-4258 858
Tesco Sungai Petani Mutiara	04-425 9858

Southern

AEON Ayer Keroh	06-232 8634
AEON Kulaijaya	07-660 6308
AEON Permas Jaya	07-386 1790
AEON Taman Universiti	07-520 1676
Batu Pahat Jalan Soga	07-432 8964
Batu Pahat Mall	07-435 2306
Batu Pahat Taman Flora	07-438 5520
City Square	07-226 0130
Giant Lukut	06-651 7866
Giant Muar	06-952 9619
Giant Nilai	06-794 0996
Giant Plentong	07-358 3318
Giant Senawang	06-679 7696
Giant Tampoi	07-236 9588
Holiday Plaza LG25	07-333 2018
Holiday Plaza LG83	07-333 0257
Kluang	07-776 0303
Kota Tinggi	07-882 4967
Masai	07-251 8778
Muar	06-952 3012
Mydin Seremban 2	06-601 7910
Palm Mall	06-765 6120
Plaza Kota Tinggi	07-883 9689
Plaza Sentosa	07-331 5370
Skudai Parade	07-554 9784
Terminal One	06-763 9193
Tesco Desa Tebrau	07-353 9780
Tesco Masai	07-388 6231
Tesco Putra Nilai	06-799 8081
Tesco Senawang	06-677 6672
The Shore Melaka	06-292 1292
Ulu Tiram	07-861 8363
Wetex Parade	06-951 4379
Yong Peng	07-467 5278

East Coast

East Coast Mall	09-517 3136
Giant Gong Badak	012-406 0567
Giant Kuala Terengganu	09-622 6967
Giant Kuantan	09-515 8279
KB Mall	09-747 7993
KB Mall 2	09-743 2636
Mesra Mall	09-864 9469
Tesco Kota Bharu	09-741 6520

East Malaysia

1 Borneo	088-447 581
Imago KK	088-274 800
Karamunsing Mall	088-233 289
Suria Sabah	088-487 787
Vivacity Kuching	082-263 818

Brunei

Freshco Mall	+673 222 0099
KB Sentral	+673 334 3038
Kuala Belait	+673 333 2299
Supasave Seria	+673 322 1203
The Mall	+673 242 8777
Times Square	+673 234 2903

Subsidiary brands of: **FOCUS POINT**

FOCUS POINT

SIGNATURE

AEON Shah Alam	03-5524 5695
Empire Subang	03-5632 4171
Komtar JBCC	07-295 5150
Mid Valley	03-2282 0878
Quill City Mall	03-2602 2292
The Spring Kuching	082-230 743

FOCUS POINT

CONCEPT STORE

AEON Tebrau City	07-364 3145
Concept Store Melawati Mall (Opening Soon)	

FOCUS POINT

OUTLET

Design Village	04-589 9014
Freeport A'Famosa Melaka	06-552 0913
Genting Premium Outlet (Opening Soon)	



Ikano Power Centre	03-7725 8766
Ipoh Parade	05-243 5717
	05-243 5718
OC Segamat	07-9313 408



AEON Seremban 2	06-601 5018
Gurney Plaza	04-229 6482
Holiday Plaza LG28	07-335 4121
One Utama	03-7724 1395
Sky Avenue Genting	03-6101 2039
Sunway Carnival	04-398 5520



AEON Melaka	06-292 1107
Giant Plentong	07-351 8075
Mid Valley	03-2287 3790



1 Borneo	088-448 205
AEON Kota Bahru	09-744 0988
AEON Shah Alam	03-5523 8941
Gurney Plaza	04-218 9624
Imago KK	088-274 248
IOI Mall Puchong	03-8062 0640
KLCC	03-2181 6386
Mid Valley	03-2287 5520
Nu Sentral	03-2260 1306
Queensbay Mall	04-641 0631
Setia City Mall	03-3341 1625
Subang Parade	03-5621 0140
Sunway Pyramid	03-5621 0308
Suria Sabah	088-204 187
Sutera Mall	07-554 5753
Tesco Seremban 2	06-633 3212
The Curve	03-7710 0426
The Mines	03-8938 1785
Vivacity Kuching	082-263 828



Pavilion	03-2141 8586
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eyefont

KLCC	03-2181 2397
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Mid Valley	03-2280 0087
Gurney Plaza	04-218 9624

Komugi outlets



AEON Mall Tebrau City	07-361 5393
AEON Shah Alam	03-5524 1614
IOI City Mall	03-8949 9284
Leisure Mall	03-2858 5603
Main Place	03-8021 6093
Malacca	019-474 6069
Mid Valley Megamall	03-2282 1994
MyTOWN Shopping Centre	03-2710 5448
One Utama	03-7728 5520
Paradigm Mall	03-7886 5611
Pavilion	03-2110 5022
Subang Parade	03-5039 0630
Sunway Pyramid	03-5612 4212
The Mines	03-8958 5520
Vivacity Megamall	08-2263 981

Komugi Philippines outlets

Landmark Makati, Makati City	+63 917-656 9430
SM Makati, Makati City	+63 917-56 9430
SM North Edsa, Quezon City	+63 977-837 3798
UP Town Center, Quezon City	+63 917-671 8963

OUTLET CONCEPT

Our range of retail outlets provides customers with a unique experience that is tailored to their needs. Just another way for us to ensure there is something for everyone. Focus Point prides on being your all-in-one solution when it comes to eye care, eyewear and accessories, and we truly believe that we have something for everyone. In addition to our Focus Point retail outlets, we have also launched a variety of different brands and concepts in order to better serve our customers' needs.

Focus Point

A professional eye care centre that caters for consumers of all age groups



Focus Point Signature

Focus Point Signature is Focus Point's latest concept store that provides only the finest selection of products. In addition to its great service and hospitality, it's Shop-In-Shop concept which allows brand fanatics to have a better shopping experience, 'teleporting' them into a realm filled with only their favourite brands. Equipped with i-Terminal 2 by Zeiss, a fast and high precision technology used to measure centration for perfectly-fitted eyewear, and i-Profiler plus by Zeiss, an easy-to-use eye profiling system infused with i.scription® technology, customers are sure to walk away with perfectly-matched eyewear.



FP Concept Store

Focus Point Concept Store, the first revolution of its kind. The store offers the unity of several subsidiary brands inclusive of "Eyefont" and "Whoosh" that would bring to its customers the 1-stop convenience and varieties offered for ranges of age and style.



Opulence

An exclusive optical centre for luxurious eyewear brands



Whoosh

For those who want it DIFFERENT, for those who want it NOW. Whoosh brings the next generation of eyewear designs and eyewear services to those who value style, quality and professional advice on the go. 3 SIMPLE STEPS is all it takes – choose a frame, test your eyes and get your glasses in 30 minutes. No Whoosh! No Fun!



Eyefont

This new optical concept store has been derived from a global study on the experience of how modern customers choose and purchase their eyewear. The study shows that customers are keen to know and understand more about their eyes, personalised lens solution to fit onto their favourite branded eyewear. In partnership with world's largest eyewear company, Luxottica, this store offers a selection of people's top pick eyewear brands



Ray-Ban

Ray-Ban has been the global leader in premium eyewear market and thus far the best-selling eyewear brand in the world. This store has been crafted to fulfill the desire from the fans of wanting more from this fashion brand. Customer can get hold of the whole range of the best known Wayfarer and Aviator styles of frames in this store



Optical City

A one-stop solution centre for eye care and eyewear products incorporated under one roof



Excelview

More than just an optical store specialising in professional eye care





Komugi

Little warms the appetite like the scent of freshly baked bread. Komugi offers a variety of deliciously authentic products, from handmade Japanese bread to delightful and delectable cakes and pastries. Komugi's team of experienced and passionate chefs behind the scenes bake everything daily to ensure our valued customers get only the freshest products, all made from natural, premium ingredients flown in from Japan. Komugi offers more than 100 selections to its Japanese delight-loving customers. Komugi aspires to make all customers smile on the first bite!





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CORPORATE PROFILE



It all started with the opening of the very first Focus Point outlet in Muar, Johor, back in 1989. At the time, it was simply called Focus Vision Care Centre, and the store was nothing more than a small counter in a shopping centre.

From those humble beginnings, we have grown from a small-town optical store to a company that not only leads the eyewear retail industry in the country, but one that is set to make its mark on the region.

Certainly, it has been quite a journey. Following the establishment of Focus Point Sdn Bhd in 1993, a head office was set up in Johor Bahru to provide management and operational support to the growing number of retail branches. But more opportunities beckoned, and we eventually expanded to the nation's capital and set up home in Kuala Lumpur in 2000.

As business continued to thrive, our management arrived at a turning point. The decision to formulate a franchise programme was sparked by the belief that people are the most important asset, plus a desire to create opportunities for rising young entrepreneurs.



VISION

To become a leading brand name in Asia through our focused approach in vision care

MISSION

To provide consumers with the best vision care and eyewear services as well as to uphold the highest standards in reliability, quality and professionalism





CORPORATE INFORMATION

BOARD OF DIRECTORS

Leow Ming Fong @ Leow Min Fong
(Independent Non-Executive Chairman)

Dato' Liaw Choon Liang
(President/Chief Executive Officer)

Datin Goh Poi Eong
(Executive Director)

Datin Sim Swee Yoke
(Independent Non-Executive Director)

Dato' Syed Kamarulzaman
bin Dato' Syed Zainol Khodki Shahabudin
(Non-Independent Non-Executive Director)





NOMINATION COMMITTEE

Leow Ming Fong @ Leow Min Fong
(Chairman)
Datin Sim Swee Yoke
(Member)

Dato' Syed Kamarulzaman bin Dato' Syed
Zainol Khodki Shahabudin
(Member)

REMUNERATION COMMITTEE

Datin Sim Swee Yoke
(Chairman)

Leow Ming Fong @ Leow Min Fong
(Member)

Dato' Liaw Choon Liang
(Member)

AUDIT COMMITTEE

Leow Ming Fong @ Leow Min Fong
(Chairman)

Datin Sim Swee Yoke
(Member)

Dato' Syed Kamarulzaman bin Dato' Syed
Zainol Khodki Shahabudin
(Member)

CORPORATE OFFICE

Unit 1, 3, 5 & 7, Jalan PJU 1/37
Dataran Prima
47301 Petaling Jaya
Selangor Darul Ehsan
Tel No.: 03-7880 5520
Fax No.: 03-7880 5530

REGISTERED OFFICE

Unit 30-01, Level 30
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel No.: 03-2783 9191
Fax No.: 03- 2783 9111

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
ACE Market
Stock Code : 0157

COMPANY SECRETARIES

Wong Wai Foong
(MAICSA 7001358)

Wong Peir Chyun
(MAICSA 7018710)

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Leow Ming Fong @ Leow Min Fong
Unit 1, 3, 5 & 7, Jalan PJU 1/37
Dataran Prima
47301 Petaling Jaya
Selangor Darul Ehsan
Email: leowjim2015@gmail.com

SHARE REGISTRAR

Tricor Investor & Issuing House Services
Sdn Bhd
Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel No.: 03-2783 9299
Fax No.: 03- 2783 9222

AUDITORS

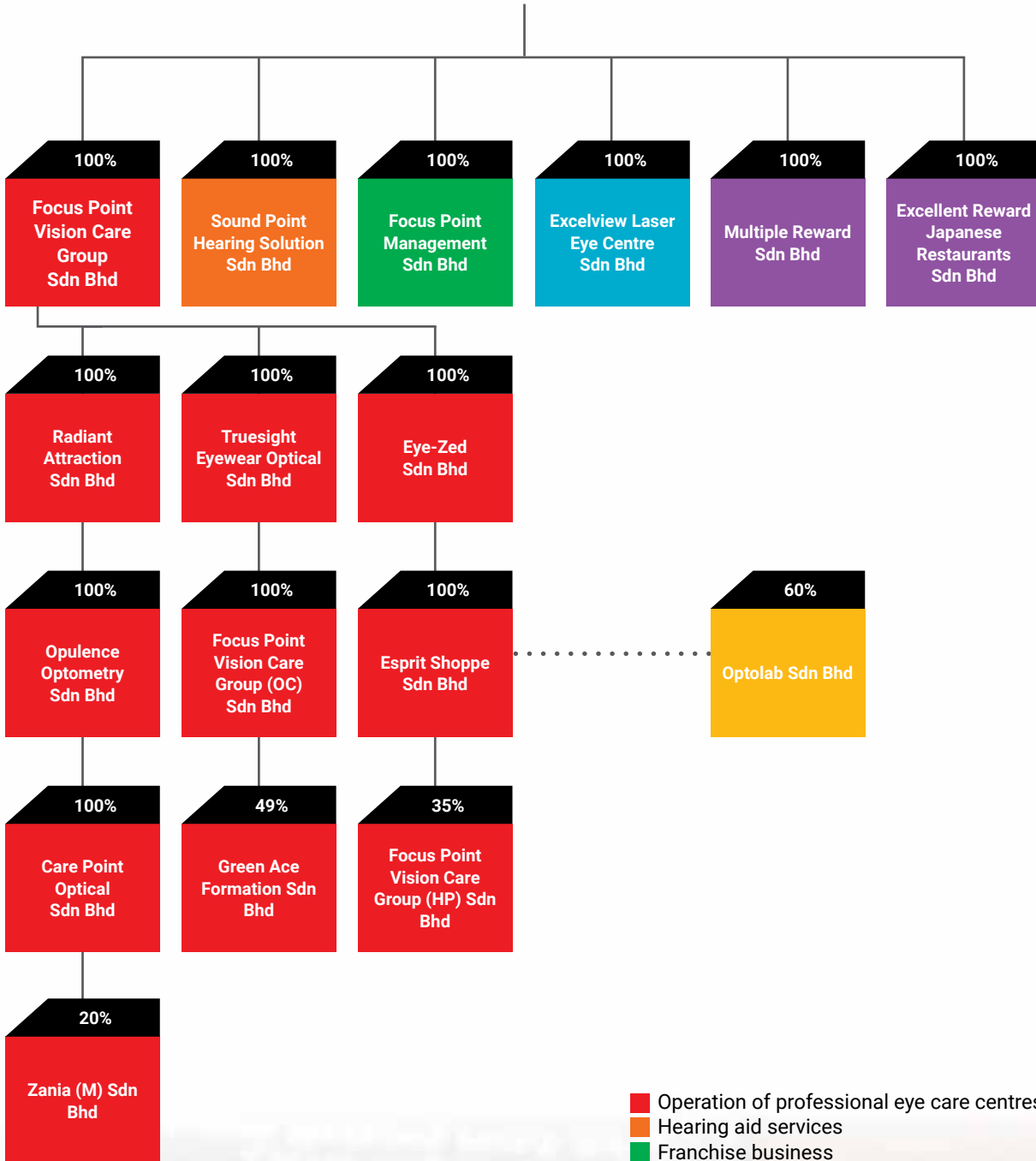
BDO (AF0206)
Chartered Accountants
Level 8, Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Tel No.: 03-2616 2888
Fax No.: 03-2616 2970

Company Website

www.focus-point.com

CORPORATE STRUCTURE

Focus Point Holdings Berhad



- Operation of professional eye care centres
- Hearing aid services
- Franchise business
- Medical eye care services
- Food and beverage services
- Trading of medical products

FINANCIAL HIGHLIGHTS

	2016	2015	2014	2013	2012	2011	2010 *
Revenue (RM'000)	161,946	154,592	153,491	147,451	130,578	120,226	74,649
Earnings before interest, tax, depreciation and amortisation (EBITDA) (RM'000)	10,246	12,985	11,809	15,312	14,023	13,388	12,039
Profit before tax (RM'000)	643	4,593	4,104	8,360	9,477	9,208	9,393
(Loss)/Profit after tax (RM'000)	(1,283)	1,200	1,103	4,701	6,019	6,999	6,214
Net (loss)/profit attributable to owners of the parent (RM'000)	(1,198)	1,331	1,167	4,771	6,035	7,012	6,234
Total assets (RM'000)	133,344	123,735	109,707	107,469	98,895	92,462	89,119
Total liabilities (RM'000)	80,548	69,762	56,954	52,489	45,365	41,731	41,886
Total borrowings (RM'000)	44,667	32,536	27,145	26,667	21,317	15,213	21,281
Total equity (RM'000)	52,796	53,973	52,753	54,980	53,530	50,731	47,129
Equity attributable to owners of the parent (RM'000)	52,802	54,083	52,752	54,946	53,475	50,740	47,027
Return on assets (%)	(1)	1	1	4	6	8	7
Return on equity (%)	(2)	2	2	9	11	14	13
Gearing ratio (%)	85	60	51	49	40	30	45
Net assets per share (sen)	32.00	32.78	31.97	33.30	32.41	30.75	28.50
(Loss)/Earnings per share (sen)	(0.73)	0.81	0.71	2.89	3.66	4.25	3.78
Dividend per share (sen)	–	–	1.00	2.00	1.00	2.00	2.00

* The audited financial statements for 2010 was for a period of 8.5 months as the acquisition of Focus Point Vision Care Group Sdn Bhd and its subsidiaries by Focus Point Holdings Berhad as well as the internal restructuring were completed on 14 April 2010. Focus Point Holdings Berhad was listed on the ACE Market of Bursa Malaysia Securities Berhad in August 2010.

PROFILE OF DIRECTORS

Leow Ming Fong @ Leow Min Fong Malaysian, aged 67, male

Leow Ming Fong @ Leow Min Fong is our Independent Non-Executive Director and was appointed to our Board on 1st April 2010. He was appointed as Chairman of the Company on 3 August 2015. He is also Chairman of the Audit Committee and Nomination Committee, and a member of the Remuneration Committee. He is a retired Audit Partner of KPMG, Kuala Lumpur. He is a Fellow of Institute of Chartered Accountants in England and Wales, member of the Malaysian Institute of Certified Public Accountants, member of the Malaysian Institute of Chartered Accountants and member of Malaysian Institute of Management. He began his career in 1969 when he started his articleship with a chartered accounting firm in London, United Kingdom. He returned to Malaysia in 1974 and joined KPMG, Kuala Lumpur as an Audit Senior and Supervisor. In 1976, he was appointed as the Audit Manager in KPMG, Sandakan, Sabah and subsequently, in 1980, he was appointed as the Partner overseeing the tax and audit department of KPMG, Sandakan and Tawau, Sabah. In 1995, he returned to KPMG, Kuala Lumpur to take up the position of Audit Partner and during the years between 1996 and 2000, he also acted as the Partner-in-Charge of KPMG, Cambodia for 3 ½ years. He carried out short-term assignments such as fraud investigation, due diligence for mergers and acquisitions, reporting accountant for various corporate exercises for public listed companies during his KPMG experience in Singapore, British Guinea in South America and Vietnam. He is also Independent Non-Executive Director of KSK Group Berhad, a Canadia Bank PLC, a bank operating in Cambodia, Sovannaphum Life Assurance PLC, a life insurance company operating in Cambodia and Hap Seng Consolidated Berhad.

Dato' Liaw Choon Liang ("Dato' Liaw") Malaysian, aged 49, male

Dato' Liaw is our President/Chief Executive Officer and was appointed to our Board on 30 December 2009. He was subsequently appointed as a member of the Nomination Committee and Remuneration Committee on 3 May 2010. He resigned as a member of Nomination Committee on 16 April 2013. He is a registered optician with the Malaysian Optical Council. He brings with him invaluable industrial experience having accumulated over 30 years of experience in the professional eye care industry. He has been instrumental in the growth and development of our Group and more importantly, has been the key driving force in the expansion of our chain of professional eye care centres. As our Group's President/Chief Executive Officer, his overall management has contributed significantly to the success and growth of our Group. During the early years of our operations, he recognised the importance of brand building and development, ownership and management as the key components in differentiating our Group from our competitors. In addition, he was instrumental in building our "Focus Point" brand as the chain of professional eye care centres which has become the largest in Malaysia today. His expertise and contributions also extend to strategy planning and business development where his sound management skills have contributed to the continuing success and growth of our Group. In 2002, he was awarded the Certificate of Merit for The Outstanding Young Malaysian Awards 2002 by the Junior Chamber, Malaysia. In 2009, he was a finalist for the Best Franchise Entrepreneur Award by the Malaysian Franchise Association. Subsequently, at the Malaysian Retailers-Chain Association ("MRCA") – 8TV Entrepreneur Awards in 2009, Dato' Liaw was given an award in recognition of his outstanding entrepreneurship. In 2012, Dato' Liaw was elected as Deputy President of MRCA for 2012 to 2014. Further in 2014 itself, he was elected as President of MRCA for 2014 to 2016. Dato' Liaw was awarded Industry Advisory Council and CEO Faculty, Polytechnic Education Department for 2015 to 2017 by Politeknik Malaysia. He also holds several directorships in the companies within the Group. He is the spouse of Datin Goh Poi Eong and also a major shareholder of the Company.

PROFILE OF DIRECTORS (CONT'D)

Datin Goh Poi Eong (“Datin Goh”) Malaysian, aged 50, female

Datin Goh is our Executive Director and was appointed to our Board on 30 December 2009. She is a registered optician with the Malaysian Optical Council. She has accumulated more than 20 years of experience in the industry. Her expertise and contribution extends to resource planning and management where her prudent management has contributed to the continuing business success and growth of our Group. She is currently actively involved in the planning and implementation of various corporate social responsibility efforts to further enhance the corporate image and awareness of our Group. She holds several directorships in the companies within the Group. She is the spouse of Dato’ Liaw Choon Liang and also a major shareholder of the Company.

Datin Sim Swee Yoke (“Datin Sim”) Malaysian, aged 56, female

Datin Sim is our Independent Non-Executive Director. She was appointed to our Board on 3rd August 2015. She is Chairman of the Remuneration Committee as well as a member of the Audit Committee and Nomination Committee.

She holds a Bachelor Degree of Arts & Social Science from University Malaya, a Masters of Arts (Management & Organisational Analysis) from Warwick Business School of the United Kingdom, and is also a certified coach.

Datin Sim is a human resource practitioner and has close to 34 years of commercial experience in real estate/hospitality, management consulting and financial services (Insurance and asset management) industries.

She started her career in marketing communications. Her working experiences were gained from both developed and emerging markets including start-ups in China, India and Vietnam. She has also worked regionally in Hong Kong, Tokyo, Indonesia, Maldives, Singapore and the Philippines.

Her core expertise covers partnering with business leaders in setting-up new offices, information technology shops as well as sale and acquisition of businesses. She has extensive experience in human resource transformation, managing and delivering shared services practice, human resource & information technology outsourcing and change management.

Datin Sim is skillful in organisational development, talent acquisition as well as building bench strength and human capital for organisations. She has been a key leader in the insurance sector and has introduced the best in class practices when the insurance sector was undergoing critical skills shortage in the last decade. She has also led cross-cultural teams, and is adept in providing human resource solutions for organisations experiencing change especially in the context of mergers and acquisitions.

Prior to the appointment, her last employment was with Great Eastern Life Assurance (M) Berhad as Senior Vice-President of Human Capital. She has also served as the President of the Association of Insurance Employers (AIE), Vice President of the Malaysian Employers Federation (MEF) and a Director of the Malaysian Employers Federation Academy (MEFA).

PROFILE OF DIRECTORS (CONT'D)

Datin Sim Swee Yoke (“Datin Sim”) Malaysian, aged 56, female (Cont'd)

In her spare time, Datin Sim contributes time as a Mentor Coach for The ICAEW & Talentcorp Malaysia Women In Leadership (WIL) programme and writes for Leadernomics, a human resource pullout section of the Star Publications (M) Berhad. She is also a volunteer with the Malaysian Chapter of the 30% Club, an advocacy group and serves on community boards.

Datin Sim is also an Independent Non-Executive Director of Jadi Imaging Holdings Berhad.

Dato’ Syed Kamarulzaman bin Dato’ Syed Zainol Khodki Shahabudin (“Dato’ Syed Kamarulzaman”) Malaysian, aged 52, male

Dato’ Syed Kamarulzaman was appointed as our Non-Independent Non-Executive Director, a member of the Audit Committee and a member of the Nomination Committee on 16 August 2016. He is the holder of Master in Science and Corporate Communication from School of Modern Languages & Communication, Universiti Putra Malaysia (UPM). He also holds a Bachelor degree in Business Administration from School of Business, Royal Melbourne Institute of Technology (RMIT) and a Diploma in Business Studies from Mara Institute of Technology.

Dato’ Syed Kamarulzaman was previously the Managing Director of Yayasan Tekun Nasional. Prior to joining Yayasan Tekun Nasional, he had accumulated over 20 years of experience in banking operations, corporate management, property and information technology with a last attachment at Bank Muamalat Malaysia Berhad as Branch Manager while he began his career at Bank Bumiputera Malaysia Berhad. He had also served as a Lecturer at Universiti Tenaga Nasional (UNITEN).

Dato’ Syed Kamarulzaman was appointed as Managing Director of Perbadanan Nasional Berhad (“PNS”) since 1st December 2007. He is a member of Directors Investment Committee of PNS and an Independent Non-Executive Director of WZ Satu Berhad and Ikhtiar Factoring Sdn Bhd.

Dato’ Syed Kamarulzaman is the Vice Chairman of Association of Development Finance Institution of Malaysia (ADFIM) and the Vice President of Oxford Business Alumni KL Chapter.

Save as disclosed above, none of the Directors has

- Any family relationship with any Director and/or major shareholder of the Company;
- Any conviction for offences within the past five (5) years other than traffic offences and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year; and
- Any conflict of interest with the Company and the Group.

PROFILE OF KEY SENIOR MANAGEMENT

Chua Tian Pang (“Mr Chua”) Chief Financial Officer Malaysian, aged 44, male

Mr Chua holds a degree in Bachelor of Commerce from Monash University (Clayton Campus), Melbourne, Australia. He is a Certified Practising Accountant (CPA) of the Australian Society of Certified Practising Accountants (ASCPA) and a Chartered Accountant (CA) of the Malaysian Institute of Accountants (MIA).

Mr Chua has more than 20 years of working experience in the areas of auditing, accounting, treasury, taxation, group finance, corporate finance and investor relation. He began his career with Ernst & Young and KPMG in auditing. He joined Warisan TC Holdings Berhad (“WTCH”) in 2001 as head of internal audit department. He was the pioneer member of the internal audit department who assisted to set up the internal audit function for WTCH in complying with Bursa Malaysia Securities Berhad Listing Requirements which stipulates the requirement of existence of an internal audit function for all public listed companies in Malaysia. Subsequently he pursued to head group finance department commencing 2003. Throughout the ten (10) years, he was overseeing the financial management for more than 30 companies within WTCH Group and had gone through a couple of major corporate exercises in relation to Mergers & Acquisitions (M&A). His last position held with WTCH was Group Financial Controller (GFC). Mr Chua joined Focus Point Holdings Berhad (“FPHB”) on 7 January 2013 as Chief Financial Officer (CFO) managing group finance, operational finance, internal audit, treasury, taxation, corporate finance and investor relation functions. He has since then been instrumental to the financial management and treasury functions of FPHB Group.

Poo Kuan Meng (“Mr Poo”) Head of Professional Services Malaysian, aged 42, male

Mr Poo holds a Bachelor Degree of Optometry from National University of Malaysia. He started his career as an Optometrist in 1997 before joining Focus Point Vision Care Group Sdn Bhd as a trainer in 2000. He was given the responsibility to train trainee managers for retail operation under the newly developed trainee managers programme. He was later assigned to head the operation of Focus Point Group’s new business venture, namely Excelview Laser Eye Centre in 2002 as Lasik Consultant cum Optometrist. Amongst others, his duties were to develop the laser eye centre business, provide training to the staff, develop marketing campaign and promote the newly opened laser eye centre. Mr Poo was also tasked to assist in setting up cataract operation business for Excelview Laser Eye Centre in 2006. His notable contribution during his tenure as person in charge of Excelview Laser Eye Centre was to keep the business growing and profitable. On 1 October 2013, he was promoted to his current position as Senior Manager of Professional Services in charge of Training & Development Department. His main duties and responsibilities, amongst others, are to recruit, train, develop and retain human capital for the Group including but not limited to optometrists and opticians. He is also in charge of conducting induction training program, soft skills training, trainee managers training program as well as organising products training. He also involves in providing customer service support to the Group.

PROFILE OF KEY SENIOR MANAGEMENT (CONT'D)

Lee Wai Loong (“Mr Lee”) Head of Human Resources Malaysian, aged 40, male

Mr. Lee holds a degree in Bachelor of Science, majoring in Management from University of London, London School of Economics, UK. He is a Certified Trainer with exemption and a lifetime registered member of Pembangunan Sumber Manusia Berhad-Kementerian Sumber Manusia (Human Resources Development Berhad, ie HRDF).

Mr. Lee has more than 18 years of working experience in the areas of payroll, talent acquisition, talent management, net promotion score, skill gap analysis & succession planning, learning & development, industrial and employee relation and Malaysia’s Employment Act compliant. He began his career with NEP Holdings Bhd in 1999 in payroll department to establish his fundamental skills in Government regulations and basic statutory requirements. He joined LeRun Industries Sdn Bhd in 2000 as an executive focusing on general roles of operations and co-ordination reporting to the human resources manager then. In May 2002, he moved on to join Kejuruteraan Jayagas Sdn Bhd for a duration of 13 years practising human resources ideas and regulations. Started off as an executive where he rose rank & file to be the manager and subsequently the head of human resources department in 2005. He commanded and overviewed the functions and key areas of human resources and training operations for all departments that encompassed human capital & training development, centre management support, employee development projects, skills competencies level and net promotion score, etc. He has represented the Company in various disciplinary, industrial and criminal cases internally and externally such as corporate breach of trust, sexual harassments, thievery, fighting, bullying, riot, crowd control, insubordination, etc. He has also developed, refined and reviewed the company’s policies to be in-line with the current Malaysia’s Government ordinance and corporate updates to further enhance the company’s and employee’s benefits and advantages. In May 2015, due to his management’s business connection with Tropicana Corporation Berhad, Mr. Lee was seconded to assist the group human resources overseeing a few companies for the Chairman/President, namely Tropicana Corporation Berhad which included operations of Beverly Wilshire Medical Centre and SKY Chain of Hotels as well as Palmgold Bhd. His primary duties and responsibilities were to set up the entire payroll, compensation and benefits, talent acquisition, organisation development, retention and various other functions for the group of companies. Mr. Lee joined Focus Point Holdings Berhad on 5 December 2016 as Senior Manager-Human Resources managing the Group’s human resources’ operations, recruitment, payroll, compensation & benefits, disciplinary, policies & system as well as management relation functions. He is still contributing to new ideas and will continue to do so to alleviate the Group to the next level.

Save as disclosed above, none of the Key Senior Management has

- Any family relationship with any Director and/or major shareholder of the Company;
- Any conviction for offences within the past five(5) years other than traffic offences and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year; and
- Any conflict of interest with the Company and the Group.



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 2016.

CHAIRMAN'S STATEMENT (CONT'D)

Financial Performance

The Group achieved revenue of RM161.9 million, a growth of 5% over previous year's revenue at RM154.6 million. The increase in revenue was attributed to the contribution from the optical business which saw the ambitious opening of 21 new outlets during the year.

Albeit an increase in revenue, profit before tax was recorded at RM0.6 million compared with profit before tax at RM4.6 million of previous year. The optical business's operating profit declined from RM11.9 million of previous year to RM7.0 million. The lower operating profit was premised upon expansion of new outlets resulting in higher operating expenses as well as lower achievement of other operating income. On the other hand, the food & beverage business recorded a reduction in operating loss from RM7.1 million of previous year to RM5.6 million; tremendous effort was put in by the management on cost containment and improved production efficiency.

During the year, the Group had written down inventories of RM542,000 (2015 : RM364,000), written off inventories of RM434,000 (2015 : RM437,000), written down property, plant and equipment of RM250,000 (2015 : RM993,000) as well as written off property, plant and equipment of RM1,551,000 (2015 : RM469,000).

Corporate Development

I am pleased to see that the Group continued to expand its optical business amid this challenging time by opening wisely 21 new outlets, 8 outlets for "Whoosh" brand and 13 outlets for "Focus Point" brand. "Whoosh" brand is owned by Focus Point Group offering package price and trendy eyewear which I believe would be a good strategy to capture a sizeable market share from this young and upcoming segment. To-date we have remarkable 96 "Focus Point" outlets and 18 "Whoosh" outlets. For franchise outlets, there were 71 in total. To further enhance our presence nationwide, the Group has never stopped in expanding its distribution network and this business approach is also in tandem with the vision of the Group, which is to become a leading brand name in vision care.

During the year, the Group divested its remaining two (2) Japanese restaurants to stay focus on "Komugi" bakery business, which is still potential in the near future. To improve the performance of the "Komugi" business, we downsized three (3) outlets, opened four (4) new outlets, consolidated two (2) outlets and expanded one (1) existing outlet leading to 12 outlets in total. These series of action plans coupled with the improved gross profit margin have managed to reduce the loss of the food & beverage business.

I am delighted to witness the opening of two (2) additional franchise outlets in the Philippines under the brandname of "Kumori", a subsidiary brand under "Komugi" during the year. The first local Komugi franchise outlet in Kuching was also opened during the year. Further, two (2) more new franchise outlets were opened in Johor Bahru and Malacca in March 2017 and April 2017 respectively. To-date there are in total, seven (7) franchise outlets in overseas and within Malaysia and this marks a significant achievement of Komugi franchise business. Worth to mention, the central kitchen is currently applying HALAL certification status to enable the brand to develop as a preferred bakery by Muslims.

CHAIRMAN'S STATEMENT (CONT'D)

Board Commitment

The Board continues to uphold and implement high standard of corporate governance and corporate social responsibility across the Group. Details of the corporate governance disclosure and activities of corporate social responsibility are disclosed in the relevant sections of the annual report.

We value the diverse mix of skills, experience, knowledge and competencies of the Board and will continue to drive better performance for the Group.

Outlook and Prospects

The overall Gross Domestic Product (GDP) growth for 2016 was 4.2%, lower than 5% of previous year. Oil prices, our currency and consumer sentiment are still weak at the moment which the Board will need to be cognizant about. On global front, there are increasing signs of a slower economy and emerging new uncertainties. Having mentioned all these, the Board is still positive and will continue to stay focus on its core business, ie the optical business. In 2017, the Group will continue to invest in new outlets and at the same time consolidate the non-performing outlets. In addition to that, the Group expects to embark on its e-commerce business more aggressively to stay relevant.

As to the food & beverage business, the Group will continue to improve its business operation, profit margin, quality of products and customer service as well as to contain cost.

Overall the Group will be striving to improve the performance for 2017 which is forecasted to be another challenging year.


Appreciation

I wish to extend my sincere thanks to the Board for their wisdom, continued support, faith and insightful contribution that they bring into our business and to our President/Chief Executive Officer, Dato' Liaw Choon Liang, for his excellent stewardship and foresight, and the management and staff, for their untiring efforts, dynamism and team work in bringing the Group to where we are today.

On behalf of the Board, I also wish to record a vote of appreciation and gratitude to our former Non-Independent Non-Executive Director, Datuk Idris bin Hashim for his invaluable contribution and support to the Group during his term of office.

It is also my pleasure to welcome Dato' Syed Kamarulzaman bin Dato' Syed Zainol Khodki Shahabudin who joined the Board on 16 August 2016 as Non-Independent Non-Executive Director. His vast experience and expertise in a wide spectrum of business will surely be of great benefit to the Group.

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

A professional portrait of Dato' Liaw Choon Liang, President/Chief Executive Officer. He is a middle-aged man with short dark hair, wearing glasses, a dark pinstriped suit jacket, a white shirt, and a blue patterned tie. He is smiling slightly and looking towards the camera. The background is a blurred industrial or warehouse setting with shelves and equipment. A solid red vertical bar is on the left side of the image.

DATO' LIAW CHOON LIANG

President/Chief Executive Officer

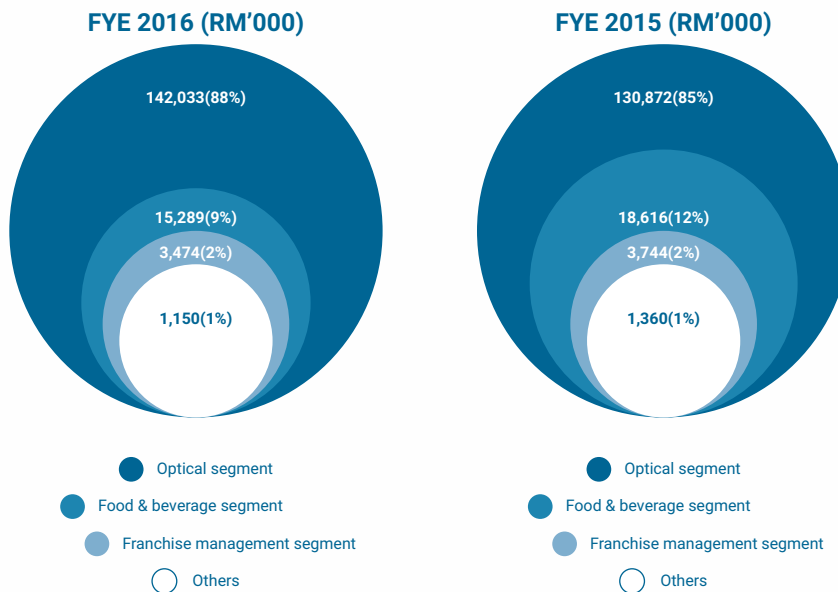
MANAGEMENT DISCUSSION & ANALYSIS

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 strategies to become a leading optical brand name in the industry.

Revenue review by segment

	FYE 2016 (RM'000)	%	FYE 2015 (RM'000)	%
Optical	142,033	88	130,872	85
Franchise management	3,474	2	3,744	2
Food & beverage	15,289	9	18,616	12
Others	1,150	1	1,360	1
Total	161,946	100	154,592	100

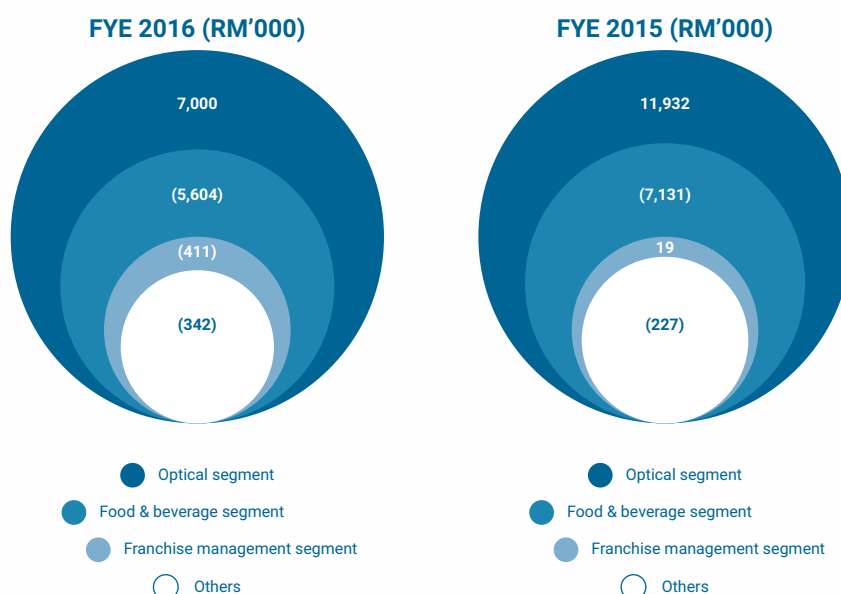


The Group recorded revenue of RM161.9 million, representing an increase of 5% over RM154.6 million of previous year. The increase was attributed to higher contribution from the optical business' with the opening of 21 new outlets; revenue generated thereon was RM9.2 million, representing 6% of total optical business' revenue. Franchise management business' revenue declined as a result of lower royalty fee income attained which was in turn caused by lower retail sales achieved by franchise outlets. For the food & beverage business, revenue declined due mainly to exit of the Japanese restaurant business since quarter 4 of 2015.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

Profit/(Loss) review by segment

	FYE 2016 (RM'000)	FYE 2015 (RM'000)
Optical	7,000	11,932
Franchise management	(411)	19
Food & beverage	(5,604)	(7,131)
Others	(342)	(227)
Total	643	4,593



Profit before tax ("PBT") stood at RM0.6 million, which was lower by 86% compared with RM4.6 million recorded in previous year. The optical business recorded lower PBT mainly attributed to higher operating expenses incurred and lower achievement of other operating income. Franchise management business' loss before tax ("LBT") was due to lower royalty fee income attained and higher management fee incurred. For the food & beverage business, LBT reduced due mainly to savings in operating expenses and improved gross profit margin.

Financial position review

Total assets stood at RM133.3 million (2015 : RM123.7 million), representing an increase of 8% due mainly to increase in fixed assets. Fixed assets grew by 22% to RM48.5 million (2015 : RM39.6 million). The increase in fixed assets was largely due to higher investment in new outlets and purchase of properties under the optical business. Inventories at RM46.4 million (2015 : RM46.1 million), representing an increase of 1% was to cater for additional outlets opened during the year. Trade and other receivables decreased by 2% to RM24.9 million (2015 : RM25.2 million). Shareholders' fund continued to remain resilient at RM52.8 million (2015 : RM54.1 million). Total borrowings increased to RM44.7 million (2015 : RM32.5 million) as a result of additional financing drawn down for purchase of inventories, expansion of outlets and purchase of properties. Other than bank borrowings, the Group has no other debt instrument. Trade and other payables reduced to RM32.1 million (2015 : RM33.0 million) by 3%. Net assets per share was 32.00 sen, marginally lower over 32.78 sen of previous year.

The Group incurred approximately RM19.6 million of capital expenditure during the year for opening and upgrading of outlets as well as acquisition of properties through internally generated fund and external borrowings. Certain level of capital expenditure for 2017 has been approved by the Board of Directors and the Group will work within the approved limit.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

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 generate business volume and higher level of brands awareness. In 2016, a total of 21 new outlets (Focus Point : 13 outlets and Whoosh : 8 outlets) were opened while we also consolidated 17 under-performing outlets. We have to-date built 114 own-outlets comprising 96 Focus Point outlets and 18 Whoosh outlets. Total number of franchise outlets up to-date was 71. These numbers are expected to grow continuously in the following year.

Apart from that, we continued 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 recognition from consumers. With the Group's geographical reach and number of outlets within Malaysia, we maintained as the largest retail chain of professional eye care centres in Malaysia.

On the food & beverage business, we managed to down size certain outlets' occupying area with the intention to contain cost without compromising their revenue. This has proven to be quite successful by bringing down operating cost as evidenced in the segment result presented above. We down sized three (3) outlets, opened four (4) new outlets, consolidated two (2) outlets and expanded one (1) existing outlet leading to 12 outlets in total as at to-date. There were opening of three (3) franchise outlets, two (2) in the Philippines under the brand name of "Kumori", a subsidiary brand under "Komugi" and one (1) new franchise outlet in Kuching during the year. Two (2) new franchise outlets were opened in Johor Bahru and Malacca in March 2017 and April 2017 respectively. To-date there are in total, seven (7) franchise outlets in overseas and within Malaysia. This number is expected to grow further.

Strategic Initiatives and Corporate Social Responsibilities

In 2016 there were a few OEM brands developed and launched, namely "Catch Me", "Riawa", "MLC" and "Sabae". It has always been the vision of the Group to continuously introduce new products to the consumers and fulfill the needs of different segments of customers. Priced reasonably coupled with their refined quality, these few products have received good feedback from the market.

We launched the first Focus Point Concept Store in Aeon Mall Tebrau City, Johor on 27 January 2017. This store offers the unity of several subsidiary brands inclusive of "Whoosh" and "Eyefont" brands that would bring to its customers the 1-stop convenience and varieties for all ranges of ages and styles.

The World Sight Day Campaign is becoming an annual event by Focus Point Caring Hearts Charity Foundation. This year it was hosted with the theme "Stronger Together" on 13 October 2016. The Creatif Academy of Global Art was invited to help bring the theme "Universal Eye Health" to life by illustrating the importance of eye care on global level. More than ten (10) Creatif Academy students displayed hand-drawn art pieces of national flags to depict the Universal Eye Health theme. Apart from this, at his own liberty, the head of professional services department presented most common eye issues according to ages, nutrition tips and practical ways to take care of one's eyes daily. Music and media sensation, Elizabeth Tan also graced the event to share her thoughts about vision care. For the public, free eye checks with various equipment were provided. Worth to mention, with every pair of eye wear sold in October 2016, another pair of eye wear was given away to the needy.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

Strategic Initiatives and Corporate Social Responsibilities (Cont'd)

For the 11th time and on humanitarian causes, Focus Point joined force with Focus Point Caring Hearts Charity Foundation and National Blood Bank Malaysia to organise blood donation drive at The Curve, Mutiara Damansara on 6 November 2016. This noble act was participated by staff of Focus Point and our customers. Health benefits of donating blood include reduced risk of cancer and hemochromatosis, reduced risk of damage to liver and pancreas, improved cardiovascular health as well as reduced chances of obesity. A total of 68 pints of blood were collected.

In the spirit of giving, Focus Point Caring Hearts Foundation visited Ti-Ratana Welfare Society Malaysia (the "Home") on 23 December 2016. There was celebration of Christmas festival with the people who stayed at the Home. RM5,000 in cash was donated to the Home. On top of this, close to another RM5,000 worth of food and gifts were provided to the Home as well.

As part of the Group's corporate social responsibility, the Group has been undertaking good initiative by providing free eye screening to schools since year 2012. During the year, ten (10) schools were visited, more than 24,000 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.

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. The Group has conducted the following training and seminar to its staff:-

- Professional Selling Skills Training
- Creative Thinking and Innovation - A Practical Problem Solving Program Using Mind Maps and Other Thinking Tools
- 2016 Focus Point National Sales Convention – Mental Warriors Up for the Challenge
- Trainee Manager Program
- 2016 Focus Point Optometrist Convention – Passion for Sight
- Oculus RGP Lens Training & Briefing
- Oculus – Ortho – K Workshop

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.

Further, the Group continued to organise monthly lunch gathering and festive dinner gathering at head office to show our appreciation to staff for their continued commitment and support. 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.

The Group 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.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

Human Resource Statistics

	2016	2015	2014
Female (%)	55	58	53
Male (%)	45	42	47
Age group (%)			
< 30	58	67	68
30 to < 40	32	26	28
40 to < 50	9	6	3
50 and above	1	1	1
Diversity (%)			
Malay	40	38	30
Chinese	58	58	57
Indian	1	2	2
Others	1	2	11
Total number of staff	703	774	910

Prospect and Moving forward

The financial outlook for both the Malaysian and global economies in 2017 continues to be shrouded in uncertainty. The Group is prepared to face another year with caution and prudence in mind. According to the Economic Report 2016/17, the economy is expected to expand between 4% to 5% in 2017. All sectors of the economy are expected to contribute to growth, with the services and manufacturing sectors spearheading the expansion. Rising cost of living and weak Ringgit Malaysia would continue to dampen the consumer sentiment which the Group is vigilant of and these factors might have an impact on the Group's operations.

As far as the optical business is concerned, the Group will stay focus as we grow, and much emphasis will be placed on branding and positioning for long-term sustainability as well as productivity. The Group shall selectively carry on marketing strategies to compete and enhance awareness of the "Focus Point" brands. That goes without saying, expanding our doors at the right locations and at the same time consolidating non-performing outlets would continue to be carried out. Importantly, cost containment exercise would also be carried out to maintain the profitability of the business. Consistent with previous years, the Group would like to maintain its good customer service level as well as impressive quality and selection of merchandises.

As far as the food & beverage business is concerned, it would be another year of strengthening its operation and cost saving in order to further improve the results thereon.

CORPORATE HIGHLIGHTS



SAVING GRACE

For the 11th time and on humanitarian causes, Focus Point joined force with Focus Point Caring Hearts Charity Foundation and National Blood Bank Malaysia to organise blood donation drive at The Curve, Mutiara Damansara on 6 November 2016. Focus Point Caring Hearts Charity Foundation marks another achievement year for the humanitarian causes.



LIFE OF LOVE

In the spirit of giving, Focus Point Caring Hearts Foundation visited Ti-Ratana Welfare Society Malaysia (the "Home") on 23 December 2016. There was celebration of christmas festival with the people who stayed at the Home. RM5,000 in cash was donated to the Home. On top of this, close to another RM5,000 worth of food and gifts were provided to the Home as well.



BEAUTY WITH HEART

Miss Whoosh Glamorous ambassador to the eyewear fashion bringing forward with a strong message of peace, goodwill and friendship internationally.





GIVING BACK

As an industry leader in the professional eye care industry, Focus Point always recognises our role in playing a part in the community and Corporate Social Responsibility (“CSR”). The Group has in place CSR program as one of its basic tenets of operation. Focus Point has involved with a year long charity work, involving free eye screening and donation of spectacles to the needy and the less privileged.



EYES OF THE WORLD

The World Sight Day Campaign is becoming an annual event by Focus Point Caring Hearts Charity Foundation. This year it was hosted with the theme “Stronger Together” on 13 October 2016 to call for global attention to blindness and vision impairment.



CORPORATE GOVERNANCE 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 of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the Malaysian Code on Corporate Governance 2012 (“MCCG 2012”) issued by Securities Commission Malaysia.

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.

Board Balance

Rules 15.02 of the ACE Market 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 five (5) members, comprising a President/Chief Executive Officer, one (1) Executive Director, one (1) Non-Independent Non-Executive Director, one (1) Independent Non-Executive Director and one (1) Independent Non-Executive Chairman. Forty (40)% of the Board are made up of Independent Non-Executive Directors. There are two (2) female directors which makes up of Forty (40)% 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 the policies laid down and making executive and investment decisions including but not limited to the following:

- implementing the 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.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Board Balance (Cont'd)

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. There is no Independent Non-Executive Director serving more than nine (9) years at the Board.

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 is in the midst of being formulated.

The Board has adopted the Board Charter on 16 April 2013 and shall undertake periodic review of division of responsibilities of the Board and management.

Board Charter

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 and is expected to be completed by 2017.

The Board Charter is subject to periodic review by the Board and a copy is available from the Company's website at www.focus-point.com. The Board Charter was recently reviewed by the Board on 3 April 2017.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

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 is based on the following principles:

- observation of the Board Charter;
- duty to act in the best interest of the Company;
- honesty and integrity;
- no conflict of interests;
- compliance with legal and regulatory requirements; and
- building good relationship with stakeholders.

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.

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

The Board has yet to develop a fraud and whistle blowing policy where directors or employees are able to report violations of laws, rules and regulations or the Company's CCE or potential ethic violations. The said policy is expected to be completed by 2017.

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 for their perusal seven (7) days 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.

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.

Directors	Total number of meetings attended by directors
Dato' Liaw Choon Liang	5/5
Datin Goh Poi Eong	4/5
Leow Ming Fong @ Leow Min Fong	5/5
Datin Sim Swee Yoke	5/5
Dato' Syed Kamarulzaman bin Dato' Syed Zainol Khodki Shahabudin *	1/2
Datuk Idris bin Hashim **	2/3

* Appointed wef 16 August 2016

** Resigned wef 16 August 2016

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Board Meetings and Supply of Information to the Board (Cont'd)

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 appointment of the company secretaries is based on the capability and proficiency determined by the Board. 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 roles and responsibilities of the company secretaries are as follows:

- advising the Board on issue relating to corporate compliance with the relevant rules, laws, regulations affecting the Board and the Group;
- attending Board and Board Committee meetings and ensuring that the Board meetings are properly convened and proceedings are properly recorded;
- supporting the Board in ensuring adherence to Board policies and procedures rules, relevant laws and best practices in Corporate Governance;
- ensuring timely communication of Board level decisions to Management;
- facilitating the provision of information as may be requested by the Directors from time to time;
- maintaining a complete statutory records that includes minutes of Board and Board Committees; and
- updating the Board on the changes in the Listing Requirements and directives issued by the regulatory authorities.

Appointments 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 his/her 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.

Dato' Syed Kamarulzaman bin Dato' Syed Zainol Khodki Shahabudin ("Dato' Syed") was appointed during the year as Non-Independent Non-Executive Director and the Board has assessed his mix of skills, competence and experience based on his past working track record with a few renowned corporations including Perbadanan Nasional Berhad (PNS) and was satisfied that Dato' Syed has fulfilled the specific criteria for appointment of new director to the Company.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Appointments to the Board (Cont'd)

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

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.

The company secretaries shall assist to ensure all relevant procedures and compliances are fulfilled relating to the appointment of new director.

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

In accomplishing its objectives, the NC shall perform the following functions:

- consider, in making its recommendations, candidate for directorship proposed by the President/Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any director or shareholder;
- assess and recommend to the Board, candidate for directorship to be filled by the shareholder or the Board. In making its recommendations, the NC shall consider the following requirements of the candidate:
 - skills, knowledge, expertise and experience;
 - professionalism;
 - integrity;
 - in the case of candidates for the position of Independent Non-Executive Directors, the NC shall also evaluate the candidate's ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors; and
 - time commitment;
- recommend to the Board, directors to fill the seats of Board Committees;
- assess annually the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each existing individual director and thereafter, recommend its findings to the Board;
- apply the process as determined by the Board, for assessing effectiveness of the Board as a whole, the Committees of the Board, and for assessing the contribution of each individual director, including Independent Non-Executive Directors, as well as the President/Chief Executive Officer. All assessments and evaluations carried out by the Committee in the discharge of all its functions should be properly documented;
- review annually the required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board and thereafter, recommend its findings to the Board;
- develop the criteria for recruitment process and annual assessment of directors, in particular Independent Non-Executive Directors;
- review training programmes for the Board and ensure that newly appointed director undergoes appropriate induction programmes and receive continuous training;
- review Board's succession plans; and
- facilitate achievement of Board gender diversity policies and targets.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Nomination Committee (Cont'd)

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 Board is aware of the recommendation of the MCCG 2012 that they are required to notify the Chairman on the Board before accepting any new directorships 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 NC meets once a year to assess 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 can 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 ACE Market 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 ACE Market Listing Requirements of Bursa Securities and MCCG 2012 issued by Securities Commission Malaysia through annual reviews.

Re-election of Directors

In accordance with the Company's Articles of Associations, 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.

Based on the results of the assessment undertaken for the financial year, the NC (save for the members who had abstained from deliberations on their own re-election/reappointment) recommended to the Board that:

- Datin Goh Poi Eong, who is due for retirement by rotation pursuant to Article 85 of the Company's Constitution at the Eighth AGM and be eligible for re-election; and
- Dato' Syed Kamarulzaman bin Dato' Syed Zainol Khodki Shahabudin, who also retires pursuant to Article 92 of the Company's Constitution at the Eighth AGM, be eligible for re-election.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

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 Nomination Committee, 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 or 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 or her own sources or the company secretary from time to time.

Conferences, seminars and training programmes attended by directors during the financial year ended 31 December 2016 are set out below.

Director	Name of conferences, seminars and training programmes	Date
Leow Ming Fong @ Leow Min Fong	CG Breakfast Series with Directors : The Strategy, the Leadership, the Stakeholders and the Board	6 May 2016
	MIA International Accountants Conference 2016	15 & 16 November 2016
	CG Breakfast Series with Directors : "How to Leverage on AGMs for Better Engagement with Shareholders"	21 November 2016
Dato' Liaw Choon Liang	CG Breakfast Series with Directors: "The Cybersecurity Threat and How Board Should Mitigate the Risks"	18 November 2016
Datin Goh Poi Eong	CG Breakfast Series with Directors: "The Cybersecurity Threat and How Board Should Mitigate the Risks"	18 November 2016
Datin Sim Swee Yoke	Corporate Governance Breakfast Series for Directors : COSO framework	26 February 2016
	Global Goals for Sustainable Development Talk	2 August 2016
	CG Education Programme for Nominating Committee - Effective Board Evaluation, Independent Committee Programme Part 2 : Effective Board Evaluations	10 August 2016
	Corporate Governance Programme entitled - Board Chairman Series Part 2: Leadership Excellence From The Chair	11 August 2016
	MFRS/FRS Update 2016/2017 seminar conducted by KPMG	21 September 2016
	Workshop on Enhanced Understanding of Risk Management and Internal Control for CFOs, IAs and Risk Officers	18 October 2016
	Risk Management for Audit and Risk Committee: "I am ready to manage risks"	20 October 2016

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Directors' Training (Cont'd)

Director	Name of conferences, seminars and training programmes	Date
Datin Sim Swee Yoke (Cont'd)	INSEAD – BURSA Empowering Women Series: For Senior Women Leaders at Conference Room, Bursa Malaysia Berhad.	10 November 2016
	CG Breakfast Series with Directors: “How to Leverage on AGMs for Better Engagement with Shareholders”	21 November 2016
	Anti-corruption & Integrity - Foundation of Corporate Sustainability	8 December 2016
Dato' Syed Kamarulzaman bin Dato' Syed Zainol Khodki Shahabudin	Future of Globalisation (Implications for Emerging Markets) by Dr. Lalit Johri (Said Business School, University of Oxford)	6 December 2016

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 Director, 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 which comprises Independent Non-Executive Directors in majority is as follows:

- Datin Sim Swee Yoke - Chairman
- Leow Ming Fong @ Leow Min Fong - Member
- Dato' Liaw Choon Liang - Member

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.

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.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Details of Directors' Remuneration

The aggregate remuneration paid to directors for the financial year ended 31 December 2016 is summarised as follows:

	Executive Directors RM	Non-Executive Directors RM
Salaries and other emoluments	2,598,290	132,000

Band of Remuneration	Executive Directors	Non-Executive Directors
Less than RM50,000	–	4
RM500,001 to RM550,000	1	–
RM2,050,001 to RM2,100,000	1	–

Effective Communications with Shareholders

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.

The Board has appointed 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 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.

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.

Pursuant to Rule 8.31A(1) of the ACE Market 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, communications between the Company and shareholders and/or investors could also be made through the Company's website at www.focus-point.com.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

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

The Audit Committee Report including the number of meeting and attendance, summary work of the Audit Committee and summary activities of internal audit function is set out separately on pages 38 to 40 of the Annual Report.

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

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 the Companies Act, 1965.

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 the Companies Act, 1965. The Audit Committee also assists to review the appropriateness of accounting policies applied and change to these policies.

The Chief Financial Officer presents analysis and components of Group balance sheet and Group income statement compared with corresponding period (ie 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.

The Statement of Directors' Responsibility for Preparing the Financial Statements is presented on page 49 of the Annual Report.

Internal Controls

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 on a quarterly basis 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 Statement on Risk Management and Internal Control presented on pages 41 to 46 of the Annual Report provides an overview on the state of risk management and internal control within the Group.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Related Party Transactions

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's meetings and thereafter reported to the Board.

Details of the related party transactions are disclosed in the notes to the financial statements on page 48 of the Annual Report.

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.

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 ACE Market 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	Leow Ming Fong @ Leow Min Fong	Independent Non-Executive Chairman
Member	Datin Sim Swee Yoke	Independent Non-Executive Director
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, the Malaysian Institute of Accountants and the Malaysian Institute of Management.

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.

Attendance and Meetings

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 (%)
Leow Ming Fong @ Leow Min Fong	5/5	100
Datin Sim Swee Yoke	5/5	100
Dato' Syed Kamarulzaman bin Dato' Syed Zainol Khodki Shahabudin *	1/2	50
Datuk Idris bin Hashim **	2/3	67

* Appointed wef 16 August 2016

** Resigned wef 16 August 2016

AUDIT COMMITTEE REPORT (CONT'D)

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, made recommendation to the Board for approval of the reappointment of Messrs BDO as external auditors for the financial year ending 31 December 2017 at its meeting held on 3 April 2017;
- Reviewed the report of external auditors on statement of risk management and internal control;
- Met with external auditors thrice without executive Board members and management staff on 24 February 2016, 5 April 2016 and 22 November 2016;
- 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 changes in accounting policies and practices;
 - Significant adjustment arising from the audit;
 - 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 3 April 2017 so to ensure that the Audited Financial Statements were drawn up in accordance with the provisions of the Companies Act, 1965 and applicable accounting standards. Any significant issues arising from the audit of the financial statements by external auditors were deliberated upon;
- Reviewed significant audit issues brought up by the external auditors amongst others as follows:-
 - Valuation of inventories
 - Valuation of property, plant and equipment

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.

AUDIT COMMITTEE REPORT (CONT'D)

Internal Audit Function

In discharging its duties, the Committee is supported by an internal audit function which is outsourced to an independent internal audit service company ("Internal Auditor") who undertakes the necessary activities to enable the Committee to discharge its functions effectively. The Internal Auditor reports directly to the Audit Committee. The Internal Auditor is 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 Auditor 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;
- Attended the Committee meeting to table and discuss the audit report; and
- Performed internal audit reviews on the following areas:
 - Review of revenue cycle of food & beverage business and follow up on previous audit performed on procurement management system of optical business;
 - Review of inventory cycle of food & beverage business and follow-up on previous audit performed on inventory management system of restaurant operation under food & beverage business;
 - Review of GST accounting function under finance department of the Group; and
 - Review of customer service function 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 cost incurred by the Group on Internal Auditor and in-house internal auditors during the financial year ended 31 December 2016 were amounted to RM56,555 and RM377,378 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;
 - Identification of new risk, if any;
 - Assessment/update of control and management action plan relating to each risk;
 - Rating of risk

Major risk that has a major impact if it happens and with high probability of occurrence is made known to the management to ensure that business is aligned to such risk identified.

- 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.

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"> 1. Carry out more aggressive branding, advertising and promotional activities 2. Review relevant industry market studies and capitalise on market intelligence 3. Monitor market development, trend and pricing of competitors 4. Review and evaluate current business model for local and regional competitiveness 5. Establish different brand names/concept to cater for different markets’ requirements 6. Continue to enhance customer service quality 7. Research on and develop potential new product, trend and package

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Risk Management Framework (Cont'd)

Business division	Key risk	Risk management approach
Optical retail (Cont'd)	Adverse economic and market condition (which will affect high-end products)	<ol style="list-style-type: none"> 1. Keep abreast with business activity level / industry trend 2. Improve overall efficiency, productivity and business processes 3. Contain cost
	Influx of fake products	<ol style="list-style-type: none"> 1. Work closely with suppliers 2. Educate public and consumers to "Go Original" via campaigns, leaflets, advertisements in radio, facebook, etc
Optical franchise	Increasing competitiveness to gain market presence	<ol style="list-style-type: none"> 1. Carry out more aggressive branding, advertisement and promotional activities 2. Review relevant industry market studies and capitalise on market intelligence 3. Monitor market development, trend and pricing of competitors 4. Review and evaluate current business model for local and regional competitiveness 5. Establish different brand names/concept to cater for different markets' requirements 6. Continue to enhance customer service quality 7. Explore and develop potential new product, trend and package
	Inability to attract new franchisee	<ol style="list-style-type: none"> 1. Review continuously terms of franchise arrangement to enhance competitiveness and new business opportunities 2. Innovate current mechanism of current business model to increase attractiveness to potential investor
	Credit risk	<ol style="list-style-type: none"> 1. Comply strictly to credit control policies and procedures and perform bi-annually review 2. Monitor closely collections from franchisees 3. Follow up on delinquent account and carry on discussion with the owner
Food & beverage	Product wastage	<ol style="list-style-type: none"> 1. Execute more effective production planning 2. Capitalise on information system and business process to capture data more accurately

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Risk Management Framework (Cont'd)

Business division	Key risk	Risk management approach
Food & beverage (Cont'd)	Loss of key staff including chef	<ol style="list-style-type: none"> 1. Benchmark compensation and reward to industry standard 2. Review current compensation and benefits scheme as well as measures to attract right candidates 3. Track competitors' offers and benefits 4. Identify and develop successors for senior categories and multitask key positions 5. Implement performance based remuneration scheme 6. Establish clear career development program 7. Implement job rotation
	Inadequate customer service level	<ol style="list-style-type: none"> 1. Train continuously 2. Establish customer service charter 3. Implement the use of customer feedback form

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 strive to manage the risks of the Group continuously.

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 in the Audit Committee Report on page 40.

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Key Processes of Internal Control (Cont'd)

- 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.

During the financial year, the following areas were audited by the outsourced internal auditors:-

Quarter, 2016	Area of audit	Auditee	Proposed Action and Management Response
Quarter 1	Review of Revenue Cycle	Multiple Reward Sdn Bhd	<ol style="list-style-type: none"> Chief Operating Officer ("COO") will formalise PnP to govern cash collection and recording. As line of defence two, finance department shall ensure daily cash sales match to bank-in slip and daily sales report. Each outlet shall also be insured under fidelity insurance to ensure coverage against event of misappropriation or fraud by employees. <ol style="list-style-type: none"> Document Delivery Note ("DDN") remains un-numbered and the date shall be used as reference where appropriate. Senior operation manager shall present DDN to finance department to sign off upon receipt of document. All outlets shall bank-in all coins received at least once a week and more bank accounts will be opened for bank-in purpose. <ol style="list-style-type: none"> Senior treasury executive will ensure all refund receipt is attached with Customer Refund Form. Void and Refund Analysis Report shall be presented for discussion during monthly management meeting. <ol style="list-style-type: none"> Senior ERP application manager shall submit a list of staff holding on to the operator card, authority card and branch manager card to COO for review and approval. COO to formalise PnP to record and maintain custodians of the access card. COO shall enforce the safekeeping of the access card and communication shall be made to all staff. COO shall establish budget for the purchase of CCTV system for all outlets. Management information system department together with branch manager shall review the position and functioning of CCTV system.
	Follow-up on previous audit performed on procurement system	Focus Point Vision Care Group Sdn Bhd	Resolved

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Key Processes of Internal Control (Cont'd)

Quarter, 2016	Area of audit	Auditee	Proposed Action and Management Response
Quarter 2	Review of Inventory Cycle – Physical Count Follow-up on previous audit performed on inventory management system of restaurants	Multiple Reward Sdn Bhd Multiple Reward Sdn Bhd & Original Reward Sdn Bhd	<ol style="list-style-type: none"> 1. COO will formalise PnP for inventory cycle. 2. Finance or compliance audit department shall be involved in the counting, recording and verifying duties during stock count. 3. COO shall enforce the use of Goods Return Note for transfer / movement of products or ingredients from central kitchen to outlets, and formalise its relevant PnP. 4. COO will follow-up on bomba certificate with relevant authority. Resolved
Quarter 3	Review of GST Accounting function under finance department	Focus Point Group of Companies	<ol style="list-style-type: none"> 1. Finance department's staff will update the GST manual periodically; provide on-the-job training to staff for GST accounting. 2. Finance department's staff will consult GST consultant for advice on monitoring bad debt relief claim. 3. Finance department's staff will include original tax invoice number (instead of sales order number) in CN issued. 4. Finance department's staff will consult GST consultant as to the need to hold on to suppliers' tax invoice in hard copy as evidence to claim input tax. (There were 6 findings in report, but two (2) were considered "Not Applicable" by management without action plan)
Quarter 4	Review of Customer Service function	Focus Point Vision Care Group Sdn Bhd	<ol style="list-style-type: none"> 1. <ol style="list-style-type: none"> (a) Senior Manager-Professional Services will create master database for customer feedback (in Excel format) and present in power-point format during management meeting. (b) Senior Manager-Professional Services will establish timeframe to respond to and close a customer complaint. (c) Senior Manager-Professional Services will keep other departments informed on customer complaint that is related to their own departments. 2. Retail sales department will provide refund report (with reasons) to Professional Services department for further compilation and reporting to CEO. 3. <ol style="list-style-type: none"> (a) Compliance audit department will revise mystery buyer target for 2017 after discussion with the management. (b) Management will consider engaging professional mystery shopper companies to conduct mystery buyer exercise, taking into consideration the costs, visiting frequencies and outlet coverage.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

The outsourced internal auditors 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 Recommended Practice Guide ("RPG") 5 (Revised) issued by Malaysian Institute of Accountants. RPG 5 (Revised) 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 3 April 2017.

OTHER DISCLOSURE INFORMATION

1. Audit and Non-Audit Fees

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

	Audit fee RM	Non- audit fee RM
Group	194,917	37,195
Company	53,329	6,996
Total	248,246	44,191

The non-audit fee was mainly in respect of tax services.

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 saved as disclosed below:-

- (a) On 3 May 2016, a wholly-owned subsidiary of the Company, Multiple Reward Sdn Bhd ("MRSB"), entered into a Share Sale Agreement for the disposal of MRSB's 51% equity shares in Original Reward Sdn Bhd ("ORSB") with ORSB's existing minority shareholders. Since then, ORSB ceased to be a subsidiary of MRSB and the Company.
- (b) On 12 May 2016, Focus Point Vision Care Group Sdn Bhd entered into a Sale and Purchase Agreement with LTN Resources Sdn Bhd to acquire 5-storey shop office situated at Block 1, Jalan PJU 1/37, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan measuring in area approximately 660 square metres, a freehold property at a total purchase price of RM3,400,000.
- (c) On 1 March 2017, Esprit Shoppe Sdn Bhd ("ESSB"), a wholly-owned subsidiary of Focus Point Vision Care Group Sdn Bhd ("FPVCGSB") which in turn is a wholly-owned subsidiary of the Company, entered into a Shares Sale and Purchase Agreement with Ng Weng Leong and Foo Tee Kheng for the disposal of ESSB's entire investment in Optolab Sdn Bhd ("OSB") comprising 30,000 ordinary issued shares and representing 60% of the equity shares in OSB at a total cash consideration of RM30,000. Since then, OSB ceased to be a subsidiary of ESSB, FPVCGSB and the Company.

OTHER DISCLOSURE INFORMATION (CONT'D)

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

The Company had at the 7th Annual General Meeting of the Company held on 26 May 2016 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)	1,217
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	138
Multiple Reward Sdn Bhd	Sejati Serimas Sdn Bhd ("Sejati Serimas")	Datin Goh Poi Eong and Liaw Kai Xuan are substantial shareholders and directors of Sejati Serimas. Liaw Kai Xuan is the son of Dato' Liaw Choon Liang and Datin Goh Poi Eong.	Rental of detached factory from Sejati Serimas for central kitchen purpose	200

At the forthcoming 8th Annual General Meeting to be held on 23 May 2017, 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 28 April 2017 attached together with the 2016 Annual Report.

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE ANNUAL FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 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 the Companies Act, 1965, 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 in detect fraud and other irregularities.



FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the subsidiaries and associates are set out in Notes 7 and 8 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
Loss for the financial year	(1,283)	(338)
<hr/>		
Attributable to:		
Owners of the parent	(1,198)	(338)
Non-controlling interests	(85)	–
	(1,283)	(338)
<hr/>		

DIVIDEND

No dividend has been proposed, declared or paid by the Company since the end of the previous financial year. The Directors do not recommend any dividend payment in respect of the financial year ended 31 December 2016.

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 held for office since the date of the last report are:

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	<i>(appointed on 16 August 2016)</i>
Datuk Idris bin Hashim	<i>(resigned on 16 August 2016)</i>

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 2016 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia were as follows:

	← Number of ordinary shares of RM0.20 each →			
	Balance as at 1.1.2016	Bought	Sold	Balance as at 31.12.2016
Shares in the Company				
Direct interests				
Dato' Liaw Choon Liang	75,843,001	-	-	75,843,001
Datin Goh Poi Eong	22,464,699	-	-	22,464,699
Leow Ming Fong @ Leow Min Fong	500,000	-	-	500,000
Datin Sim Swee Yoke	10,000	-	-	10,000

Dato' Liaw Choon Liang is the spouse of Datin Goh Poi Eong. By virtue of their relationship, they are also deemed to have interests in shares held by each other, both direct and indirect.

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

The interests and deemed interests in the ordinary shares of the non-wholly owned subsidiaries, held by Dato' Liaw Choon Liang and Datin Goh Poi Eong at year end were as follows:

	← Number of ordinary shares of RM1.00 each →			
	Balance as at 1.1.2016	Bought	Sold	Balance as at 31.12.2016
Subsidiaries				
Optolab Sdn. Bhd.				
Indirect interests				
Dato' Liaw Choon Liang	30,000	-	-	30,000
Datin Goh Poi Eong	30,000	-	-	30,000

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS (CONT'D)

The interests and deemed interests in the ordinary shares of the non-wholly owned subsidiaries, held by Dato' Liaw Choon Liang and Datin Goh Poi Eong at year end were as follows (Cont'd):

	← Number of ordinary shares of RM1.00 each →			
	Balance as at 1.1.2016	Bought	Sold	Balance as at 31.12.2016
Original Reward Sdn. Bhd.				
Indirect interests				
Dato' Liaw Choon Liang	51,000	-	(51,000)	-
Datin Goh Poi Eong	51,000	-	(51,000)	-

None of the other Directors holding office at the end of the financial year held any beneficial interest in the ordinary shares of the Company or ordinary shares and debentures of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than the transactions entered into in the ordinary course of business with companies in which certain Directors of the Company have substantial financial interests as disclosed in Note 33 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there are no known bad debts and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

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

- (c) The Directors are not aware of any circumstances:
 - (i) which would 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; and
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(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.

DIRECTORS' REPORT (CONT'D)

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 7(c) to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant events subsequent to the end of the reporting period are disclosed in Note 34 to the financial statements.

AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

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

Dato' Liaw Choon Liang
Director

Datin Goh Poi Eong
Director

Petaling Jaya
3 April 2017

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 61 to 115 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 38 to the financial statements on page 116 has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

Dato' Liaw Choon Liang
Director

Datin Goh Poi Eong
Director

Petaling Jaya
3 April 2017

STATUTORY DECLARATION

I, Chua Tian Pang, being the officer primarily responsible for the financial management of Focus Point Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 61 to 116 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 3 April 2017

Chua Tian Pang

Before me:

Commissioner for Oaths

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 2016 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 61 to 115.

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 2016, 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, 1965 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 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.

Carrying amount of inventories at lower of cost and net realisable value

As at 31 December 2016, inventories of the Group of RM46,412,000 comprised mainly optical and related products. Details of the inventories have been disclosed in Note 10 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 merchandising department.

Audit response

Our procedures included the following:

- obtained an understanding of the process implemented by management over the determination of lower of cost and net realisable value used in the valuation of inventories;
- analysed the inventories turnover period by comparing that to the assessment of management on the identification of slow moving and obsolete inventories; and
- challenged assessment prepared by management that 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)

Information Other than the Financial Statements and Auditor's 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.

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 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, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements 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 International Standards on Auditing, 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 the Group's and of the Company's internal control.

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 (Cont'd)

As part of an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (Cont'd):

- (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 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.

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.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT

to the Members of Focus Point Holdings Berhad
(Incorporated in Malaysia) (CONT'D)

Other Reporting Responsibilities

The supplementary information set out in Note 38 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO

AF : 0206
Chartered Accountants

Lee Ken Wai

3185/07/17 (J)
Chartered Accountant

Kuala Lumpur
3 April 2017

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	6	48,470	39,559	–	–
Investments in subsidiaries	7	–	–	42,950	42,971
Investments in associates	8	696	685	–	–
Deferred tax assets	20	306	233	–	–
Trade and other receivables	9	230	353	–	–
		49,702	40,830	42,950	42,971
Current assets					
Inventories	10	46,412	46,140	–	–
Trade and other receivables	9	24,635	24,898	3,991	1,569
Cash and bank balances	11	12,485	11,799	11	18
Derivative assets	21	40	7	–	–
Current tax assets		70	61	1	3
		83,642	82,905	4,003	1,590
TOTAL ASSETS		133,344	123,735	46,953	44,561
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	22	33,000	33,000	33,000	33,000
Reserves	23	19,802	21,083	9,951	10,289
		52,802	54,083	42,951	43,289
Non-controlling interests		(6)	(110)	–	–
TOTAL EQUITY		52,796	53,973	42,951	43,289

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2016 (CONT'D)

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
LIABILITIES					
Non-current liabilities					
Borrowings	12	14,003	6,087	-	-
Deferred tax liabilities	20	2,006	1,576	-	-
Deferred income	19	1,062	1,332	-	-
		17,071	8,995	-	-
Current liabilities					
Borrowings	12	30,664	26,449	-	-
Trade and other payables	18	32,148	33,004	4,002	1,272
Deferred income	19	490	596	-	-
Current tax liabilities		174	663	-	-
Derivative liabilities	21	1	55	-	-
		63,477	60,767	4,002	1,272
TOTAL LIABILITIES		80,548	69,762	4,002	1,272
TOTAL EQUITY AND LIABILITIES		133,344	123,735	46,953	44,561

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 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	26	161,946	154,592	–	1,000
Cost of sales	27	(66,856)	(65,452)	–	–
Gross profit		95,090	89,140	–	1,000
Other operating income		5,191	8,400	1	2
Selling and distribution costs		(32,656)	(30,867)	–	–
Administrative expenses		(64,970)	(60,471)	(339)	(307)
Finance costs	28	(2,408)	(1,932)	–	–
Share of profits in associates, net of tax		396	323	–	–
Profit/(Loss) before tax	29	643	4,593	(338)	695
Taxation	30	(1,926)	(3,393)	–	–
(Loss)/Profit for the financial year		(1,283)	1,200	(338)	695
Other comprehensive income, net of tax		–	–	–	–
Total comprehensive (loss)/income		(1,283)	1,200	(338)	695
(Loss)/Profit attributable to:					
Owners of the parent		(1,198)	1,331	(338)	695
Non-controlling interests		(85)	(131)	–	–
		(1,283)	1,200	(338)	695
Total comprehensive (loss)/income attributable to:					
Owners of the parent		(1,198)	1,331	(338)	695
Non-controlling interests		(85)	(131)	–	–
		(1,283)	1,200	(338)	695
(Loss)/Earnings per ordinary share attributable to owners of the parent (sen):					
- Basic and diluted	31	(0.73)	0.81		

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

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2016

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 2015		33,000	7,096	12,656	52,752	1	52,753
Profit for the financial year		-	-	1,331	1,331	(131)	1,200
Other comprehensive income, net of tax		-	-	-	-	-	-
Total comprehensive income		-	-	1,331	1,331	(131)	1,200
Transactions with owners							
Subscription of interest in a subsidiary by a non-controlling interest	7(d)(ii)	-	-	-	-	20	20
Balance as at 31 December 2015		33,000	7,096	13,987	54,083	(110)	53,973
Loss for the financial year		-	-	(1,198)	(1,198)	(85)	(1,283)
Other comprehensive income, net of tax		-	-	-	-	-	-
Total comprehensive loss		-	-	(1,198)	(1,198)	(85)	(1,283)
Transactions with owners							
Acquisition of additional interest from a non-controlling interest	7(c)(ii)	-	-	(83)	(83)	54	(29)
Disposal of equity interest in a subsidiary	7(c)(i)	-	-	-	-	135	135
Balance as at 31 December 2016		33,000	7,096	12,706	52,802	(6)	52,796

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2016 (CONT'D)

Company	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 January 2015	33,000	7,096	2,498	42,594
Profit for the financial year	-	-	695	695
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	-	-	695	695
Balance as at 31 December 2015	33,000	7,096	3,193	43,289
Loss for the financial year	-	-	(338)	(338)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive loss	-	-	(338)	(338)
Balance as at 31 December 2016	33,000	7,096	2,855	42,951

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

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		643	4,593	(338)	695
Adjustments for:					
Depreciation of property, plant and equipment	6	7,651	6,980	-	-
Deposit written off		150	-	-	-
Dividend income from subsidiaries		-	-	-	(1,000)
Gain on disposal of property, plant and equipment		(4)	(17)	-	-
Impairment losses on:					
- deposits paid		-	34	-	-
- investment in a subsidiary	7(e)	-	-	21	*
- property, plant and equipment	6(c)	250	993	-	-
- other receivables	9(j)	306	-	-	-
Interest expense					
- hire-purchase		704	615	-	-
- term loans		460	198	-	-
- bankers' acceptances		706	738	-	-
- bank overdrafts		438	274	-	-
- revolving credits		15	-	-	-
- others		85	107	-	-
Interest income					
- fixed deposits		(275)	(296)	(1)	(2)
- others		(85)	(91)	-	-
Inventories written down	10(b)	542	364	-	-
Inventories written off	10(b)	434	437	-	-
Reversal of inventories previously written down	10(c)	-	(156)	-	-
Loss on disposal of property, plant and equipment		391	683	-	-
Net fair value (gain)/loss on derivative		(87)	48	-	-
Gain on disposal of investment in a subsidiary	7(c)(i)	(141)	-	-	-
Property, plant and equipment written off		1,551	469	-	-
Reversal of impairment loss on property, plant and equipment	6(c)	(1)	(340)	-	-
Reversal of impairment loss on other receivables	9(j)	(44)	-	-	-
Share of profit in associates		(396)	(323)	-	-
Operating profit/(loss) before changes in working capital		13,293	15,310	(318)	(307)

* Represents RM2

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2016 (CONT'D)

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)					
Operating profit/(loss) before changes in working capital		13,293	15,310	(318)	(307)
Changes in working capital:					
Inventories		(1,261)	(9,418)	-	-
Trade and other receivables		(72)	(3,416)	-	-
Trade and other payables		(22)	6,820	(2)	(4)
Deferred income		(376)	40	-	-
Cash generated from/(used in) operations		11,562	9,336	(320)	(311)
Tax paid		(2,111)	(2,949)	(1)	(3)
Tax refunded		44	127	3	5
Net cash from/(used in) operating activities		9,495	6,514	(318)	(309)
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of additional interest in a subsidiary	7(c)(ii)	(29)	-	-	-
Net cash outflow from disposal of a subsidiary	7(c)(i)	(28)	-	-	-
Repayment/(advances) to a subsidiary		-	-	310	(61)
Dividends received from an associate		385	228	-	-
Dividends received from subsidiaries		-	-	-	1,000
Increase in share capital in a subsidiary	7(d)(i)	-	-	-	(850)
Interest received		275	296	1	2
Proceeds from disposal of property, plant and equipment		362	548	-	-
Purchase of property, plant and equipment	6(b)	(3,776)	(5,154)	-	-
Fixed deposits pledged to licensed banks with original maturity of twelve (12) months		(2,014)	71	-	-
Net cash (used in)/ from investing activities		(4,825)	(4,011)	311	91

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2016 (CONT'D)

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Net drawdown of bankers' acceptances		1,270	5,216	-	-
Drawdown of revolving credits		1,015	-	-	-
Interest paid		(2,323)	(1,841)	-	-
Net repayments of term loans		(1,633)	(1,373)	-	-
Ordinary shares subscribed by non-controlling interests of a subsidiary		-	20	-	-
Repayments of hire-purchase liabilities		(5,052)	(4,122)	-	-
Net cash used in financing activities		(6,723)	(2,100)	-	-
Net (decrease)/increase in cash and cash equivalents		(2,053)	403	(7)	(218)
Cash and cash equivalents at the beginning of the financial year		(177)	(580)	18	236
Cash and cash equivalents at the end of the financial year	11(d)	(2,230)	(177)	11	18

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

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 2016 comprise the Company and its subsidiaries and the Group's interests in 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 3 April 2017.

2. PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the subsidiaries and associates are set out in Notes 7 and 8 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 requirements of the Companies Act, 1965 in Malaysia. However, Note 38 to the financial statements has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (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 2016 (CONT'D)

4. OPERATING SEGMENTS (CONT'D)

2016	Optical related products RM'000	Franchise management RM'000	Food and beverages RM'000	Others RM'000	Total RM'000
Revenue					
Total revenue	142,571	3,492	15,308	1,150	162,521
Inter-segment revenue	(538)	(18)	(19)	–	(575)
Revenue from external customers	142,033	3,474	15,289	1,150	161,946
Finance income	405	3	35	13	456
Finance costs	(2,133)	–	(273)	(2)	(2,408)
Net finance (expense)/income	(1,728)	3	(238)	11	(1,952)
Depreciation	5,756	–	1,788	107	7,651
Segment profit/(loss) before income tax	7,196	(224)	(6,345)	(329)	298
Share of profit of associates, net of tax	396	–	–	–	396
Taxation	(2,016)	56	–	34	(1,926)
Other material non-cash items:					
Fair value gain on derivative	(87)	–	–	–	(87)
Impairment losses on property, plant and equipment	–	–	238	12	250
Impairment losses on other receivables	–	–	306	–	306
Reversal of impairment losses on deposits paid	–	–	(44)	–	(44)
Inventories written down	512	–	30	–	542
Inventories written off	427	–	7	–	434
Property, plant and equipment written off	580	–	971	–	1,551
Net loss on disposal of property, plant and equipment	57	–	330	–	387
Reversal of impairment loss on property, plant and equipment	(1)	–	–	–	(1)
Investments in associates	696	–	–	–	696
Additions to non-current assets other than financial instruments and deferred tax assets	17,506	–	2,011	64	19,581
Segment assets	118,200	1,614	11,835	1,319	132,968
Segment liabilities	69,698	2,235	6,219	216	78,368

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

4. OPERATING SEGMENTS (CONT'D)

2015	Optical related products RM'000	Franchise management RM'000	Food and beverages RM'000	Others RM'000	Total RM'000
Revenue					
Total revenue	131,268	3,795	18,661	2,360	156,084
Inter-segment revenue	(396)	(51)	(45)	(1,000)	(1,492)
Revenue from external customers	130,872	3,744	18,616	1,360	154,592
Finance income	420	2	84	14	520
Finance costs	(1,504)	-	(414)	(14)	(1,932)
Net finance (expense)/income	(1,084)	2	(330)	-	(1,412)
Depreciation	4,597	-	2,274	109	6,980
Segment profit/(loss) before income tax	12,010	189	(7,672)	806	5,333
Share of profit of associates, net of tax	323	-	-	-	323
Taxation	(3,296)	(63)	10	(44)	(3,393)
Other material non-cash items:					
Fair value loss on derivative	48	-	-	-	48
Impairment losses on property, plant and equipment	358	-	635	-	993
Impairment losses on deposits paid	-	-	34	-	34
Reversal of inventories previously written down	(156)	-	-	-	(156)
Inventories written down	364	-	-	-	364
Inventories written off	386	-	51	-	437
Property, plant and equipment written off	316	-	153	-	469
Net (gain)/loss on disposal of property, plant and equipment	(14)	-	680	-	666
Reversal of impairment loss on property, plant and equipment	(340)	-	-	-	(340)
Investments in associates	685	-	-	-	685
Additions to non-current assets other than financial instruments and deferred tax assets	10,583	-	442	2	11,027
Segment assets	106,228	1,504	14,336	1,373	123,441
Segment liabilities	57,452	2,572	7,274	225	67,523

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

4. OPERATING SEGMENTS (CONT'D)

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

	2016 RM'000	2015 RM'000
Profit for the financial year		
Total profit or loss for reportable segments	298	5,333
Elimination of inter-segment results	345	(740)
<hr/>		
Profit before tax	643	4,593
Tax expense	(1,926)	(3,393)
<hr/>		
(Loss)/Profit for the financial year of the Group per consolidated statement of profit or loss and other comprehensive income	(1,283)	1,200
<hr/>		
Assets		
Total assets for reportable segments	132,968	123,441
Tax assets	376	294
<hr/>		
Total assets of the Group per consolidated statement of financial position	133,344	123,735
<hr/>		
Liabilities		
Total liabilities for reportable segments	78,368	67,523
Tax liabilities	2,180	2,239
<hr/>		
Total liabilities of the Group per consolidated statement of financial position	80,548	69,762
<hr/>		

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 2016 (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 2015.

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 2016 and 31 December 2015.

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Borrowings	44,667	32,536	–	–
Trade and other payables	32,148	33,004	4,002	1,272
Total liabilities	76,815	65,540	4,002	1,272
Less: Cash and bank balances	(12,485)	(11,799)	(11)	(18)
Net debt	64,330	53,741	3,991	1,254
Total capital	52,802	54,083	42,951	43,289
Net debt	64,330	53,741	3,991	1,254
	117,132	107,824	46,942	44,543
Gearing ratio (%)	54.9%	49.8%	8.5%	2.8%

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 2016.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

(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.

During the 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 31 December 2016 are as follows:

Contract	Expiry dates	Contract amount USD'000	Contract amount EUR'000	RM'000 equivalent
Contracts used to hedge	31 January 2017	101	–	423
anticipated payables	15 February 2017	45	–	193
	23 February 2017	–	48	227
		146	48	843

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

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 11 and 12 to the financial statements.

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 12 and 18 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 Note 9 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

6. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.1.2016		Additions	Disposals	Written off	Disposal of a subsidiary (Note 7(c)(i))	Reclassification	Balance as at 31.12.2016	
	RM'000	RM'000						RM'000	RM'000
At cost									
Freehold land	2,522	2,550	-	-	-	-	-	-	5,072
Buildings	2,740	940	-	-	-	-	-	-	3,680
Alarm and security system	723	189	(10)	(77)	-	-	-	-	825
Computers	5,492	607	(33)	(136)	(38)	-	-	-	5,892
Furniture and fittings	19,364	6,180	(279)	(1,844)	(114)	-	-	-	23,307
Hearing equipment	30	-	-	-	-	-	-	-	30
Lab tools and equipment	2,659	63	-	-	-	-	-	-	2,722
Motor vehicles	4,580	-	-	-	-	-	-	-	4,580
Office equipment	1,240	276	(30)	(71)	(11)	-	23	-	1,427
Optical equipment	12,800	1,934	(66)	(552)	-	-	-	-	14,116
Renovation and electrical installations	14,376	3,525	(486)	(2,842)	(245)	-	-	-	14,328
Signboards	1,207	412	(5)	(215)	(10)	-	-	-	1,389
Restaurant equipment	508	-	(258)	-	(250)	-	-	-	-
Bakery equipment	8,305	371	(168)	(301)	-	-	(23)	-	8,184
Construction work-in-progress	-	2,534	-	-	-	-	-	-	2,534
	76,546	19,581	(1,335)	(6,038)	(668)	-	-	-	88,086

Group	Balance as at 1.1.2016		Charge for the financial year	Disposals	Written off	Impairment loss	Disposal of a subsidiary (Note 7(c)(i))	Reclassification	Balance as at 31.12.2016	
	RM'000	RM'000							RM'000	RM'000
Accumulated depreciation and impairment loss										
Buildings	318	64	-	-	-	-	-	-	-	382
Alarm and security system	455	108	(5)	(73)	7	-	-	-	-	492
Computers	4,878	444	(28)	(134)	-	(30)	-	-	-	5,130
Furniture and fittings	7,182	2,581	(150)	(1,154)	-	(30)	-	-	-	8,429
Hearing equipment	16	2	-	-	12	-	-	-	-	30
Lab tools and equipment	2,194	100	-	-	-	-	-	-	-	2,294
Motor vehicles	3,739	297	-	-	-	-	-	-	-	4,036
Office equipment	888	145	(23)	(62)	-	(5)	8	-	-	951
Optical equipment	6,716	1,092	(51)	(489)	-	-	-	-	-	7,268
Renovation and electrical installations	7,449	1,835	(194)	(2,289)	228	(72)	-	-	-	6,957
Signboards	823	157	(3)	(190)	2	(4)	-	-	-	785
Restaurant equipment	115	19	(77)	-	-	(57)	-	-	-	-
Bakery equipment	2,214	807	(55)	(96)	-	-	(8)	-	-	2,862
	36,987	7,651	(586)	(4,487)	249	(198)	-	-	-	39,616

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Balance as at 2015 1.1.2015 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Balance as at 31.12.2015 RM'000
At cost					
Freehold land	2,522	-	-	-	2,522
Buildings	2,740	-	-	-	2,740
Alarm and security system	607	142	(5)	(21)	723
Computers	5,154	437	(30)	(69)	5,492
Furniture and fittings	15,245	5,194	(336)	(739)	19,364
Hearing equipment	30	-	-	-	30
Lab tools and equipment	2,659	-	-	-	2,659
Motor vehicles	4,680	29	(129)	-	4,580
Office equipment	1,259	168	(128)	(59)	1,240
Optical equipment	10,664	2,224	(24)	(64)	12,800
Renovation and electrical installations	13,339	2,518	(800)	(681)	14,376
Signboards	1,042	237	(28)	(44)	1,207
Restaurant equipment	1,087	35	(612)	(2)	508
Bakery equipment	8,263	43	-	(1)	8,305
	69,291	11,027	(2,092)	(1,680)	76,546

Group	Balance as at 2015 1.1.2015 RM'000	Charge for the financial year RM'000	Disposals RM'000	Written off RM'000	Impairment loss RM'000	Balance as at 31.12.2015 RM'000
Accumulated depreciation and impairment loss						
Buildings	254	64	-	-	-	318
Alarm and security system	382	87	(3)	(27)	16	455
Computers	4,531	439	(25)	(67)	-	4,878
Furniture and fittings	5,744	1,980	(126)	(416)	-	7,182
Hearing equipment	13	3	-	-	-	16
Lab tools and equipment	2,093	101	-	-	-	2,194
Motor vehicles	3,419	399	(79)	-	-	3,739
Office equipment	836	156	(81)	(23)	-	888
Optical equipment	5,920	870	(21)	(53)	-	6,716
Renovation and electrical installations	5,911	1,842	(336)	(584)	616	7,449
Signboards	736	124	(18)	(40)	21	823
Restaurant equipment	198	107	(189)	(1)	-	115
Bakery equipment	1,406	808	-	-	-	2,214
	31,443	6,980	(878)	(1,211)	653	36,987

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	2016 RM'000	Group 2015 RM'000
Carrying amount		
Freehold land	5,072	2,522
Buildings	3,298	2,422
Alarm and security system	333	268
Computers	762	614
Furniture and fittings	14,878	12,182
Hearing equipment	–	14
Lab tools and equipment	428	465
Motor vehicles	544	841
Office equipment	476	352
Optical equipment	6,848	6,084
Renovation and electrical installations	7,371	6,927
Signboards	604	384
Restaurant equipment	–	393
Bakery equipment	5,322	6,091
Construction work-in-progress	2,534	–
	48,470	39,559

- (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.

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%
Restaurant equipment	10%
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.

The useful lives and residual values of other components of property, plant and equipment are also estimated based on common life expectancies and commercial factors applied in the various respective industries.

Changes in expected level of usage, occupancy rates and economic development could impact the economic useful lives and the residual values of these assets, and hence future depreciation charges on such assets could be revised.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

	Group	
	2016 RM'000	2015 RM'000
Purchase of property, plant and equipment	19,581	11,027
Financed by hire-purchase arrangements	(8,425)	(2,720)
Financed by term-loan arrangements	(7,380)	(3,153)
	<hr/>	<hr/>
Cash payments on purchase of property, plant and equipment	3,776	5,154

- (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	
	2016 RM'000	2015 RM'000
Impairment loss on property, plant and equipment	250	993
Reversal of impairment loss on property, plant and equipment	(1)	(340)
	<hr/>	<hr/>
	249	653

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2016 RM'000	2015 RM'000
At cost		
Unquoted shares	43,105	43,105
Less: Accumulated impairment losses	(155)	(134)
	<hr/>	<hr/>
	42,950	42,971

- (a) Investment in subsidiary is stated in the separate financial statements at cost.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

Name of company	Country of incorporation	Equity interest held by				Principal activities
		Company		Subsidiary		
		2016 %	2015 %	2016 %	2015 %	
Excelview Laser Eye Centre Sdn. Bhd.	Malaysia	100	100	–	–	Provision of medical eye care services
Focus Point Management Sdn. Bhd.	Malaysia	100	100	–	–	Management of franchised professional eye care centres
Focus Point Vision Care Group Sdn. Bhd.	Malaysia	100	100	–	–	Operation of professional eye care centres, trading of eyewear and eye care products and investment holding
Sound Point Hearing Solution Sdn. Bhd.	Malaysia	100	100	–	–	Trading of hearing aid solutions and related accessories
Multiple Reward Sdn. Bhd.	Malaysia	100	100	–	–	Provision of food and beverages services
Excellent Reward Japanese Restaurants Sdn. Bhd.	Malaysia	100	100	–	–	Dormant

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

Name of company	Country of incorporation	Equity interest held by				Principal activities
		Company		Subsidiary		
		2016 %	2015 %	2016 %	2015 %	
Subsidiaries of Focus Point Vision Care Group Sdn. Bhd.						
Esprit Shoppe Sdn. Bhd.	Malaysia	-	-	100	100	Dormant
Focus Point Vision Care Group (OC) Sdn. Bhd.	Malaysia	-	-	100	100	Dormant
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	60	Retailing of optical and related products and ceased operation in April 2016
Care Point Optical Sdn. Bhd.	Malaysia	-	-	100	100	Dormant
Subsidiary of Multiple Reward Sdn. Bhd.						
Original Reward Sdn. Bhd.	Malaysia	-	-	-	51	Provision of food and beverages services
Subsidiary of Esprit Shoppe Sdn. Bhd.						
Optolab Sdn. Bhd.	Malaysia	-	-	60	60	Trading of medical products including medical equipment and devices

All subsidiaries are audited by BDO

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) During the financial year:

- (i) On 3 May 2016, a wholly-owned subsidiary, Multiple Reward Sdn. Bhd. ('MRSB') disposed its entire investment in Original Reward Sdn. Bhd. ('ORSB') comprising 51,000 ordinary shares of RM1.00 each, representing 51% equity shares in ORSB, for a total consideration of RM1.00.

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

	RM'000
Plant, property and equipment	470
Inventories	14
Trade and other receivables	46
Cash and cash equivalents	28
Trade and other payables	(834)
<hr/>	
Total identifiable net liabilities	(276)
Less: Fair value of 49% equity interest held by non-controlling interest	135
<hr/>	
Total identifiable net liabilities disposed off (at 51%)	(141)
Disposal proceeds	*
<hr/>	
Gain on disposal of subsidiary	(141)
<hr/>	
Cash consideration received	*
Cash and bank balances of subsidiary disposed off	28
<hr/>	
Net cash outflow from the Group	28
<hr/>	

* represented RM1

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) During the financial year (Cont'd):

- (ii) On 1 July 2016, a wholly-owned subsidiary, Focus Point Vision Care Group Sdn. Bhd. ('FPVCGSB'), acquired the remaining 40% equity interest comprising 80,000 ordinary share of RM1.00 each in Truesight Eyewear Optical Sdn. Bhd. ('TEOSB') from the minority shareholder. The total cash consideration paid was RM29,000.

The fair value of the identifiable assets and liabilities of TEOSB as at the date of accretion were as follows:

	RM'000
Trade and other receivables	77
Cash and cash equivalents	38
Trade and other payables	(250)
<hr/>	
Total identifiable net liabilities	(135)
Less: Fair value of 60% equity interest held previously as subsidiary	81
<hr/>	
Total identifiable net liabilities acquired (at 40%)	(54)
Purchase consideration settled in cash	(29)
<hr/>	
	(83)
<hr/>	

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

(d) In the previous financial year:

- (i) The Company subscribed for an additional 850,000 ordinary shares of RM1.00 each in MRSB which was satisfied by the capitalisation of RM850,000 owing by MRSB. Consequently, there was no change in the effective equity interest held by the Company in MRSB.
- (ii) On 13 March 2015, Esprit Shoppe Sdn. Bhd. ('ESSB'), a wholly-owned subsidiary of FPVCGSB, which in turn is a wholly-owned subsidiary of the Company, incorporated a subsidiary known as Optolab Sdn. Bhd. ('OSB') with an authorised share capital of RM400,000 comprising 400,000 ordinary shares of RM1.00 each and its paid up share capital is RM50,000 divided into 50,000 ordinary shares of RM1.00 each. ESSB has subscribed for 30,000 ordinary shares of RM1.00 each in OSB for a cash consideration of RM30,000. Following the share subscription, ESSB held 60% equity interests in OSB.
- (e) An impairment loss on investments in subsidiaries amounting to RM21,000 (2015: RM2) has been recognised as the carrying amount of the investment was higher than its estimated recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

2016	Truesight Eyewear Optical Sdn. Bhd.	Original Reward Sdn. Bhd.	Optolab Sdn. Bhd.	Total
NCI percentage of ownership interest and voting interest	–	–	40%	
Carrying amount of NCI (RM'000)	–	–	(6)	(6)
<hr/>				
Loss allocated to NCI (RM'000)	(36)	(28)	(21)	(85)
<hr/>				
2015				
NCI percentage of ownership interest and voting interest	40%	49%	40%	
Carrying amount of NCI (RM'000)	(17)	(108)	15	(110)
<hr/>				
Loss allocated to NCI (RM'000)	(22)	(104)	(5)	(131)
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NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (g) The summarised financial information before intra-group elimination of the subsidiaries that have NCI as at the end of each reporting period are as follows:

2016	Optolab Sdn. Bhd. RM'000
Assets and liabilities	
Non-current assets	3
Current assets	115
Non-current liabilities	–
Current liabilities	(132)
Net liabilities	(14)
Results	
Revenue	448
Loss for the financial year	(53)
Total comprehensive loss	(53)
Cash flows used in operating activities	(14)
Cash flows used in investing activities	(1)
Cash flows from financing activities	–
Net decrease in cash and cash equivalents	(15)
Dividends paid to NCI	–

2015	Truesight Eyewear Optical Sdn. Bhd. RM'000	Original Reward Sdn. Bhd. RM'000	Optolab Sdn. Bhd. RM'000
Assets and liabilities			
Non-current assets	66	500	5
Current assets	378	75	164
Non-current liabilities	–	–	(1)
Current liabilities	(487)	(795)	(130)
Net (liabilities)/assets	(43)	(220)	38

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (g) The summarised financial information before intra-group elimination of the subsidiaries that have NCI as at the end of each reporting period are as follows (Cont'd):

2015	Truesight Eyewear Optical Sdn. Bhd. RM'000	Original Reward Sdn. Bhd. RM'000	Optolab Sdn. Bhd. RM'000
Results			
Revenue	915	1,033	311
Loss for the financial year	(55)	(213)	(12)
Total comprehensive loss	(55)	(213)	(12)
<hr/>			
Cash flows from/(used in) operating activities	19	(157)	(68)
Cash flows (used in)/from investing activities	(1)	6	49
Cash flows (used in)/from financing activities	-	(32)	50
<hr/>			
Net increase/(decrease) in cash and cash equivalents	18	(183)	31
<hr/>			
Dividends paid to NCI	-	-	-

8. INVESTMENTS IN ASSOCIATES

	2016 RM'000	Group 2015 RM'000
At cost		
Unquoted shares	107	107
Share of post-acquisition reserves, net of dividends received	668	657
Less: Accumulated impairment losses	(79)	(79)
<hr/>		
	696	685

- (a) Investment in associate is stated in the separate financial statements at cost.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

8. INVESTMENTS IN ASSOCIATES (CONT'D)

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

Name of company	Country of incorporation	Equity interest held by				Principal activities
		Company		Subsidiary		
		2016	2015	2016	2015	
		%	%	%	%	
Associates of Focus Point Vision Care Group Sdn. Bhd.						
Focus Point Vision Care Group (HP) Sdn. Bhd.*	Malaysia	–	–	35	35	Retailing of optical and related products
Green Ace Formation Sdn. Bhd.*	Malaysia	–	–	49	49	In the process of voluntary winding up
Zania (M) Sdn. Bhd.	Malaysia	–	–	20	20	Dormant

* Associates not audited by BDO

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

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

	Individually immaterial associates	
	2016 RM'000	2015 RM'000
Assets and liabilities		
Current assets	2,457	2,291
Non-current assets	2,017	2,091
Total assets	4,474	4,382
Current liabilities	1,838	1,546
Non-current liabilities	232	408
Total liabilities	2,070	1,954
Results		
Revenue	8,056	7,204
Profit for the financial year	1,128	922

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

8. INVESTMENTS IN ASSOCIATES (CONT'D)

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

	Individually immaterial associates	
	2016 RM'000	2015 RM'000
As at 31 December		
Share of net assets of the Group	696	685
Carrying amount in the statements of financial position	696	685
Share of results of the Group for the financial year ended 31 December		
Share of profit or loss of the Group	396	323
Share of other comprehensive income of the Group	-	-
Share of total comprehensive income of the Group	396	323
Other information		
Dividend received	385	228

9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-current				
Trade receivables				
Third parties	230	353	-	-
Other receivables				
Third parties	102	102	-	-
Less: Impairment losses	(102)	(102)	-	-
	-	-	-	-
Loans and receivables	230	353	-	-
Current				
Trade receivables				
Third parties	7,988	7,026	-	-
Amount owing by an associate	301	246	-	-
	8,289	7,272	-	-
Less: Impairment losses				
- Third parties	(794)	(794)	-	-
	7,495	6,478	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

9. TRADE AND OTHER RECEIVABLES (CONT'D)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current				
Other receivables				
Third parties	2,556	3,383	–	–
Amounts owing by subsidiaries	–	–	3,987	1,565
Amounts owing by associates	9	11	–	–
	2,565	3,394	3,987	1,565
Less: Impairment losses				
- Third parties	(399)	(137)	–	–
- Associates	(4)	(4)	–	–
	2,162	3,253	3,987	1,565
Deposits	12,008	11,825	4	4
Loans and receivables	21,665	21,556	3,991	1,569
Prepayments	2,970	3,342	–	–
	24,635	24,898	3,991	1,569

- (a) Financial assets classified as loans and receivables are measured at amortised cost using the effective interest method.
- (b) The Group's and the Company's exposure to credit risks, or the risk of counterparties defaulting, arises mainly from third parties 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 (2015: 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.
- (c) As at the end of the reporting period, other than the amounts owing by subsidiaries constituting approximately 100% (2015: 100%) of the total receivables of the Company, the Group does not have any significant concentration of credit risk related to any individual customer or counterparty.
- (d) Included in trade receivables of the Group are amounts owing by franchisees for the sales of initial stocks and fixed assets by the Group amounting to RM517,000 (2015: RM560,000) which are subject to interest ranging from Nil to 10.00% (2015: Nil to 10.00%); of which an amount of RM287,000 (2015: RM207,000) is current.
- (e) Included in other receivables of the Group are amounts owing by franchisees for the disposal of fixed assets by the Group amounting to RM184,000 (2015: RM184,000) which are subject to interest ranging from Nil to 10.00% (2015: Nil to 10.00%); of which an amount of RM82,000 (2015: RM82,000) is current.
- (f) Included in other receivables of the Group are amounts owing by trade suppliers of RM1,487,000 (2015: RM2,674,000) after netting of purchase rebates receivable during the financial year which are unsecured, interest-free and repayable in cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

9. TRADE AND OTHER RECEIVABLES (CONT'D)

- (g) Amounts owing by subsidiaries represent balances arising from non-trade transactions and payments made on behalf, which are unsecured, interest-free and repayable upon demand in cash and cash equivalents.
- (h) Amounts owing by associates represent balances arising from trade transactions and payments made on behalf, which are unsecured, interest-free and repayable upon demand in cash and cash equivalents. The trade transactions are subject to normal trade terms.
- (i) Included in deposits of the Group are tenant deposits amounting to RM11,851,000 (2015: RM11,656,000), which are in respect of the rental of business premises in accordance with rental agreements.
- (j) The ageing analysis of trade receivables of the Group is as follows:

	2016	Group
	RM'000	2015
		RM'000
Neither past due nor impaired	5,715	5,760
Past due, not impaired		
76 to 105 days	200	150
106 to 135 days	379	260
More than 136 days	1,431	661
	2,010	1,071
Past due and impaired	794	794
	8,519	7,625

Receivables that are neither past due nor impaired

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM2,010,000 (2015: RM1,071,000) that are past due but not impaired. Trade receivables that are past due but not impaired possess high creditworthiness and good payment records. The Group closely monitors the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

9. TRADE AND OTHER RECEIVABLES (CONT'D)

- (i) The ageing analysis of trade receivables of the Group is as follows (Cont'd):

Receivables that are past due and impaired

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

Group	Individually impaired	
	2016 RM'000	2015 RM'000
Trade receivables, gross	794	794
Less: Impairment losses	(794)	(794)
	-	-

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to those debtors that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The reconciliation of movements in the impairment losses is as follows:

	Group	
	2016 RM'000	2015 RM'000
Trade receivables		
At 1 January/31 December	794	794
Other receivables		
At 1 January	243	243
Charge for the financial year (Note 29)	306	-
Reversal of impairment losses (Note 29)	(44)	-
At 31 December	505	243

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
United States Dollar	227	424	-	-
Hong Kong Dollar	-	17	-	-
Singapore Dollar	1	1	-	-
Ringgit Malaysia	21,667	21,467	3,991	1,569
	21,895	21,909	3,991	1,569

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

9. TRADE AND OTHER RECEIVABLES (CONT'D)

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

	Carrying amount RM'000	Group Fair value RM'000
2016		
Loans and receivables		
Trade and other receivables – Level 3	230	230
<hr/>		
2015		
Loans and receivables		
Trade and other receivables – Level 3	353	353
<hr/>		

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

10. INVENTORIES

	2016 RM'000	Group 2015 RM'000
At cost		
Optical and related products	46,006	45,551
Food and beverages	352	537
Operation consumables	45	42
	46,403	46,130
At net realisable value		
Optical and related products	9	10
Hearing aids and related accessories	*	*
	9	10
<hr/>		
	46,412	46,140
<hr/>		

* Represents RM31 (2015: RM33)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

10. INVENTORIES (CONT'D)

- (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 RM434,000 (2015: RM437,000) and has written down slow-moving inventories to their net realisable value which amounted to RM542,000 (2015: RM364,000) during the financial year and are included in cost of sales.
- (c) In the previous financial year, the Group reversed RM156,000 in respect of inventories written down, which were subsequently not required as the Group was able to sell those inventories above their carrying amounts.

11. CASH AND BANK BALANCES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash and bank balances	3,262	4,590	11	18
Fixed deposits with licensed banks	9,223	7,209	–	–
	12,485	11,799	11	18

- (a) Fixed deposits with licensed banks of the Group and of the Company have maturity periods of 30 days to 365 days (2015: 30 days to 365 days) with interest rates ranging from 2.75% to 3.30% (2015: 3.10% to 3.30%) per annum respectively.
- (b) Included in fixed deposits with licensed banks of the Group are RM8,673,000 (2015: RM6,659,000) pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Notes 13, 15 and 16 to the financial statements.
- (c) All cash and bank balances are denominated in RM.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

11. CASH AND BANK BALANCES (CONT'D)

- (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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash and bank balances	12,485	11,799	11	18
Less:				
Bank overdrafts included in borrowings (Note 12)	(6,042)	(5,317)	-	-
Fixed deposits pledged to licensed banks with original maturity of twelve (12) months	(8,673)	(6,659)	-	-
	(2,230)	(177)	11	18

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

	Group	
	2016 RM'000	2015 RM'000
Fixed rate	9,223	7,209

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

12. BORROWINGS

	Note	2016 RM'000	Group 2015 RM'000
Non-current liabilities			
Term loans – secured	13	8,668	2,539
Hire-purchase liabilities	14	5,335	3,548
		14,003	6,087
Current liabilities			
Term loans – secured	13	1,436	1,817
Hire-purchase liabilities	14	5,779	4,193
Bank overdrafts – secured	15	6,042	5,317
Bankers' acceptances – secured	16	16,392	15,122
Revolving credits – secured	17	1,015	–
		30,664	26,449
Total borrowings			
Term loans – secured	13	10,104	4,356
Hire-purchase liabilities	14	11,114	7,741
Bank overdrafts – secured	15	6,042	5,317
Bankers' acceptances – secured	16	16,392	15,122
Revolving credits – secured	17	1,015	–
		44,667	32,536

(a) All borrowings are denominated in RM.

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

	2016 %	Group 2015 %
Term loans – secured	5.03	5.74
Hire-purchase liabilities	7.89	7.81
Bank overdrafts – secured	7.82	7.85
Bankers' acceptances – secured	4.79	5.01
Revolving credits – secured	5.36	–

(c) The carrying amounts of property, plant and equipment of the Group pledged as securities for banking facilities granted to the Group (Notes 13, 16 and 25 to the financial statements) are as follows:

	2016 RM'000	Group 2015 RM'000
Freehold land	5,072	2,522
Buildings	3,298	2,422
Construction work-in-progress	2,534	–
	10,904	4,944

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

12. BORROWINGS (CONT'D)

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

	Group	
	2016 RM'000	2015 RM'000
Fixed rate	11,114	7,741
Variable rate	33,553	24,795

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:

	2016 RM'000	2015 RM'000
Effects of 100 basis points changes to (loss)/profit after tax		
Variable rate instruments	±255	±186

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

- (e) 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
2016				
Financial liabilities				
Borrowings	31,907	11,770	5,347	49,024
2015				
Financial liabilities				
Borrowings	26,977	6,837	-	33,814

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

12. BORROWINGS (CONT'D)

- (f) The following tables set 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
At 31 December 2016								
Fixed rates								
Hire-purchase liabilities	14	(5,779)	(3,637)	(1,698)	-	-	-	(11,114)
Floating rates								
Term loans	13	(1,436)	(1,385)	(1,443)	(1,363)	(393)	(4,084)	(10,104)
Bank overdrafts	15	(6,042)	-	-	-	-	-	(6,042)
Bankers' acceptances	16	(16,392)	-	-	-	-	-	(16,392)
Revolving credits	17	(1,015)	-	-	-	-	-	(1,015)
At 31 December 2015								
Fixed rates								
Hire-purchase liabilities	14	(4,193)	(2,873)	(595)	(80)	-	-	(7,741)
Floating rates								
Term loans	13	(1,817)	(584)	(550)	(536)	(869)	-	(4,356)
Bank overdrafts	15	(5,317)	-	-	-	-	-	(5,317)
Bankers' acceptances	16	(15,122)	-	-	-	-	-	(15,122)

13. 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, buildings and construction work-in-progress as disclosed in Note 12(c) to the financial statements; and
 - (iii) a charge over the Group's fixed deposits of RM8,673,000 (2015: RM6,659,000) as disclosed in Note 11(b) to the financial statements.
- (b) The term loans of the Group bear interest ranging from 4.65% to 5.44% (2015: 5.00% to 8.10%) per annum respectively.
- (c) The term loans are repayable by equal monthly instalments ranging from 31 to 180 months (2015: 31 to 90 months).
- (d) A significant covenant for the secured term loans is 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 RM100,000 (2015: RM155,000) of the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

14. HIRE-PURCHASE LIABILITIES

	2016 RM'000	Group 2015 RM'000
Minimum hire-purchase payments		
- not later than one (1) year	6,532	4,721
- later than one (1) year and not later than five (5) years	6,022	4,011
Total minimum hire-purchase payments	12,554	8,732
Less: Future interest charges	(1,440)	(991)
Present value of hire-purchase liabilities	11,114	7,741
Repayable as follows:		
Current liabilities:		
- not later than one (1) year	5,779	4,193
Non-current liabilities:		
- later than one (1) year and not later than five (5) years	5,335	3,548
	11,114	7,741

- (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 14(c) to the financial statements.
- (b) Hire-purchase liabilities of the Group bear interest ranging from 4.44% to 8.37% (2015: 4.44% to 8.38%) per annum.
- (c) As at 31 December 2016, the carrying amounts of property, plant and equipment of the Group acquired under hire-purchase arrangements are as follows:

	2016 RM'000	Group 2015 RM'000
Alarm and security system	107	69
Furniture and fittings	8,246	5,374
Lab tools and equipment	-	422
Motor vehicles	522	813
Office equipment	124	81
Optical equipment	1,784	548
Renovation and electrical installations	3,978	3,263
Signboards	393	194
Restaurant equipment	-	154
Bakery equipment	834	2,918
	15,988	13,836

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

14. HIRE-PURCHASE LIABILITIES (CONT'D)

- (d) 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
At 31 December 2016		
Hire purchase and lease creditors	11,114	11,040
At 31 December 2015		
Hire purchase and lease creditors	7,741	7,637

- (e) 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.

15. 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 of RM8,673,000 (2015: RM6,659,000) as disclosed in Note 11(b) to the financial statements.
- (b) The bank overdrafts of the Group bear interest ranging from 7.65% to 7.75% (2015: 7.85%) 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 RM3,083,000 (2015: RM2,701,000).

16. 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 12(c) to the financial statements; and
 - (iii) a charge over the Group's fixed deposits of RM8,673,000 (2015: RM6,659,000) as disclosed in Note 11(b) to the financial statements.
- (b) The bankers' acceptances of the Group bear interest ranging from 4.16% to 6.24% (2015: 4.42% to 7.35%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

17. REVOLVING CREDITS

- (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 of RM8,673,000 (2015: RM6,659,000) as disclosed in Note 11(b) to the financial statements.
- (b) The revolving credits of the Group bear interest at 5.36% per annum.

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade payables				
Third parties	16,499	20,293	-	-
Other payables				
Third parties	5,017	3,805	-	-
Amounts owing to associates	24	24	-	-
Amounts owing to Directors	2,425	420	-	-
Amounts owing to related parties	-	24	-	-
Amounts owing to subsidiaries	-	-	3,954	1,222
Deposits received	3,408	3,090	-	-
Accruals	4,775	5,348	48	50
	15,649	12,711	4,002	1,272
Total financial liabilities	32,148	33,004	4,002	1,272

- (a) Financial liabilities classified as other financial liabilities are measured at amortised cost using the effective interest method.
- (b) Trade payables are non-interest bearing and the normal credit terms granted to the Group by suppliers range from 30 to 90 days (2015: 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 upon demand in cash and cash equivalents.
- (d) Amounts owing to Directors represent advances, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.
- (e) Amounts owing to related parties represent balances arising from non-trade transactions, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.
- (f) Amounts owing to subsidiaries represent advances, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.
- (g) Included in deposits received of the Group are tenant deposits received from franchisees and retail customers amounting to RM2,226,000 (2015: RM1,947,000), which are in respect of the rental of business premises in accordance with rental agreements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

18. TRADE AND OTHER PAYABLES (CONT'D)

(h) Included in deposits received of the Group are sinking funds amounting to RM1,008,000 (2015: RM1,021,000), which is in respect of funds received from the franchisees for the repair and maintenance of the franchise outlets.

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
European Euro	1,179	1,563	–	–
United States Dollar	1,408	1,743	–	–
Hong Kong Dollar	416	146	–	–
Japanese Yen	19	–	–	–
Singapore Dollar	326	587	–	–
Chinese Renminbi	207	120	–	–
Ringgit Malaysia	28,593	28,845	4,002	1,272
	32,148	33,004	4,002	1,272

(j) 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.

19. DEFERRED INCOME

	Group	
	2016 RM'000	2015 RM'000
Balance as at 1 January	1,928	1,888
Invoiced/Received during the financial year	164	573
Recognised as income during the financial year	(540)	(533)
Balance as at 31 December	1,552	1,928

Analysed as follows:

Current liabilities:

- not later than one (1) year 490 596

Non-current liabilities:

- later than one (1) year and not later than five (5) years 1,062 1,332

1,552 1,928

Deferred income of the Group mainly represents franchise fees received in advance upon signing of franchise agreements. It is recognised as revenue on a time apportionment basis over the remaining period of the respective franchise agreements in line with the services to be rendered. The portion expected to be realised not more than twelve (12) months after the end of the reporting period is classified as current. All other portions shall be classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

20. DEFERRED TAX

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

	Group	
	2016 RM'000	2015 RM'000
Balance as at 1 January	1,343	1,032
Recognised in profit or loss (Note 30)	357	311
Balance as at 31 December	1,700	1,343
Presented after appropriate offsetting:		
Deferred tax assets	(306)	(233)
Deferred tax liabilities	2,006	1,576
	1,700	1,343

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

	Property, plant and equipment	
	2016 RM'000	2015 RM'000
Deferred tax liabilities of the Group		
Balance as at 1 January	1,576	1,292
Recognised in profit or loss	430	284
Balance as at 31 December	2,006	1,576

	Deferred franchise fees RM'000	Unused tax losses RM'000	Others RM'000	Total RM'000
Deferred tax assets of the Group				
Balance as at 1 January 2016	(228)	-	(5)	(233)
Recognised in profit or loss	8	(86)	5	(73)
Balance as at 31 December 2016	(220)	(86)	-	(306)
Balance as at 1 January 2015	(255)	-	(5)	(260)
Recognised in profit or loss	27	-	-	27
Balance as at 31 December 2015	(228)	-	(5)	(233)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

20. DEFERRED TAX (CONT'D)

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

	Group	
	2016 RM'000	2015 RM'000
Unused tax losses	4,723	3,880
Unabsorbed capital allowances	10,245	7,737
Other temporary differences	(3,535)	(2,894)
	11,433	8,723

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 deductible temporary differences do not expire under the current tax legislation.

21. DERIVATIVE ASSETS/(LIABILITIES)

	Contract/ Notional amount RM'000	Group	
		Assets RM'000	Liabilities RM'000
31 December 2016			
Forward currency contracts	843	40	(1)
31 December 2015			
Forward currency contracts	1,854	7	(55)

- (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 assets/(liabilities) of the Group is disclosed in Note 29 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

22. SHARE CAPITAL

	Group and Company			
	2016			2015
	Number of ordinary shares	RM'000	Number of ordinary shares	RM'000
Ordinary shares of RM0.20 each:				
Authorised	250,000,000	50,000	250,000,000	50,000
Issued and fully paid-up	165,000,000	33,000	165,000,000	33,000

The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

23. RESERVES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-distributable:				
Share premium	7,096	7,096	7,096	7,096
Distributable:				
Retained earnings	12,706	13,987	2,855	3,193
	19,802	21,083	9,951	10,289

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

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:

	2016 RM'000	Group 2015 RM'000
Branches		
Not later than one (1) year	30,387	28,681
Later than one (1) year and not later than five (5) years	36,292	26,429
	66,679	55,110
Franchisees		
Not later than one (1) year	5,203	5,858
Later than one (1) year and not later than five (5) years	2,254	3,025
	7,457	8,883

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

The Group has back-to-back 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

	2016 RM'000	Group 2015 RM'000
Capital expenditure in respect of purchase of property, plant and equipment:		
Contracted but not provided for	4,045	4,681

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

25. CONTINGENT LIABILITIES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Unsecured corporate guarantees given to licensed banks for facilities granted to subsidiaries				
- Limit of guarantee	-	-	62,348	58,597
- Amount utilised	-	-	44,667	32,536
Secured financial guarantee given to landlord for rental of premises	1,341	1,994	-	-

The secured financial guarantee of the Group is secured by way of the pledge of the freehold land and buildings of the Group as disclosed in Note 12(c) 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Sale of goods	157,064	149,383	-	-
Services rendered	1,141	1,347	-	-
Franchise fees income	503	533	-	-
Licensing fees income	165	157	-	-
Royalty fees income	3,073	3,172	-	-
Dividend income from subsidiaries	-	-	-	1,000
	161,946	154,592	-	1,000

(a) Sale of goods

Revenue from sale of goods represents the invoiced value arising from the sale of optical related products, hearing aid solutions and related accessories and food and beverages.

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the customers and where the Group retains no continuing managerial involvement over the goods, which coincides with delivery of goods and services and acceptance by customers.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

26. REVENUE (CONT'D)

(b) Services

Revenue from services represents the invoiced value arising from laser eye surgery treatment and is recognised upon performance of services.

(c) Franchise fee income

Franchise fee income is recognised on an accrual basis over the period of the respective franchise agreements, unless collectibility is in doubt, with the unrecognised portion being recorded as deferred income in the statement of financial position.

(d) Licensing fee income

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

(e) Royalty fee income

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

(f) Dividend income

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

27. COST OF SALES

	2016 RM'000	Group 2015 RM'000
Inventories sold	66,542	65,065
Services rendered	314	387
	<hr/> 66,856	<hr/> 65,452

28. FINANCE COSTS

	2016 RM'000	Group 2015 RM'000
Interest expense on:		
- hire-purchase	704	615
- term loans	460	198
- bankers' acceptances	706	738
- bank overdrafts	438	274
- revolving credits	15	-
- others	85	107
	<hr/> 2,408	<hr/> 1,932

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

29. PROFIT/(LOSS) BEFORE TAX

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit/(Loss) before tax is arrived at after charging:					
Auditors' remuneration:					
- statutory audits		171	173	38	38
- other services		8	8	8	8
Deposit written off		150	-	-	-
Depreciation of property, plant and equipment	6	7,651	6,980	-	-
Directors' remuneration paid and payable to the:					
- Directors of the Company		132	129	132	129
- Directors of the subsidiaries		2,598	3,237	-	-
Impairment losses on:					
- deposits paid		-	34	-	-
- investment in a subsidiary	7(e)	-	-	21	*
- property, plant and equipment	6(c)	250	993	-	-
- other receivables	9(j)	306	-	-	-
Inventories written down	10(b)	542	364	-	-
Inventories written off	10(b)	434	437	-	-
Loss on disposal of property, plant and equipment		391	683	-	-
Property, plant and equipment written off		1,551	469	-	-
Realised loss on foreign currency transactions		180	743	-	-
Rental of premises		33,222	28,479	-	-
Net fair value loss on derivative		-	48	-	-
And crediting:					
Gain on disposal of property, plant and equipment		4	17	-	-
Gain on disposal of investment in a subsidiary	7(c)(i)	141	-	-	-
Dividends received from subsidiaries (unquoted)		-	-	-	1,000
Interest income received from:					
- fixed deposits		275	296	1	2
- others		85	91	-	-
Share of results in associates		396	323	-	-
Net fair value gain on derivative		87	-	-	-
Realised gain on foreign currency transactions		148	217	-	-
Rental income		156	163	-	-
Reversal of impairment losses on other receivables	9(j)	44	-	-	-
Reversal of impairment losses on property, plant and equipment	6(c)	1	340	-	-
Reversal of inventories previously written down	10(c)	-	156	-	-

* Represents RM2

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

29. PROFIT/(LOSS) BEFORE TAX (CONT'D)

- (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.

30. TAXATION

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current tax expense	1,614	2,923	–	–
(Over)/Under-provision of tax in prior years	(45)	159	–	–
	1,569	3,082	–	–
Deferred tax (Note 20):				
Relating to origination and reversal of temporary differences	322	281	–	–
Effect of changes in tax rate	–	50	–	–
Under/(Over)-provision of tax in prior years	35	(20)	–	–
	357	311	–	–
	1,926	3,393	–	–

Malaysian income tax is calculated at the statutory tax rate of 24% (2015: 25%) of the estimated taxable profits for the fiscal year.

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit/(Loss) before tax	643	4,593	(338)	695
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	154	1,148	(81)	174
Tax effects in respect of:				
Non-allowable expenses	1,254	1,641	81	76
Non-taxable income	(122)	(152)	–	(250)
Effect of changes in tax rate	–	50	–	–
Deferred tax assets not recognised	650	567	–	–
	1,936	3,254	–	–
Under/(Over)-provision in prior years:				
- income tax	(45)	159	–	–
- deferred tax	35	(20)	–	–
	1,926	3,393	–	–

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

31. (LOSS)/EARNINGS PER ORDINARY SHARE

(a) Basic (loss)/earnings per ordinary share

Basic (loss)/earnings per ordinary share for the financial year is calculated by dividing the (loss)/profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2016 RM'000	2015 RM'000
(Loss)/Profit attributable to equity holders of the parent	(1,198)	1,331
Weighted average number of ordinary shares in issue ('000)	165,000	165,000
	2016 Sen	2015 Sen
Basic (loss)/earnings per ordinary share	(0.73)	0.81

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

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

32. EMPLOYEE BENEFITS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Wages, salaries and bonuses	29,503	32,353	132	129
Contributions to defined contribution plan	4,306	4,531	-	-
Social security contributions	433	400	-	-
Other benefits	5,312	5,700	-	-
	39,554	42,984	132	129

Included in the employee benefits of the Group and of the Company are Directors' remuneration amounting to RM2,730,000 (2015: RM3,366,000) and RM132,000 (2015: RM129,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

33. 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.

Related parties of the Group include:

- (i) Direct and indirect subsidiaries as disclosed in Note 7 to the financial statements;
- (ii) Indirect associates as disclosed in Note 8 to the financial statements;
- (iii) Companies in which certain Directors of the Company have substantial financial interest; and
- (iv) Key management personnel who are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Company, and certain members of the senior management of the Group.

(b) Significant related party transactions

In addition to the transactions detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the financial year:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Subsidiaries:				
Dividend received	–	–	–	1,000
Purchase of goods	–	–	(1)	(1)
Associate:				
Sale of goods	1,430	1,402	–	–
Licensing fee received/ receivable	163	154	–	–
Dividend received	385	228	–	–
Companies in which a Director of the Company has substantial financial interests:				
Purchase of goods	(3)	(12)	–	–
Transportation services paid/payable	(1)	(16)	–	–
Rental paid/payable	(276)	(356)	–	–
Shareholders of a subsidiary:				
Interest expense on advances	–	(16)	–	–

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

33. RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant related party transactions (Cont'd)

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% (2015: 2%) of monthly gross sales while other licensees of the Group were charged at 5% (2015: 5%) of monthly gross sales.

Information regarding outstanding balances arising from related party transactions as at 31 December 2016 is disclosed in Notes 9 and 18 to the financial statements.

(c) Compensation of key management personnel

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

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Short term employee benefits	2,455	3,022	132	129
Contributions to defined contribution plan	275	344	-	-
	2,730	3,366	132	129

34. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 1 March 2017, 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 of RM1.00 each, representing 60% equity shares in OSB, for a total consideration of RM30,000.

On 27 March 2017, Multiple Reward Sdn. Bhd. ('MRSB'), a wholly-owned subsidiary of the Company entered into a Shareholders' Agreement with Choo Puay Sim and Blesilda Arquiza Choo, in relation to the joint venture entity, Majestic Ring Sdn. Bhd. in which MRSB has 50% of effective interest. The joint venture entity is to carry on the business of operating one or more bakery under the brandname of "Komugi".

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

35. COMPARATIVE FIGURES

Certain comparative figures for the financial year ended 31 December 2015 have been reclassified to conform with current year's presentation. These reclassifications do not have an impact on the retained earnings of the Group.

	As previously reported RM'000	Group Reclassi- fication RM'000	As restated RM'000
31 December 2015			
Statements of profit or loss and other comprehensive income			
Cost of sales	(65,099)	(353)	(65,452)
Other operating income	8,635	(235)	8,400
Selling and distribution costs	(31,455)	588	(30,867)

36. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs

(a) New MFRSs adopted during the financial year

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

Description	Effective Date
MFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to MFRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to MFRS 101 <i>Disclosure Initiative</i>	1 January 2016
Amendments to MFRS 116 and MFRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to MFRS 116 and MFRS 141 <i>Agriculture: Bearer Plants</i>	1 January 2016
Amendments to MFRS 127 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to MFRSs <i>Annual Improvements to 2012 - 2014 Cycle</i>	1 January 2016

There is no material impact upon the adoption of these Standards during the financial year, other than the adoption of Amendments to MFRS 101 *Disclosure Initiative*, which resulted in the following:

- (a) Grouping together supporting information for items presented in the statements of financial position, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows, in the order in which each statement and each line item are presented.
- (b) Disclosures of only significant accounting policies comprising the measurement bases used in preparing the financial statements and other accounting policies that are relevant to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

36. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (CONT'D)

(b) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2017

The following are Standards and Amendments that have been issued by the MASB but have not been early adopted by the Group and the Company.

Description	Effective Date
Amendments to MFRS 12 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2017
Amendments to MFRS 107 <i>Disclosure Initiative</i>	1 January 2017
Amendments to MFRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarification to MFRS 15	1 January 2018
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</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
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
MFRS 16 <i>Leases</i>	1 January 2019
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	See MFRS 4 Paragraphs 46 and 48
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	Deferred

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

37. COMPANIES ACT 2016

The Companies Act 2016 ('CA2016') was passed on 4 April 2016 by the Dewan Rakyat (House of Representative) and gazetted on 15 September 2016. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism has appointed 31 January 2017 as the date on which CA2016 comes into operation except Section 241 and Division 8 of Part III of CA2016. CA2016 was enacted to replace the Companies Act, 1965.

The Companies Commission of Malaysia has clarified that CA2016 should be complied with for the preparation of financial statements, directors' report and auditors' report thereon commencing from the financial year/period ended 31 January 2017. The main changes in CA2016 that will affect the financial statements of the Group and the Company upon the commencement of CA2016 on 31 January 2017 are:

- (i) removal of the authorised share capital;
- (ii) shares of the Company will cease to have par or nominal value; and
- (iii) the Company's share premium account will become part of the Company's share capital.

The adoption of CA2016 is not expected to have any financial impact on the Group and the Company for the year ending 31 December 2017 as any accounting implications will only be applied prospectively. The effect of adoption mainly will be on disclosures to the annual report and financial statements for the year ending 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016 (CONT'D)

38. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2016 and 31 December 2015 into realised and unrealised profits is prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total retained earnings of the Company and its subsidiaries				
- Realised	30,876	31,838	2,855	3,193
- Unrealised	(1,700)	(1,343)	-	-
	29,176	30,495	2,855	3,193
Total share of retained earnings from associates:				
- Realised	401	330	-	-
- Unrealised	(5)	(7)	-	-
	396	323	-	-
Less: Consolidation adjustments	29,572 (16,866)	30,818 (16,831)	2,855 -	3,193 -
Total retained earnings as per financial statements	12,706	13,987	2,855	3,193

LIST OF PROPERTIES

as at 31 December 2016

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	17	7,216	1,840	23.8.2001	2011
Unit 3, Block I, Jalan PJU 1/37, Dataran Prima, 47301 Petaling Jaya	5-storey shop office/ Head office/ Freehold	17	7,216	1,778	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	17	1,282	519	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	17	1,480	323	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	17	1,487	420	15.9.2010	2010
Unit 7, Block I, Jalan PJU 1/37, Dataran Prima, 47301 Petaling Jaya	5-storey shop office/ Head office/ Freehold	17	7,170	3,490	12.5.2016	2016

ANALYSIS OF SHAREHOLDINGS

as at 31 March 2017

Issued share capital : RM33,000,000 comprising 165,000,000 ordinary shares
Class of share : Ordinary shares
Voting right : One vote per ordinary share

ANALYSIS BY SIZE OF HOLDINGS AS AT 31 MARCH 2017

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 - 99	11	1.806	300	0.000
100 - 1,000	127	20.854	78,800	0.048
1,001 - 10,000	218	35.796	1,244,500	0.754
10,001 - 100,000	200	32.841	7,297,000	4.422
100,001 - 8,249,999 (*)	50	8.210	33,321,700	20.195
8,250,000 and above (**)	3	0.493	123,057,700	74.581
TOTAL:	609	100.000	165,000,000	100.000

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

LIST OF TOP 30 HOLDERS AS AT 31 MARCH 2017

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	22,464,699	13.615
4	WONG LEE SEONG	3,967,800	2.405
5	TEO KWEE HOCK	3,538,200	2.144
6	TAN YAN PIN	3,515,000	2.130
7	WAN SIEW TING	1,733,000	1.050
8	SIM AH HENG	1,538,400	0.932
9	HUNTERSVILLE (M) SDN BHD	1,471,600	0.892
10	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR SUSY DING</i>	1,139,000	0.690
11	JF APEX NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TEO SIEW LAI (MARGIN)</i>	1,111,500	0.674
12	HAN LONG CHEN	1,030,900	0.625
13	HO LEE LING	1,000,000	0.606
14	LAI YEU FUNG	927,000	0.562
15	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI (KLC/KEN)</i>	889,000	0.539
16	HOH HON BING	800,000	0.485
17	ONG HUNG HENG	760,000	0.461
18	ONG BOON SENG	630,000	0.382
19	WAN SIEW TING	610,000	0.370
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TAN BOON HOCK</i>	600,000	0.364

ANALYSIS OF SHAREHOLDINGS

as at 31 March 2017 (CONT'D)

LIST OF TOP 30 HOLDERS AS AT 31 MARCH 2017 (CONT'D)

NO.	NAME	HOLDINGS	%
21	TAN YAN PIN	518,000	0.314
22	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB BANK FOR LEOW MING FONG @ LEOW MIN FONG</i>	500,000	0.303
23	LIM KIM SOW	500,000	0.303
24	WONG LAI HENG	463,000	0.281
25	VIVIEN LEE XIN RUI	405,400	0.246
26	GOH HOCK CHUAN	385,500	0.234
27	LIEW NGEK SIN	369,000	0.224
28	POH CHOO LIP	360,000	0.218
29	LUM SHEAU FEN	300,000	0.181
30	PON KOK FAI	300,000	0.181
Total		152,420,000	92.376

DIRECTORS' SHAREHOLDING AS AT 31 MARCH 2017 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	22,464,699	13.615	75,843,001 **	45.965
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.

** Deemed interest by virtue of the interest of her spouse, Dato' Liaw Choon Liang.

SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2017 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	22,464,699	13.615	75,843,001 **	45.965

* Deemed interest by virtue of the interest of his spouse, Datin Goh Poi Eong.

** Deemed interest by virtue of the interest of her spouse, Dato' Liaw Choon Liang.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eighth 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 Tuesday, 23 May 2017 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 2016 and the Reports of the Directors and Auditors thereon. **(Please refer to Note 2)**
2. To approve the payment of Directors’ fees of RM132,000 for the financial year ended 31 December 2016. **(Resolution 1)**
3. To approve the payment of Directors’ fees and benefits up to an amount of RM193,000, from 1 January 2017 until the next Annual General Meeting of the Company. **(Resolution 2)**
4. To re-elect Datin Goh Poi Eong who retires pursuant to Article 85 of the Company’s Constitution, as Director of the Company. **(Resolution 3)**
5. To re-elect Dato’ Syed Kamarulzaman bin Dato’ Syed Zainol Khodki Shahabudin who retires pursuant to Article 92 of the Company’s Constitution, as Director of the Company. **(Resolution 4)**
6. To re-appoint Messrs BDO as the Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

Special Business

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

7. ORDINARY RESOLUTION I 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 (“AGM”) of the Company after the approval was given or at the expiry of the period within which the next AGM 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 II
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 28 April 2017 ("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 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 ("AGM") 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 AGM, the authority is renewed; or
- (b) the expiration of the period within which the next AGM 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. To consider any other business at 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: 28 April 2017

NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

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 15 May 2017 shall be entitled to attend and vote at this meeting or appoint proxy(ies) to attend and vote on their behalf.

2. Audited Financial Statements for the financial year ended 31 December 2016

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.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

NOTES: (CONT'D)

3. Directors' Fees and Benefits

The Directors' fees and benefits proposed for the period from 1 January 2017 up to the date of the next Annual General Meeting are calculated based on the current Board size for 2017 up to 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 enlarged Board size), approval will be sought at the next Annual General Meeting for the shortfall.

4. Explanatory Notes on Special Business

(i) 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 share 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 Seventh Annual General Meeting because there were no investment(s), acquisition(s) or working capital that require fund raising activity.

(ii) 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 28 April 2017 enclosed together with the Company's Annual Report 2016.

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 (4)(i) of the Explanatory Notes on Special Business on page 123.

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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 of

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 Eighth 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 Tuesday, 23 May 2017 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 2016 and the Reports of Directors and Auditors thereon.			
2.	To approve the payment of Directors' fees of RM132,000 for the financial year ended 31 December 2016.	1		
3.	To approve the payment of Directors' fees and benefits up to an amount of RM193,000, from 1 January 2017 until the next Annual General Meeting of the Company.	2		
4.	To re-elect Datin Goh Poi Eong who retires pursuant to Article 85 of the Company's Constitution, as Director of the Company.	3		
5.	To re-elect Dato' Syed Kamarulzaman bin Dato' Syed Zainol Khodki Shahabudin who retires pursuant to Article 92 of the Company's Constitution, as Director of the Company.	4		
6.	Re-appointment of Messrs BDO as Auditors of the Company.	5		
Special Business				
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		

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 2017

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 15 May 2017 shall be entitled to attend and vote at this meeting or appoint proxy(ies) to attend and vote on their behalf.



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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

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FOCUS POINT

www.focus-point.com



FOCUS POINT
Focus Point Holdings Berhad
(884238-U)

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

Tel : 03-7880 5520

Fax : 03-7880 6623