

FOCUS DYNAMICS

FOCUS DYNAMICS GROUP BERHAD
(582924-P)



ANNUAL REPORT 2018

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Leung Kok Keong
Executive Director

Tay Ben Seng, Benson
Executive Director

Tan Aik Heang
Independent Non-Executive
Director

**Abdul Menon Bin Arsad @
Abdul Manan Bin Arshad**
Independent Non-Executive
Director

Chang Vun Lung
Independent Non-Executive
Director

COMPANY SECRETARY

Wong Yuet Chyn
(MAICSA 7047163)

REGISTERED OFFICE

No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan, Malaysia
Tel No. : 03-6201 1120
Fax No. : 03-6201 3121

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
Wilayah Persekutuan, Malaysia
Tel No. : 03 -2783 9299
Fax No. : 03 -2783 9222

AUDITORS

Crowe Malaysia PLT (LLP0018817-LCA & AF1018)
Chartered Accountants
Level 16, Tower C
Megan Avenue 2
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur, Malaysia

SOLICITORS

Lim Chong Phang & Amy
Advocates & Solicitors

PRINCIPAL PLACE OF BUSINESS

Lot 12.1, 12th Floor
Menara Lien Hoe
No. 8, Persiaran Tropicana
Tropicana Golf & Country Resort
47410 Petaling Jaya
Selangor Darul Ehsan
Tel No. : 03-7803 7333
Fax No. : 03-7803 7338
Email : info@focusdynamics.com.my
Website : www.focusdynamics.com.my

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad (ACE Market)
Sector : Consumer Products & Services
Stock Number : 0116
Stock Short Name : Focus

AUDIT COMMITTEE

Chang Vun Lung – Chairman
Independent Non-Executive Director

Tan Aik Heang – Member
Independent Non-Executive Director

Abdul Menon Bin Arsad @
Abdul Manan Bin Arshad – Member
Independent Non-Executive Director

CORPORATE INFORMATION (CONT'D)

NOMINATION COMMITTEE

Abdul Menon Bin Arsad @
Abdul Manan Bin Arshad – Chairman
Independent Non-Executive Director

Tan Aik Heang – Member
Independent Non-Executive Director

Chang Vun Lung – Member
Independent Non-Executive Director

REMUNERATION COMMITTEE

Tan Aik Heang – Chairman
Independent Non-Executive Director

Abdul Menon Bin Arsad @
Abdul Manan Bin Arshad – Member
Independent Non-Executive Director

Chang Vun Lung – Member
Independent Non-Executive Director

RISK MANAGEMENT COMMITTEE

Abdul Menon Bin Arsad @
Abdul Manan Bin Arshad – Chairman
Independent Non-Executive Director

Chang Vun Lung – Member
Independent Non-Executive Director

Tay Ben Seng, Benson – Member
Executive Director

ESOS COMMITTEE

Leung Kok Keong – Chairman
Executive Director

Tan Aik Heang – Member
Independent Non-Executive Director

Abdul Menon Bin Arsad @
Abdul Manan Bin Arshad – Member
Independent Non-Executive Director



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixteenth ("16th") Annual General Meeting ("AGM") of **FOCUS DYNAMICS GROUP BERHAD** will be held at Theatre Room, 4th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan, **Wednesday, 29 May 2019 at 10.00 a.m.** for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 and the Reports of the Directors and Auditors thereon. **(See Explanatory Note 1)**
2. To approve the payment of Directors' fees of RM318,000 for the financial year ended 31 December 2018 ("FY2018"). **(Ordinary Resolution 1)**
3. To approve the payment of Directors' Fee of RM382,500 for the financial year ending 31 December 2019 ("FY2019") payable quarterly in arrears after each month of completed service of the Directors. **(Ordinary Resolution 2)**
4. To re-elect the following Directors who are retiring under Article 127 of the Company's Constitution:-
 - i) Encik Abdul Menon Bin Arsad @ Abdul Manan Bin Arshad **(Ordinary Resolution 3)**
 - ii) Mr Chang Yun Lung **(Ordinary Resolution 4)**
5. To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company for the FY2019 and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 5)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:

6. **Ordinary Resolution
Proposed Directors' Benefits** **(Ordinary Resolution 6)
(See Explanatory Note 2)**

"**THAT** the payment of Directors' Benefits amounting to RM102,000 for the period commencing from 1 January 2018 up to the date of this AGM be and is hereby approved and ratified."
7. **Ordinary Resolution
Proposed Directors' Benefits** **(Ordinary Resolution 7)
(See Explanatory Note 2)**

"**THAT** the payment of Directors' Benefits amounting to RM83,600 for the period commencing after the date of this AGM to the date of the next AGM be and is hereby approved."
8. **Ordinary Resolution
Proposed Retention of Independent Director** **(Ordinary Resolution 8)
(See Explanatory Note 3)**

"**THAT** Mr Tan Aik Heang whom will have served as an Independent Non-Executive Director for a cumulative term of more than 9 years be retained and remain as Independent Non-Executive Director of the Company."

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

9. **Ordinary Resolution**
Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016 ("CA 2016") (Ordinary Resolution 9)
(See Explanatory Note 4)

"**THAT** subject always to the CA 2016 and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby authorized, pursuant to Sections 75 and 76 of the CA 2016, to allot and issue new ordinary shares in the Company from time to time and upon such terms and conditions to such persons and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of new ordinary shares to be issued pursuant to this resolution does not exceed 10% of the total issued share capital of the Company for the time being and that the Directors are also empowered to do all such things and upon such terms and conditions as the Directors may deem fit and expedient in the best interest of the Company to give effect to the issuance of new ordinary shares under this resolution including making such applications to Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the new ordinary shares to be issued pursuant to this resolution."

10. **Special Resolution**
Proposed Adoption of the New Constitution of the Company (Special Resolution 1)
(See Explanatory Note 5)

"**THAT** approval be and is hereby given to revoke the existing Constitution of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in Appendix I accompanying the Company's Annual Report for the FY2018, be and is hereby adopted as the Constitution of the Company, **AND THAT** the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

11. To transact any other business for which due notice shall have been given in accordance with the Company's Constitution and the CA 2016.

By Order of the Board
FOCUS DYNAMICS GROUP BERHAD

WONG YUET CHYN (MAICSA 7047163)
Company Secretary
Kuala Lumpur

Date: 7 May 2019

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Explanatory Note on Ordinary Business

1. Audited Financial Statements for FY2018

The audited financial statements are laid in accordance with Section 340(1)(a) of the CA 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

Explanatory Notes on Special Business

2. Proposed Directors' Benefits

The Proposed Ordinary Resolution 6, if passed, will approve and ratify the payment of Directors' benefits comprised of allowances pursuant to the requirements of Section 230 of the CA 2016 for the period commencing from 1 January 2018 up to the date of this AGM.

The Proposed Ordinary Resolution 7, if passed, will authorise and approve of the payment of Directors' benefits comprised of allowances pursuant to the requirements of Section 230 of the CA 2016 for the period commencing after the date of this AGM to the date of the next AGM.

The Directors' benefits comprise meeting allowance payable to each Director, where applicable, for their attendance of Board and Committee Meetings and monthly travelling allowance payable to Director and bonus payable to Director.

3. Proposed Retention of Independent Director

The Proposed Ordinary Resolution 8 in Agenda 8, if passed, will allow Mr Tan Aik Heang to be retained and continue acting as Independent Director to fulfill the requirements of Rule 15.02 of Bursa Malaysia's ACE Market Listing Requirements and in line with the recommendation No. 4.2 of the Malaysian Code of Corporate Governance. The full details of the Board's justification and recommendations for the retention of Mr Tan as Independent Director are set out on Page 23 and 24 of the Board's Corporate Governance Overview Statement in the 2018 Annual Report.

4. Authority to Issue Shares Pursuant to Sections 75 and 76 of the CA 2016

Ordinary Resolution 9 is proposed for the purpose of granting a renewed General Mandate ("General Mandate"), which if passed, will empower the Directors of the Company, pursuant to Sections 75 and 76 of the CA 2016 to issue and allot new ordinary shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the issued and paid-up capital of the Company for the time being as the Directors may consider such action to be in the interest of the Company. The General Mandate, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company, or during the expiration of period within which the next AGM is required by law to be held, whichever is earlier.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM of the Company held on 30 May 2018 and which will lapse at the conclusion of this 16th AGM.

The General Mandate, if granted, will provide flexibility to the Company for any possible fund raising activities, including but not limited to, further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisitions.

5. Proposed Adoption of the New Constitution of the Company

The Special Resolution 1, if passed, will bring the Company's Constitution in line with the CA 2016 which came into force on 31 January 2017, the updated provisions of the ACE Market Listing Requirements and the prevailing statutory and regulatory requirements, details of which are set out in Appendix I accompanying the Company's Annual Report 2018. Pursuant to Section 36 of the CA 2016, the proposed adoption of the new Constitution of the Company, if passed as a Special Resolution by a majority of not less than 75% of the members who are entitled to vote, and do vote in person or by proxy, shall take immediate effect and it shall bind the Company and the members accordingly.

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)**Notes:-**

1. A member of the Company who is entitled to attend, speak and vote at this 16th AGM may appoint a proxy to attend, speak and vote on his behalf. A proxy may not be a member of the Company and a member may appoint any person to be his proxy without limitation.
2. Where a member of the Company appoints up to three (3) proxies to attend at the same meeting, he shall specify in the instrument of proxy the proportions of his shareholdings to be represented by each proxy. He must also specify which proxy is entitled to vote on a show of hands and only one (1) of those proxies is entitled to vote on a show of hands.
3. Where a member of the Company is an authorized nominee as defined under the Securities Industry (Central Depository) Act, 1991 ("SICDA"), he may appoint up to three (3) proxies in respect of each security account it holds with ordinary shares of the Company standing to the credit of the said security account.
4. Where a member of the Company is an exempt authorised nominee holding ordinary shares in the Company for multiple beneficial owner 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.

An exempt authorised nominee refers to an authorised nominee defined under the SICDA who is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
5. The instrument appointing a proxy shall be in writing by the appointer or an attorney duly authorized in writing or, if the appointer is a corporation, whether under its seal or by an officer or attorney duly authorised.
6. The instrument appointing either a proxy, a power of attorney or other authorities, where it is signed or certified by a notary as a true copy shall be deposited at the Registered Office of the Company at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than 48 hours before this 16th AGM or at any adjournment thereof, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid.
7. In respect of deposited securities, only members whose names appear in the Record of Depositors on 17 May 2019 ("General Meeting Record of Depositors") shall be eligible to attend, speak and vote at this 16th AGM.
8. Any alteration in the form of proxy must be initialed.
9. Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Securities, all resolutions set out in this Notice will be put to vote by way of poll.

CORPORATE PROFILE

Focus Dynamics Group Berhad (“FOCUS” or the “Company”) was incorporated in Malaysia under the Companies Act, 1965 on 14 June, 2002. On 17 November 2015, the Company changed and assumed its name Focus Dynamics Group Berhad.

FOCUS’s shares were offered to the public on 10 February 2006 in conjunction with its listing on the MESDAQ Market of Bursa Malaysia Securities Berhad. FOCUS is currently listed on the ACE Market of Bursa Malaysia Securities Berhad.

FOCUS is principally an investment holding company whilst the principal activities of its subsidiaries are as follow:-

Company	Date and Country of Incorporation	Equity Interest (%)	Principal Activities
Focus Dynamics Centre Sdn. Bhd. (Company No. 478044-A)	2 March 1999 Malaysia	100	Marketing, distribution and sale of industrial machines and processes, providing a range of support services covering project management services, maintenance support, engineering conceptualization, system audit, energy saving services and other support services in relation to the Company’s business and products.
Focus Dynamics Drives Sdn. Bhd. (Company No. 555249-D)	3 August 2001 Malaysia	100	Engage in business of restaurant, food and beverage and general trading with effect from 16 March 2018.
DPC Industrial Systems Sdn. Bhd. (Company No. 324390-H)	23 November 1994 Malaysia	100	Trading of industrial equipment, designing, installation and implementation of automation system for the energy resource based industry and providing other related products and services.
Marquee International Holding Sdn. Bhd. (Company No. 1014987-A)	28 August 2012 Malaysia	100	Investment holding
Marquee International Sdn. Bhd. (Company No. 589144-A)	12 August 2002 Malaysia	100	Operate and manage food and beverage outlets.
Modern Cuisine Sdn Bhd (Company No. 1145236-V)	21 May 2015 Malaysia	100	Engage in the business of restaurant, food and beverage as well as investment holdings and general trading.

CORPORATE PROFILE
(CONT'D)

Company	Date and Country of Incorporation	Equity Interest (%)	Principal Activities
Focus Dynamic Limited (Company No. 172718)	23 September 2015 Republic of Seychelles	100	Engage in food and beverage business and investment holding
Focus Dynamic Group Limited (Company No. 2299174)	23 October 2015 Hong Kong	100	Engage in food and beverage business and investment holding
Marquee Resources Sdn Bhd (Company No. 1185141-D)	25 April 2016 Malaysia	100	Engage in human resources, event management and general Trading
Finch Entertainment Sdn Bhd (Company No. 1204415-V)	7 October 2016 Malaysia	100	Engage in business of restaurant, food and beverage
Wine Commerce Sdn Bhd (Company No. 1242246-P)	9 August 2017	100	Online wine retailing and distribution
Bounce Entertainment Sdn Bhd (company No. 1265950-M)	26 January 2018	100	Other food service activities, Investment Advisory Services, Creative arts and entertainment activities.
Bounce Entertainment Limited (Company No. 2725189)	23 July 2018	100	Engage in food and beverage business, entertainment, general trading and investment holding
Famous Ambience Sdn Bhd (Company No. 1031223-D)	11 January 2013 Malaysia	51	Engage in letting of property business
W Club Sdn Bhd (Company No. 1206967-W) (Formerly known as W Club Enterprise Sdn Bhd)	27 October 2016	45	Operate and manage food and beverage outlets

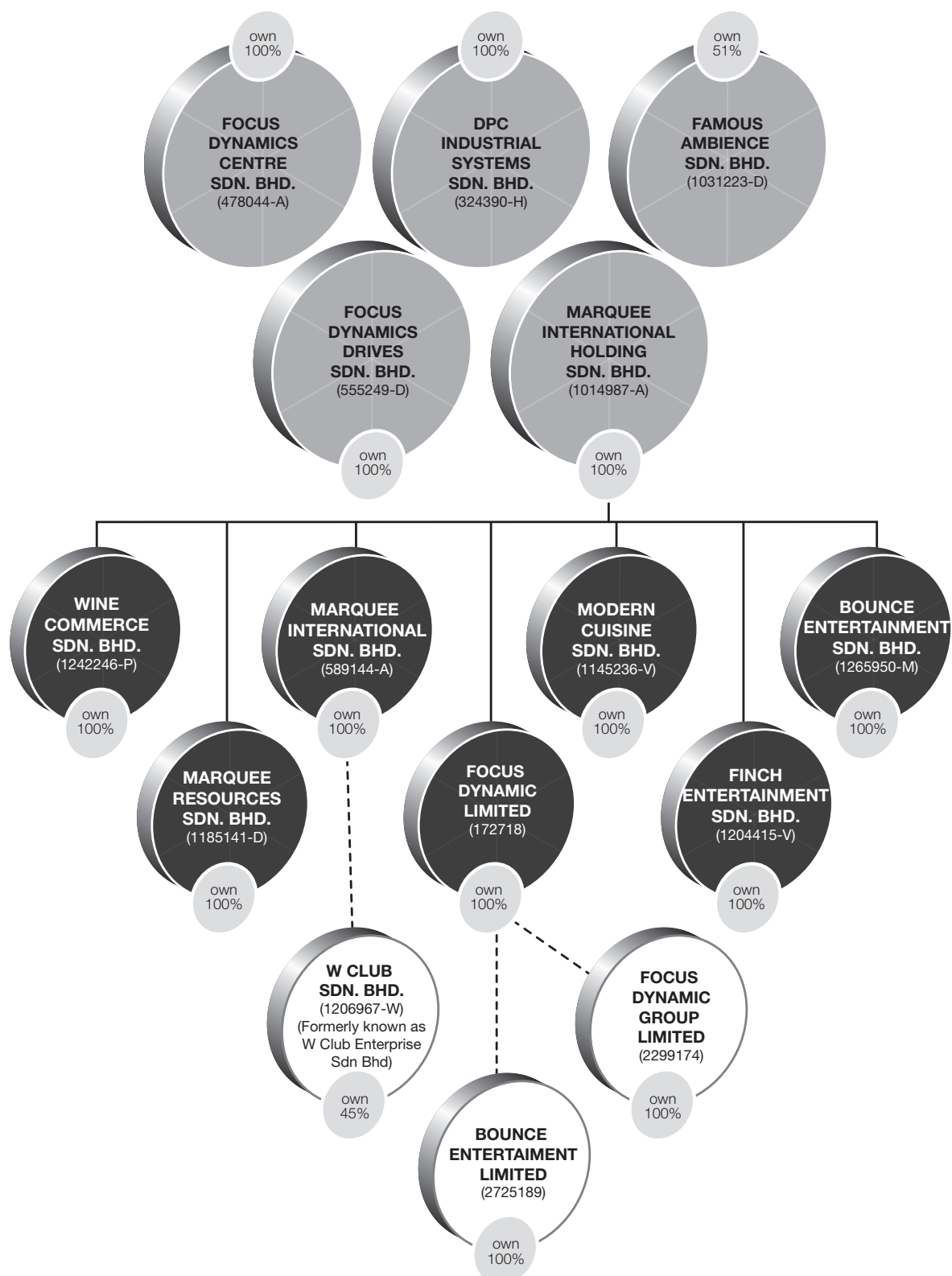
VISION & MISSION

To be the leading avant-garde in the Food & Beverage, Lifestyle and Entertainment scene by revolutionizing and pioneering new innovative concepts with cutting edge technologies and electrifying experiences.

CORPORATE STRUCTURE

FOCUS DYNAMICS GROUP BERHAD

(582924-P)



PROFILE OF DIRECTORS

TAN AIK HEANG

*51 years, Male, Malaysian
Independent Non-Executive
Director*

Qualification :

Mr Tan is an Associate Member of the Chartered Institute of Management Accountant, United Kingdom.

Working Experience :

He was appointed an Independent Non-Executive Director of the Company on 29 September 2010. He started his career as an auditor with Hun & Co. in 1991. In May 1993 he joined Trans-Global Agencies Sdn. Bhd., a trading company, as an Account Executive. He left in May 1995 and joined SJ Asset Management Sdn. Bhd., a fund management company as an Account Executive. On June 1997, he was promoted to Assistant Finance and Administration Manager and in June 1999 as Finance and Administration Manager. Subsequently in June 2006, he was promoted as Senior Finance and Administration Manager. After 15 years with the fund management industry, he left SJ Asset Management Sdn. Bhd. in June 2010. He is currently involved in the business of manpower supply and management.

Other Directorships of Public Companies :

None

Details of Any Other Board Committee :

He currently sits on the following Board Committees of the Company:-

- Chairman of the Remuneration Committee;
- Member of the Audit Committee;
- Member of the Nomination Committee; and
- Member of the ESOS Committee

List of convictions of offences within the past five (5) years other than traffic offences, if any :

Bursa Malaysia Securities Berhad ("Bursa Securities") had publicly reprimanded him on 11 June 2014 for the breach of Rule 16.13(b) of ACE LR.

No. of Board Meetings attended in the financial year :

6/6

ABDUL MENON BIN ARSAD @ ABDUL MANAN BIN ARSHAD

*72 years, Male, Malaysian
Independent Non-Executive
Director*

Qualification :

Encik Abdul Menon holds the following qualifications:-

- Bachelor Degree in Social Science (Hon.) from Universiti Sains Malaysia; and
- Diploma in Management from Malaysian Institute of Management.

Working Experience :

He was appointed an Independent Non-Executive Director of the Company on 27 December 2011. He has twenty (20) years of experience serving in the Malaysian Armed Forces and more than nine (9) years working experience in numerous fields, including facility administration and ancillaries, operation management, property and facility management. He retired in 2009 and ventured into his own business.

Other Directorships of Public Companies :

He is also a Senior Independent Non-Executive Director of Vsolar Group Berhad.

Details of Any Other Board Committee:

He currently sits on the following Board Committees of the Company:-

- Chairman of the Nomination Committee;
- Member of the Audit Committee;
- Member of the Remuneration Committee; and
- Member of the ESOS Committee

List of convictions of offences within the past five (5) years other than traffic offences, if any:

Bursa Securities had publicly reprimanded him on 11 June 2014 for the breach of Rule 16.13(b) of ACE LR

No. of Board Meetings attended in the financial year:

6/6

PROFILE OF DIRECTORS (CONT'D)

CHANG VUN LUNG

42 years, Male, Malaysian
Independent Non-Executive
Director

Qualification :

Mr Chang received his early education at Tunku Abdul Rahman College. He has been a member of the Association of Chartered Certified Accountants (ACCA, UK) since 2004 and is also a member of the Malaysian Institute of Accountants (MIA) since 2005. He was admitted as a fellowship member of ACCA in year 2009.

Working Experience :

He was appointed an Independent Non-Executive Director on 8 January 2013. He started his career as a chartered accountant with BDO Binder for approximately 4 years. He then spent another 4 years with Isyoda Corporation Bhd., a construction company listed on the Main Market of Bursa Securities. During his tenure with the company, he was appointed Group Accountant where he took charge of the accounting and finance functions. Presently, he runs his own professional firm specialising in consultancy and corporate services.

Other Directorships of Public Companies :

He is an Independent Non-Executive Director of AT Systematization Berhad and Vsolar Group Berhad

Details of Any Other Board Committee :

He also sits on the following Board Committees of the Company:-

- a) Chairman of the Audit Committee;
- b) Member of the Nomination Committee; and
- c) Member of the Remuneration Committee

List of convictions of offences within the past five (5) years other than traffic offences, if any :

None

No. of Board Meetings attended in the financial year :

6/6

LEUNG KOK KEONG

52 years, Male, Malaysian
Executive Director

Qualification :

Mr Leung holds the following qualifications:-

- a) Bachelor Degree in Accounting, Curtin University of Technology, Australia (1989)
- b) Certified Practising Accountant & Chartered Accountant, CPA Australia
- c) Member of Malaysian Institute of Accountants (1993)

Working Experience :

He was appointed Executive Director of the Company on 1 October 2015. Trained as an investment banker, he has significant experience in corporate finance and business development as well as management.

He was the Independent Non-Executive Director of:-

- a) Kulim (Malaysia) Berhad (2011 to 2016)
- b) Damansara Realty Berhad (2011 to Jun 2014)
- c) Iskandar Waterfront City Berhad (2010 to September 2013)
- d) Ekovest Berhad (May 2013 to August 2014)

He was the Group Chief Financial Officer of Iskandar Waterfront Holdings Sdn Bhd from September 2013 to February 2015 and he was the founding member and former Executive Director of Newfields Advisors Sdn Bhd, a boutique financial and corporate advisory firm from August 2001 until August 2006. He was the Chief Executive Officer, Platinum Energy Group from September 2006 until February 2008. His vast experiences also included stints as an Investment & Corporate Planning Manager, Hong Leong Credit Berhad from 1994 to 2001 and Audit Senior, Coopers & Lybrand Kuala Lumpur from 1990 until 1994.

Other Directorships of Public Companies :

He is an Executive Director of Fintec Global Berhad, and Vsolar Group Berhad.

Details of Any Other Board Committee:

- a) Chairman of ESOS Committee; and
- b) Member of Corporate Disclosure Committee

List of convictions of offences within the past five (5) years other than traffic offences, if any:

None

No. of Board Meetings attended in the financial year:

6/6

PROFILE OF DIRECTORS (CONT'D)

TAY BEN SENG, BENSON

*35 years, Male, Malaysian
Executive Director*

Qualification :

Mr Tay holds a bachelor of Commerce Degree with a double major in Marketing and Management.

Working Experience :

He was appointed Executive Director of the Company on 8 February 2017. He is fueled with passionate inclination towards conceiving and innovating lifestyle concepts in the Food and Beverage ("F&B") arena. He has extensive experiences of more than a decade ranging from events management to F&B operations and conceptualizing new start-ups.

He currently sits as the Director of Marquee International Sdn Bhd ("MISB") which is the F&B division of the group and also holds directorship positions in several other private companies. Prior to joining MISB, he was involved mainly with various F&B start-ups as well as the automotive industry and events management.

Other Directorships of Public Companies :

None

Details of Any Other Board Committee :

None

List of convictions of offences within the past five (5) years other than traffic offences, if any :

None

No. of Board Meetings attended in the financial year :

5/6



Other Information

1. Conflict of Interest

None of the Directors has any conflict of interest with Focus Dynamics Group Berhad.

2. Family Relationship

The above Directors have no family relationship with any Director and/or major shareholder of Bursa Securities during the financial year 2018.

OTHER INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S ACE MARKET LISTING REQUIREMENTS

In compliance with the Bursa Malaysia Securities Berhad's Ace Market Listing Requirements the following additional information are provided:

Audit/Non-Audit Fee

The amount of audit and non-audit fees incurred by the Company and Group for the financial year ended 31 December 2018 was as follows:-

	Company RM	Group RM
Detail of fee Statutory Audit fees	53,000	182,188
Non-audit fees for review of Statement of Risk Management and Internal Control	5,000	5,000

Material Contracts

To the best of the Board's knowledge, there were no material contracts entered into by the Company and/or its subsidiaries with any of the major Shareholders nor Directors in office as at 31 December 2018.

Status of Utilisation of Proceeds as at 31 December 2018

Private Placement 1

The status of the utilisation of the proceeds raised from the private placement of 29,153,050 Shares at an issue price of RM0.15 per share amounting to RM4,372,950 as at 31 December 2018 is as follows:-

	Proposed utilisation RM'000	Actual utilisation RM'000	Balance of proceeds RM'000	Time frame for the utilisation of proceeds
Working capital	4,273	4,273	–	31.12.2018
Defraying expenses	100	100*	–	31.12.2018
	4,373	4,373	–	

Remark :-

* The excess proceeds of RM17,000 provided for defraying expenses was used for working capital purpose.

The proceeds of the utilisation was fully utilised in October 2018.

OTHER INFORMATION REQUIRED BY THE
BURSA MALAYSIA SECURITIES BERHAD'S ACE MARKET
LISTING REQUIREMENTS
(CONT'D)

Private Placement 2

The status of the utilisation of the proceeds raised from the private placement of 32,068,300 Shares at an issue price of RM0.10 per share amounting to RM3,206,830 as at 31 December 2018 is as follows:-

	Proposed utilisation RM'000	Actual utilisation RM'000	Balance of proceeds RM'000	Time frame for the utilisation of proceeds
Working capital	3,107	2,897	210	31.12.2019
Defraying expenses	100	88	12	31.12.2019
	3,207	2,985	222	

The Board has on 29 November 2018 approved the utilisation of the proceeds derived from private placement to be extended to 31 December 2019.

Rights Issue of Shares with Warrants

On 14 November 2014, the Company had completed the Renounceable Rights Issues by issuance of 352,751,394 new ordinary shares of RM0.10 each ("Rights Issues") on the basis of three (3) Rights Share for every three (3) existing ordinary share of RM0.10 each in the Company held on 14 November 2014 at an issue price of RM0.10 per Rights Share, together with the issuance of 235,167,596 new free detachable warrants ("Warrants") on the basis of two (2) Warrants for every three (3) Rights Shares subscribed.

The status of the utilisation of the proceeds raised from the Rights Issue of Shares with Warrants of 352,751,394 Rights Shares at an issue price of RM0.10 per share amounting to RM35,275,139 as at 31 December 2018 is as follows:-

	Proposed utilisation RM'000	Actual utilisation RM'000	Balance of proceeds RM'000	Time frame for the utilisation of proceeds
Repayment of Bank Borrowings	3,100	3,100	—	31.12.2018
Capital expenditure and working capital	25,918	25,918	—	31.12.2018
Future working capital/Investment	5,757	5,757	—	31.12.2018
Defraying expenses	500	500	—	
	35,275	35,275	—	

Remarks:-

The proceeds of the utilisation was fully utilised in August 2018.

FINANCIAL HIGHLIGHTS

YEAR ENDED 31 DECEMBER	GROUP				
	01/01/2018 to 31/12/2018	01/01/2017 to 31/12/2017	01/01/2016 to 31/12/2016	01/01/2015 to 31/12/2015	01/01/2014 to 31/12/2014
KEY COMPREHENSIVE INCOME STATEMENT DATA (RM'000)					
Revenue	24,210	24,024	15,533	8,045	12,211
Operating profit/(loss)	(2,566)	5,322	(16,963)	(13,267)	(6,185)
EBITDA	1,646	7,002	(14,155)	(11,797)	(4,487)
Profit/(loss) before taxation	(2,193)	5,258	(17,028)	(13,408)	(6,591)
Net profit attributable	(3,122)	3,180	(16,722)	(13,608)	(6,482)
KEY COMPREHENSIVE INCOME STATEMENT DATA (RM'000)					
Total assets	58,455	43,091	36,150	44,418	57,733
Total borrowings	1,287	1,321	1,360	1,476	2,733
Shareholders equity	42,265	30,471	25,883	38,977	49,345
SHARE INFORMATION					
Per share (sen)					
Basic earnings	(0.16)	0.22	(2.2)	(1.9)	(1.6)
Gross dividend	–	–	–	–	–
Net assets per share (RM)	0.02	0.04	0.03	0.06	0.07
Share price as at 31 December (RM)	0.15	0.43	0.09	0.09	0.075
FINANCIAL RATIOS (%)					
Gross profit margin	50.63	49.34	44.01	39.16	52.06
Net profit margin	(12.47)	19.24	(110.10)	(169.15)	(54.04)
Return on equity	(7.14)	15.04	(66.07)	(34.91)	(13.37)
Gearing ratio	3.15	4.44	5.25	3.79	5.54

MANAGEMENT DISCUSSION AND ANALYSIS

Group Business Overview

The financial year 2018 proved challenging for the group despite its continued efforts to build and develop its Food & Beverage (“F&B”) business. For the financial year ended 31 December 2018, the group registered revenues of RM24.210 million, an increase of 0.77% compared to the previous financial year. The group’s principal segment of F&B continued to be the main contributor to the group’s revenue, however, consumer spending during 2018 proved unpredictable although the group’s F&B outlets experienced slightly higher spending trends by its customers during the year. This upward trend proved inconsistent from the 2nd quarter onwards which we believe was somewhat attributable to the uncertainties surrounding the country’s change in administration. The group during these trying period turned in a Group Loss Before Tax of RM2.193 million compared to a Group Profit Before Tax of RM5.258 million in the previous financial year.

The groups’ three main F&B brands during 2018 contributing substantially to revenue continued to be CHAZE, LAVO and MAZE with LAVO being the mainstay for the group. With lower customer spending at CHAZE, the group’s first outlet which was opened in early 2016, management took the opportunity to redesign this outlet during the 4th quarter of the financial year. Having well established itself as a premium casual dining venue, LAVO continued to maintain a stable following, however, consumer spending was noticeably restrained.

2018 also saw the opening of LIBERTE, the group’s 4th outlet located adjacent to LAVO. To maintain a mid-level demand, LIBERTE targeted to serve Asian and Western fusion quality food delivered in a “small plates tapas” format. Premium to mid range Japanese sake together with liquor and wine is also served, delivering a more diverse beverage fare which we believed will fulfill a mid level demand and retain a larger regular customer base. Despite the additional outlet opening, the group experience a contraction in customer spending volume during its 2nd quarter of 2018. The 3rd and 4th quarter continued to be very challenging for management as regulars continued their “thrifty” spending habits.

The Group’s principal business segment continued to shift towards F&B, accounting for 98.08% of the group’s total revenue. Engineering Services and Others contributed 1.90% and 0.02% respectively.

During the financial year 2018, the group was in the process of developing two new concepts targeted at a younger and vibrant clientele. One being an electronic games outlet and another designed as a premium club. With this in mind, the group launched BOUNCE in late November 2018 and WICKED in early December 2018. Designed principally as a “beer-pong” venue, BOUNCE offered a much needed diversification in the F&B experience being offered by the group as this outlet attracted a younger segment with its electronic games offerings like, beer-pong, console games, integrated electronic darts etc. WICKED on the other hand is located in the newly completed W Hotel and is designed as a lifestyle club, offering international DJ events and premium beverage offerings.

The group’s proposed entertainment and F&B complex located in Jalan Tun Razak underwent some redesign works however preliminary earthworks have commence albeit at a cautious pace.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Financial Review

Financial highlights:

	2017 RM'000	2018 RM'000	Variance RM'000
Revenue	24,024	24,210	186
Operating expenses	23,648	21,158	(2,490)
Profit/(Loss) before tax	5,258	(2,193)	(7,451)
Assets:			
Inventories	3,126	14,987	11,861
Trade receivables	5,650	4,452	(1,198)
Cash and bank balances	10,381	5,526	(4,855)
Liabilities:			
Trade payables	2,681	5,911	3,230

The Groups' revenue consists of revenue generated from 3 business segments namely F&B, Engineering Services and Others. The 3 business segments contributed 98.08%, 1.90% and 0.02% of revenue respectively to the Groups' revenue for the financial year ended 31 December 2018. The Groups' revenue increased to RM24.210 million from RM24.024 million in the previous financial year, representing an increase of RM0.186 million or 0.77%.

The Groups' operating expenses decreased from RM23.648 million in the previous financial year to RM21.158 million for the current financial year, representing a decrease of RM2.490 million or 10.53%.

The increase in Groups' inventories from RM3.126 million from previous financial year end to RM14.987 million as at end of current financial year ended 31 December 2018 was mainly due to increase in stock holdings in alcohol and wine to cater for the increased number of outlets which increased to 6 towards the end of 2018.

The Groups' cash and bank balances had decreased by 46.76% from RM10.381 million to RM5.526 million. The funds were deployed for capital expenditure on the opening of new F&B outlets and the financing of the related working capital.

The Groups' trade payables increased from RM2.681 million to RM5.911 million in the current financial year, representing an increase of RM3.230 million or 120.52%. This increase corresponds with the increase in food and liquor supply to cater for the anticipated increase in business volume from the 6 outlets.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Operations Review

The Groups' revenue increased to approximately RM24.210 million in current financial year compared to approximately RM24.024 million in last financial year. This increase proved inconsistent during the financial years as uncertainties continue to prevail.

CHAZE underwent a concept redesign towards the latter part of the year and has now been reconceptualized as a private event venue with individual event rooms for private parties. LAVO being the mainstay for the group's F&B operations continued to be the main earning's driver for the group, however, 2018 saw the opening of 3 new F&B concepts by the group, namely LIBERTE, BOUNCE and WICKED. LIBERTE provided an added extension to the F&B variety offered by the group which provided regular customers a fresh experience from LAVO. Whilst BOUNCE and WICKED was targeted towards a different segment, namely a younger clientele for BOUNCE and an affluent clientele for WICKED. BOUNCE and WICKED was launched towards the end of 2018 and hence its full year effects have not been experienced yet. All six brands have been positioned as a trendy and hip venue with excellent food for casual dining, business lunches and dinners as well as corporate and family celebrations. This is now further supplemented by a full fledged electronics games venue and a premium clubbing site housed in one of the newest prestige hotels in Kuala Lumpur.

The Arch project commenced preliminary earthworks during the year and is presently progressing cautiously. The concept remains the same and will still house a premium entertainment centre covering a total estimated gross floor area of 722,500 square feet and a total estimated net lettable area of approximately 510,670 square feet. Which will encompass premium retail lots for F&B outlets, product showrooms, event hall, karaoke centre, co-working space and a multi-story car park. The Group plans have not changed and will continue to expand and create additional F&B brands at The Arch to further improve its revenue streams.

Anticipated Risk and Mitigating Factor

As experienced by the Group during the year, the F&B business will depend, to a large extent, on prevailing economic and market conditions. Uncertainties like a change in the country's administration created economic and market uncertainties which resulted in cautious spending patterns. The group is however cautiously optimistic of the growth potential of its F&B operations but is confident that with the continued refreshing of concepts and further development of capabilities, management skillsets with relevant experience, revenues should be sustainable. Nevertheless, we are cognizant that any loss of key personnel may materially affect the Groups' F&B business. As such, with the now expanded brands, the Group intends to provide rotational opportunities to its key personnel which we believe will also attract additional competent and experienced personnel to join the organization,

As we attempt to mitigate fluctuations in Malaysia's dynamic foodservice market, we are cognizant of the fact that the group's outlet concepts and more be-spoke as compared to regular restaurant and foodservice operations. The challenge is to continue innovating in an already mature market. As food offerings are very price sensitive attraction to an outlet will be its uniqueness to the market. The Group must always be alert and sensitive to the market trends and be exposed to concepts developed internationally as demand is spurred by current trends and the ever changing preference of the customers.

The Arch project, when completed, creates a unique opportunity for The Group to expand its own F&B brands which will be further mitigated with smart partnerships with other internationally established F&B brands. Nonetheless, management will seek to contain possible risks by leveraging on the experience of its key management staff, conducting market research and feasibility studies, keeping abreast with the latest developments in the F&B, retail, conferences & exhibitions, karaoke industries and the property market including monitoring consumer trends and preferences coupled with active branding, marketing and promotional efforts to enhance the competitiveness of our entertainment centre.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Future Outlook

As Malaysia's foodservice market is mature, there are a wide variety of foodservice segments at different price levels catering to various individuals and household characteristics. The foodservice segments available in Malaysia include restaurant chains, cafés catering to an ever evolving coffee culture, bars, fast food and quick service restaurants ("QSR"), street stall/kiosk and self-service food court segments.

Full-service restaurants refer to conventional restaurant concepts where there are waiters to serve patrons when they are seated at their tables. Full-service restaurants, especially those serving Asian cuisine, are popular and common nationwide. Full-service restaurants include international full-service restaurant chains such as "TGI Friday's", "Chili's Grill & Bar" and "Tony Roma's", and Asian full-service restaurant chains include restaurants under the "Oversea", "Unique Seafood", "Grand Imperial", "Oriental", "Dragon-i", "Canton-i" and "Din Tai Fung" group of restaurants.

Cafés and bars have a stronger focus on beverages, as compared to full-service restaurants. In general, cafés do not have waiters to serve patrons, and are largely self-service restaurants. Meanwhile, the differentiating factor for bars is that they have a stronger focus on alcoholic beverages. Visiting cafés and bars have become a common lifestyle habit amongst youths and young adults in urban areas, either for work or for leisure or social engagement after working hours and on weekends.

Fast food or QSRs are restaurants which are able to offer food and beverage within a short period of time, and these restaurants are typically self-service restaurants with pre-cooked meals. Fast food or QSRs appeal to time-pressed individuals seeking affordable and convenient dining options. Several fast food chains in Malaysia also offer delivery and drive-through services in response to consumer demands for convenience. International fast food brands in the country include "McDonald's", "Burger King", "KFC", "Pizza Hut" and "Domino's".

Street stalls/kiosks include stalls and kiosks set up by the roadside, or in the concourse area and food courts of shopping complexes and commercial buildings. Street stalls/kiosks offer a variety of foodservice products, including local food and delicacies, bakery products, ice cream, snacks and coffee, at lower price levels.

Other foodservice segments include other non-traditional segments such as delivery and takeaway services.

As a developing country, Malaysia also experiences rising urbanisation rates, where its citizens are also well travelled. With a new administration in place, economic growth and development is still consider cautiously optimistic and still highly unpredictable. We believe that there is a growing need for convenient meal options and a culture of dining out in Malaysia, hence demand for the foodservice market in the country will still be vibrant.

In addition, Malaysia is known to be culturally diverse with various cuisines available, thus providing consumers with a variety of dining options to suit different tastes and preferences. Thus, it has become a norm amongst Malaysians to gather with friends and family members at foodservice outlets to experience different cuisines. This culture, coupled with the affordability of foodservice in Malaysia, contributes to the continuous growth of the foodservice market.

In view of the above, the Group will continue to be diligent and focus on expanding its F&B brands to attract new customers, thus potentially increasing the Groups' revenue streams.

Innovation will be the key in creating unique F&B brands that coincide with market trends and preferences of the customers, and management will strive to become the trendsetter in this business and become a major contender in the F&B industry.

No dividend was recommended for the financial year ended 31 December 2018.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) presents this Statement to provide shareholders and investors with an overview of the corporate governance (“CG”) practices of the Group under the leadership of the Board during the financial year ended 31 December 2018 (“FY2018”). This overview takes guidance from the key CG principles set out in the Malaysian Code on Corporate Governance 2017 (“Code”).

This Statement is prepared in compliance with the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad (“AMLR”) and is to be read in conjunction with the CG Report 2017 (“CG Report”) which is available on the Group’s website at www.focusdynamics.com.my

The CG Report provides the explanations on how the Group applied each Practice set out in the Code during FY2018.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

The Board acknowledges and fully supports the importance of corporate governance in directing and managing the businesses and affairs of the Group, and to safeguard and enhance shareholders’ value and performance of the Group on a sustainable and long term basis.

The Board determines the Group’s strategic objectives and ensures that required resources are in place for the Group to meet its objectives and to guide the Group on its short and long term goals, providing advice, stewardship and directions on the management and business development of the Group. The Board also set the Group’s values and standards and ensure that its obligations to the shareholders and other stakeholders are understood and fulfilled.

The above roles and responsibilities of the Board is formalised in the Board Charter. The Board Charter also clearly sets all relevant governance matters and applicable limits of authority, including matters reserved for the Board and those which are expressly delegated to Board committees, the Chairman of the Board (“Chairman”), the Executive Directors (“ED”) or a nominated member of Executive Management. The Board Charter is reviewed periodically or as and when changes occur to ensure that it reflects the current needs of the Group. More information on the Board Charter can be found on the Group’s website.

In furtherance of the above and to ensure orderly and effective discharge of its functions and responsibilities, the Board has established the following Board committees:

Audit Committee (“AC”)
Nomination Committee (“NC”)
Remuneration Committee (“RC”)
Risk Management Committee (“RMC”)
Employees’ Share Options Scheme Committee

In order to foster a strong governance culture in the Group and to ensure a balance of power and authority, the roles of the Chairman and ED are strictly separated. This is also to maintain effective supervision and accountability of the Board and Executive Management. The Chairman is responsible for Board effectiveness and to ensure that the conduct and working of the Board is in an orderly and effective manner while the ED takes on the primary responsibility of managing the Group’s businesses and resources as well as overseeing and managing the day-to-day operations of the Group.

However, the position of Chairman of the Board has been vacated since 31 August 2017 which is departed from the Practice 1.2 of the Code. Nonetheless, we are currently actively looking for a suitable candidates to fill the vacancy.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Responsibilities (Cont'd)

The Group adopted a Code of Business Conduct and Ethics to govern the standards of ethics and conduct expected of Directors and employees. This code manages:

Honest, Good Faith And Ethical Conduct
Corporate Opportunities
Avoidance of Conflicts of Interest
Confidentiality

To maintain the highest standards of ethical conduct, the Group also has a formal Whistle-Blowing Policy. As prescribed in this policy, the Board gave their assurance that employees' and third parties' identities will be kept confidential and whistle-blowers would not be at risk to any form of victimisation or retaliation from their superiors or any member of Executive Management provided that the reporting is in good faith. All concerns raised will be investigated and whistle-blowers can report directly to the Senior Independent Director.

The Code of Business Ethics and Whistle-Blowing Policy can be viewed on the Group's website.

The Board members have full and unrestricted access to the Company Secretary who is a member of the Malaysian Institute of Chartered Secretaries and Administrators. In addition to her corporate secretarial administrative responsibilities, she also advises the Board on its roles and responsibilities, corporate disclosures and compliance, corporate governance developments and practices.

The Board is aware that continuous training for the Directors is vital for them in discharging their duties effectively. All Directors are encouraged to attend appropriate external training programmes to supplement their knowledge in the latest developments and issues relevant to the Group, especially in the areas of corporate governance and regulatory requirements.

The external training programmes, seminars and/or conferences attended by the Directors in office at the end of FY2018 were as follows:

	Training Programmes/Seminars/Conferences
Leung Kok Keong	Common Pitfalls in Transaction And RPT Managing Recurrent Related Party Transactions
Tay Ben Seng, Benson	Common Pitfalls in Transaction And RPT Managing Recurrent Related Party Transactions
Tan Aik Heang	Common Pitfalls in Transaction And RPT Managing Recurrent Related Party Transactions
Abdul Menon Bin Arsad @ Abdul Manan Bin Arshad	Common Pitfalls in Transaction And RPT Managing Recurrent Related Party Transactions
Chang Vun Lung	Common Pitfalls in Transaction And RPT Managing Recurrent Related Party Transactions Post GE 14: Malaysia Capital Market outlook and Direction

The Board (via the NC and with assistance of the Company Secretary) shall continue to evaluate and determine the training needs of the Directors to build their knowledge so that they can be up-to-date with the development of the Group's business and industry that may affect their roles and responsibilities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Composition

The Group is led by an experienced and diversified Board which comprises professionals from various fields to bring together a balance of skills, mix of experience and expertise in area relevant to enhance the growth of Group's business. The Directors collectively bring with them wide and varied technical, financial and legal experience to enable the Board to lead and control the Group effectively.

The Board (via the NC) assesses the effectiveness of the Board as a whole, all committees of the Board and the contribution of each individual Director annually. This assessment is done on a peer and self- evaluation basis. Based on the evaluation carried out for FY 2018, the NC has informed the Board that it was satisfied with the contribution and performance of each individual Director.

Although there is no gender diversity policy in place currently, the Board opined that given the current state of the Group's business and lifecycle, it is more important to have the right mix of skills on the Board rather than to attaining the 30% threshold as proposed in Practice 4.5. Nevertheless, the Board is on the outlook for potential women Directors and shall appoint additional women Directors as and when suitable candidates are identified. No timeframe has been set for the search concerned.

Despite the above, the Board affirms its commitment to provide fair and equal opportunities and nurturing diversity at all levels within the Group. To this end, all persons, regardless of age, gender, ethnicity, cultural background or other personal factors, with appropriate experience and qualifications will be considered equally during recruitment, promotion, remuneration and training. The Board is also committed to workplace diversity ensuring that we value and respect our differences and that our workplace is fair, accessible, flexible and inclusive and free from discrimination.

Tenure of Independent Director

As at 29 September 2019, Mr Tan Aik Heang will have served more than nine (9) years as Independent Director. The Board through its NC had conducted an assessment of the independence of all its Independent Directors and is satisfied that the Independent Directors have fulfilled the criteria under the definition of Independent Directors as stated in the AMLR and are able to provide objective and independent judgment in deliberation of the Board's agenda. Based on the Board's assessment, the Board is recommending to put forward a resolution at the forthcoming Annual General Meeting ("AGM") to retain Mr Tan as Independent Director notwithstanding that his tenure as Independent Director has exceeded the nine (9) years limit as recommended under the Code.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Tenure of Independent Director (Cont'd)

The Board's and NC's justification to retain Mr Tan is premised on the following:-

- Mr Tan continues to fulfil the criteria and definition of an Independent Director as set out under Rule 1.01 of Bursa Malaysia Listing Requirement;
- During his tenure in office, Mr Tan has not developed, established or maintained any significant personal or social relationship whether direct or indirect with the Executive Director(s), major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent and expected of them to carry out their respective duties.
- During his tenure in office, Mr Tan has never transacted or entered into any transactions with, nor provided any services to the Company and its subsidiaries, the Executive Director(s), major shareholders or management of the Company (including their family members) within the scope and meaning as set forth under Paragraph 5 of Guidance Note 9 of the Listing Requirements;
- During his tenure in office, Mr Tan has not been offered or granted any options by the Company. Other than directors' fees paid which had been the norm and been duly disclosed in the annual reports, no other incentives or benefits of whatsoever nature had been paid to them by the Company;
- During his tenure in office, Mr Tan has demonstrated consistently his integrity, commitment and contributed effectively to the Board's decision-making process; and
- During his tenure in office, Mr Tan has gained significant and detailed understanding and insights into the business operations, and industry sectors in which the Group operates in. This includes an understanding of the peculiarities, strengths and weaknesses of the industry sectors thereby enabling them to offer a different perspective during the decision-making process which a fresh appointee or a director holding office for a short length of time would not be able to offer.

Remuneration

The Board (via the RC) will ensure that the Group's levels of remuneration commensurate with the skills and responsibilities expected of Senior Management as well as the Directors and that it must be sufficient to attract and retain talent needed to run the Group successfully. The Board, as a whole, determines the remuneration of the Directors and each individual Director is required to abstain from discussing his/her own remuneration. The RC is guided by market norms and industry practices when making recommendations for the compensation and benefits of Directors and Senior Management.

The RC's recommended remuneration for Directors and Senior Management is subject to Board's approval as it is the ultimate responsibility of the Board to approve the remuneration of the Directors and Senior Management.

In relation to the fees and allowances for Directors, it will be presented at the Annual General Meeting ("AGM") for shareholders' approval. The details of the Group's remuneration policies and practices are included in the Board Charter which is available on the Group's website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Remuneration (Cont'd)

The aggregate remuneration paid or payable to the Directors by the Group and the Company during FY2018 is as follows:

Group	Bonus	Fee RM	Allowances RM	Total RM
<i>Leung Kok Keong</i>	–	30,000	33,500	63,500
<i>Tay Ben Seng, Benson</i>	16,000	216,000	2,500	234,500
Tan Aik Heang	–	24,000	10,400	34,400
Abdul Menon bin Arsad @ Abdul Manan bin Arshad	–	24,000	10,400	34,400
Chang Vun Lung	–	24,000	10,400	34,400
Chieng Siong Kuong (Deceased on 1 May 2018)	–	24,000	–	24,000
Koo Kien Yoon	–	60,000	–	60,000

Company	Fee RM	Allowances RM	Total RM
<i>Leung Kok Keong</i>	30,000	33,500	63,500
<i>Tay Ben Seng, Benson</i>	24,000	2,500	26,500
Tan Aik Heang	24,000	10,400	34,400
Abdul Menon bin Arsad @ Abdul Manan bin Arshad	24,000	10,400	34,400
Chang Vun Lung	24,000	10,400	34,400

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

AC

The AC currently comprises of three members, all of whom are Independent Directors. The AC Chairman is Mr Chang Yun Lung. None of the current members of the AC is a former key audit partner who was involved in auditing the Group, the Group had incorporated the policy as stipulated in Practice 3.8 into the TOR of the AC.

The AC has policies and procedures to review, assess and monitor the performances, suitability and independence of the external auditors.

Prior to the commencement of the annual audit, the AC will seek confirmation from the external auditors as to their independence. This independence confirmation would be re-affirmed by the external auditors to the AC upon their completion of the annual audit. These confirmations were made pursuant to the independence guidelines of the Malaysian Institute of Accountants.

Further details on the work performed by AC in furtherance of its oversight role are set out in the AC Report on pages 28 to 30 of this Annual Report.

Risk Management and Internal Control Framework

The Board fulfils its responsibilities in the risk governance and oversight functions through the RMC via a risk management framework which adopts a structured and integrated approach in managing key business risks. This framework together with the system of internal control are designed to manage the Group's risks within its risk appetite rather than to eliminate, the risk of failure to achieve the Group's business and corporate objectives.

As for the adequacy and effectiveness of the system of internal control, it is reviewed by the AC with assistance from the internal auditors. The internal audit function is outsourced to an independent professional consulting firm to provide an independent and objective assurance on the effectiveness of governance, risk management processes and internal control system of the Group. The internal auditors' independence is maintained by reporting functionally to the Board through the AC and administratively to Executive Management. Internal audit reports which are issued have to be tabled to the AC for review and Executive Management is required to be present at AC meetings to respond and provide feedback on the audit findings and recommended improvements. In addition, Executive Management is also required to present to the AC in meeting, status updates on significant matters and changes in key processes that could impact the Group's operations.

Based on the above, the Board is of the view that the risk management process and system of internal control were in place during FY2018 for identifying, evaluating and managing significant risks faced or potentially to be encountered by the Group.

Further details of the risk management and internal control framework are set out in the Statement on Risk Management and Internal Control on pages 31 to 33 of this Annual Report.

AUDIT COMMITTEE REPORT

MEMBERS OF AUDIT COMMITTEE

The Audit Committee (“AC”) of Focus Dynamics Group Berhad (“Focus” and “the Company”) is comprised wholly of Non-Executive Directors as follows:

Chang Yun Lung

Chairman, Independent Non-Executive Director

Tan Aik Heang

Member, Independent Non-Executive Director

Abdul Menon Bin Arsad @ Abdul Manan Bin Arshad

Member, Independent Non-Executive Director

Mr Chang Yun Lung is a member of the Malaysian Institute of Accountants.

Mr Chang Yun Lung meets the requirement of Rule 15.09 (1)(c)(i) of ACE Market Listing Requirements (“AMLR”) in that he is a Chartered Accountant and a member of the Malaysian Institute of Accountants.

SECRETARY

The secretary to the AC are the Company Secretary of the Company.

TERMS OF REFERENCE

The AC has discharged its function and carried out its duties as set out in the Terms of Reference (“TOR”).

The detailed TOR of the AC outlining the composition, duties and functions, authority and procedures of the AC are published and available on the Company’s website at www.focusdynamics.com.my.

MEETINGS AND MINUTES

Attendance at Meetings

The record of attendance of the members of the AC for meetings held during the financial year ended 31 December 2018 (“FYE 2018”) are as follows:

AC Member	Designation	Number of Committee Meetings held during directors’ tenure of office	Number of Committee Meetings attended
Chang Yun Lung	Independent Non-Executive Director	5	5
Tan Aik Heang	Independent Non-Executive Director	5	5
Abdul Menon Bin Arsad @ Abdul Manan Bin Arshad	Independent Non-Executive Director	5	5

The quorum of the meeting is two (2).

AUDIT COMMITTEE REPORT (CONT'D)

MEETINGS AND MINUTES

Meetings

The AC will meet at least four (4) times a year although additional meetings may be called at any time at the discretion of the Committee. The record of attendance of the members of the AC is shown above.

The meetings are pre-scheduled and are timed just before the Company's Board of Directors' ("Board") meetings. The Agenda carries matters that need to be deliberated, reviewed or decided on and reported to the Board. Notices and AC papers are circulated to all members prior to the meeting with sufficient time allocated for them to prepare themselves for deliberation on the matters being raised.

If the need arises, the Chairman has the discretion to call for the attendance of Management, internal auditors and external auditors during such meetings.

During its scheduled quarterly meetings, the AC shall review the risk management and internal control processes, the Interim and Year-end Financial Report, the Internal and External Audit Plans and Reports, Related Party Transactions ("RPT")/Recurrent Related Party Transactions ("RRPT"), and all other areas within the scope of responsibilities of the AC under its TOR.

Minutes

The Company Secretary shall be the Secretary of the AC which shall provide the necessary administrative and secretarial services for the effective functioning of the Committee. The minutes of the meetings are circulated to the Committee and to all members of the Board.

SUMMARY OF ACTIVITIES

In respect of the FYE 2018, the AC in discharging its duties and functions carried out activities which are summarised broadly as follows:

a) Internal Audit

The AC is aware of the fact that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the systems of internal control.

The Company engaged Messrs. Credenz Advisory Sdn Bhd ("Credenz Advisory") as outsources Internal Auditors to carry out the internal audit function of the Group for the FYE 2018.

The internal auditor reports directly to the AC on a yearly basis by presenting its Internal Audit Reports during the AC meetings, whereby relevant issues identified in the Internal Audit Reports will be discussed with the Management in the meeting. Rectification work, if necessary will be performed and follow-up will be carried out by internal auditor for the purpose of reporting at the subsequent AC meeting.

On 29 November 2018, Credenz Advisory tabled a report for AC's review covering the segment of Human Resource Management of Marquee International Sdn Bhd and Bounce Entertainment Sdn Bhd for the period from January 2018 to October 2018. The report focused on understanding of the key processes performed/ managed by person in charge of Human Resource Management, processes and control, risk and impact.

The reports outlined the audit objective, scope of work, source of information, restriction, conduct of internal audit, list of observation, risk status of findings together with the Internal Auditors' recommendations and the Management's response.

For year 2018, the cost incurred for internal audit function was RM17,000.00.

AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF ACTIVITIES (CONT'D)

b) Financial Reporting

In overseeing and discharging its responsibilities in respect of financial reporting, the AC:

- i. Reviewed the financial positions, quarterly interim financial reports and announcements for the respective financial quarters prior to submission to the Board for consideration and approval. The 1st, 2nd, 3rd and 4th Quarter Interim Financial Reports were tabled at the AC meetings held on 27 February 2018, 30 May 2018, 28 August 2018 and 29 November 2018;
- ii. Ensured the quarterly reports and Audited Financial Statements ("AFS") were prepared in compliance with the Malaysian Financial Reporting Standard ("MFRS"), International Financial Reporting Standards, and the Requirements of the Companies Act 2016 Malaysia while the quarterly reports took into consideration Rule 9.22 including Appendix 9B of the Listing Requirements;

Reviewed the various Board's Policies and Procedures, Board Charter, procedures for RRPT;
- iii. Reviewed the External Auditors' Audit Planning Memorandum ("APM") for the FYE 2018 which covered the engagement and reporting requirements, audit approach, areas of audit emphasis, significant events during the financial year, communication with the management, engagement team, the reporting and deliverables as well as the proposed audit fees;
- iv. Reviewed the External Auditors' audit findings and recommendations and the AFS for the FYE 2018 on 3 May 2019;
- v. Reviewed RPT/RRPT entered into by the Company and its subsidiaries during its AC meetings on 27 February 2018, 30 May 2018, 28 August 2018 and 29 November 2018;
- vi. Considered the performance of External Auditors, reviewed the independence of External Auditors and recommended to the Board for re-appointment;
- vii. To ensure the integrity of the financial information, received assurance from the Executive Directors and Executive Director in charge of Finance, that:-
 - Appropriate accounting policies had been adopted and applied consistently;
 - The going concern basis applied in the Annual Consolidated Financial Statements was appropriate;
 - Prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the MFRSs;
 - Adequate controls and processes were in place for effective and efficient financial reporting and relevant disclosures under MFRSs and Listing Requirements; and
 - The consolidated AFS and the Quarterly Condensed Consolidated Financial Statements did not contain material misstatements and gave a true and fair view of the financial position.
- viii. Reviewed the AC Report, CG Overview Statement, CG Report and Statement on Risk Management and Internal Control for publication in the 2018 Annual Report; and
- ix. Reviewed the Statement of Risk Management and Internal Control together with the Internal Auditors and External Auditors and received assurance from the Executive Directors and Executive Director in charge of Finance that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects before recommending the Statement to the Board.

AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF ACTIVITIES (CONT'D)

c) External Audit

Messrs Siew Boon Yeong & Associates had on 28 December 2018 given notice in writing to the Board of their intention to resign as Auditors of the Company and its subsidiaries. Hence, the Board had appointed Crowe Malaysia PLT ("Crowe Malaysia") as new Auditors of the Company with effect from 16 January 2019.

Messrs Crowe Malaysia led by their engagement partner presented their External APM for the FYE 2018 on 23 January 2019 and had declared and confirmed that they were independent and would be independent through their audit engagement.

Subsequent to the FYE 2018, the AC met with the External Auditors in the absence of Management on two occasions during 27 February 2018 and 23 January 2019. The AC had the opportunity to assess the co-operation extended by the Management to the External Auditors, their attitude and readiness to provide documentation and explanations, as well as the adequacy of resources in the Group's Finance Department.

There were no areas of major concern raised by Crowe Malaysia that warranted escalation to the Board. The External Auditors were also informed by the AC that should there be any significant incidents or matters detected in the course of their audits or reviews which warrant their knowledge or intervention, it shall be reported to the AC accordingly.

The non-audit fees paid to the External Auditors amounting to RM5,000 for the FYE 2018. The non-audit fees were in respect of services rendered in respect of tax compliance, review of the Statement on Risk Management and Internal Control.

The AC carried out an assessment of the performance and suitability of Crowe Malaysia based on the quality of services and relationship with Management, AC, Internal auditors and Board. The AC has been generally satisfied with the independence, performance and suitability of Crowe Malaysia based on the assessment and are recommending to the Board and shareholders for approval for the re-appointment of Crowe Malaysia as External Auditors for the financial year ending 31 December 2019.

CG PRACTICES

Apart from discharging its duties with respect to the internal audit, financial reporting and external audit, the AC also reviewed the disclosures made in respect of the financial results and Annual Report of the Company in line with the principles and spirit set out in the Malaysian Code on CG, other applicable laws, rules, directives and guidelines.

The AC discussed and reviewed the CG Overview Statement and CG Report for the FYE 2018.

This statement was approved by the Board on 3 May 2019.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Rule 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and guided by the “Statement on Risk Management and Internal Control — Guidelines for Directors of Listed Issuers” (Para. 32) and with the “Malaysian Code of Corporate Governance 2017” (Practice 9.1 and 9.2), the Board of Directors of the Company (“The Board”) is pleased to present this Statement on Risk Management and Internal Control for the year ended 31 December 2018 of the Group.

BOARD RESPONSIBILITY

The Board acknowledges its responsibility in maintaining a sound system of internal controls that covers financial, operational and risk management within the Group to meet its business objectives. The Board reviews the adequacy and effectiveness of the Group’s risk management and internal control system to safeguard shareholders’ investment and the Group’s assets.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this process includes enhancing the risk management and internal control system as and when there are changes to the business environment or regulatory guidelines.

The Management assists the Board in the implementation of the Board’s policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks. The Board is informed of major issues on internal controls, regulatory compliance and risk taking.

Such systems by their nature, can only provide a reasonable, but not absolute assurance against material misstatement of management and financial losses or fraud as it is established to manage rather than eliminate the risk of failure to achieve the Group’s business objectives.

The Board has received assurance from the Executive Directors and the Senior Management that the Group’s risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

The Board is of view that the Risk management and Internal Control system is in place for the year under review and is sound and adequate to safeguard shareholders’ investment and the Group’s assets.

The Group’s risk management and internal control systems do not apply to its’ joint venture company. The Group’s interest in joint venture company is served through Board representation and periodic review of the joint venture’s company management accounts by the Board and Management.

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

RISK MANAGEMENT FRAMEWORK

The Board continues to rely on risk management to form the basis of internal plan and for continued profitability and to safeguard shareholders' investment. The key processes that have been established in reviewing the adequacy and effectiveness of the risk management and internal control systems include the following:-

- The Board has established a number of board committees such as the Nomination, the Remuneration and the Risk Management to support the Board and to assist the Board to assess the performance and controls in all areas of operations to ensure that the risk management and control framework is embedded into the structures of the Group.
- The Board has established a Risk Management Committee to formulate a framework to ensure that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this process includes enhancing the risk management and internal control system as and when there are changes to the business environment or regulatory guidelines.
- The Group out-sourced the internal audit function to an independent professional consultancy firm during the financial year to review the risk management and internal control systems of the Group and report directly to the Audit Committee. The main objective of these audits is to provide a reasonable assurance that they are operated satisfactorily and effectively. Upon completion of the audit assignment, the internal auditors presented their report and discussed their findings and recommendations for improvement to the Audit Committee. The Internal Auditors of the Group check for compliance with policies and procedures and highlight the significant findings in respect of any non-compliance.
- The Audit Committee of the Group reviews the internal control issues identified by the Internal Auditors, the external auditors and the Management, and evaluates the effectiveness and adequacy of the risk management and internal control systems. It also reviews the internal audit function with particular emphasis on the scope of frequency of audits and the adequacy of resources. The minutes of the Audit Committee meetings are tabled to the Board of Directors of the Company on the quarterly basis.

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

KEY PROCESSES OF INTERNAL CONTROL

Salient features of the key processes of the system of internal control of the Group are as follows:-

- The Group has an organisational structure with defined lines of responsibility, delegation of authority, segregation of duties and flow of information are effectively communicated to all levels to ensure that the Group's operations are in accordance with the corporate objectives, strategies and the annual budget as well as the policies and the business directions.
- There is active involvement by the Executive Directors in the day-to-day business operations of the Group including periodical visit to the outlets 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.
- There are policy and authority limits imposed on Executive Directors and Management within the Group in respect of the day-to-day operations and financing, investments, acquisitions and disposal of assets. The Management is enhancing its policies and procedures, especially for the food and beverage segment, which is still considered new, and expects the revised policies and procedures to be completed by end of the financial year 2019.
- 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 current financial year, internal audit was carried out on the Human Resources Management process. Based on the findings of the internal audit carried out and after the Audit Committee had reviewed the recommendations made by the Internal Auditor on the weaknesses that were identified, Management has put in place additional controls based on Internal Auditor's recommendation.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Rule 15.23 of ACE Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Recommended Practice Guide 5 (Revised) issued by the Malaysian Institute of Accountants and has reported to the Board that nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the process adopted by the Board in the review of the adequacy and effectiveness of the risk management and internal controls within the Group.

This Statement of Risk Management and Internal Control has been approved by the Board of Directors on 6 May 2019.

SUSTAINABILITY STATEMENT

OUR APPROACH

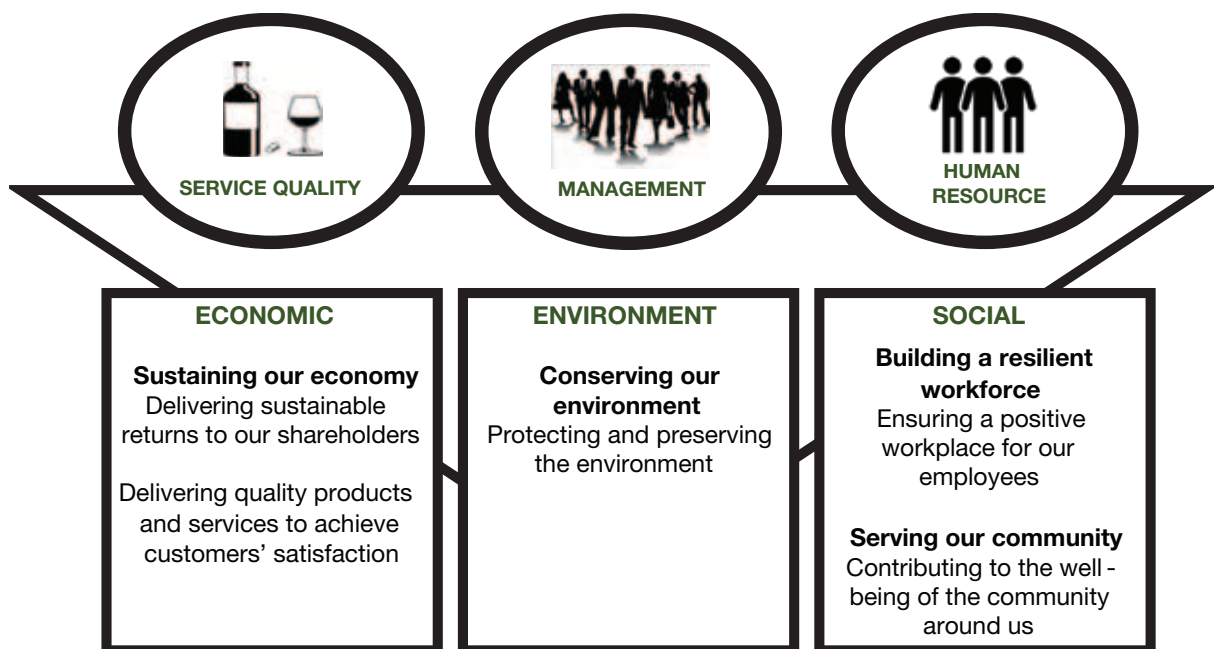
Sustainability has always been a pillar of the Group's culture as we strived to achieve continuing growth and profitability in a safe, caring and sustainable environment. We recognise that sustainability practices are fast gaining importance as a criterion in investors' investment decisions.

In line with Bursa Malaysia Securities Berhad's Sustainability Reporting Guide, the Group's sustainability practices are to ensure that economic, environmental and social risks and opportunities are tied in with our governance framework and social responsibilities. This enables our corporate success and behaviour to be judged and measured by the public.

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

OUR APPROACH ON SUSTAINABILITY
Embrace Sustainability in Organisation Culture
Strengthen the Core
Build Regional Global Connectivity
Foster a High Performance Organisation

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



OUR SCOPE

The statement covers Focus Dynamics and its subsidiaries. Information disclosed in this Statement encompasses our core activities related to Food & Beverage ("F&B"). This report cover data which had been compiled internally from 1 January 2018 to 31 December 2018.

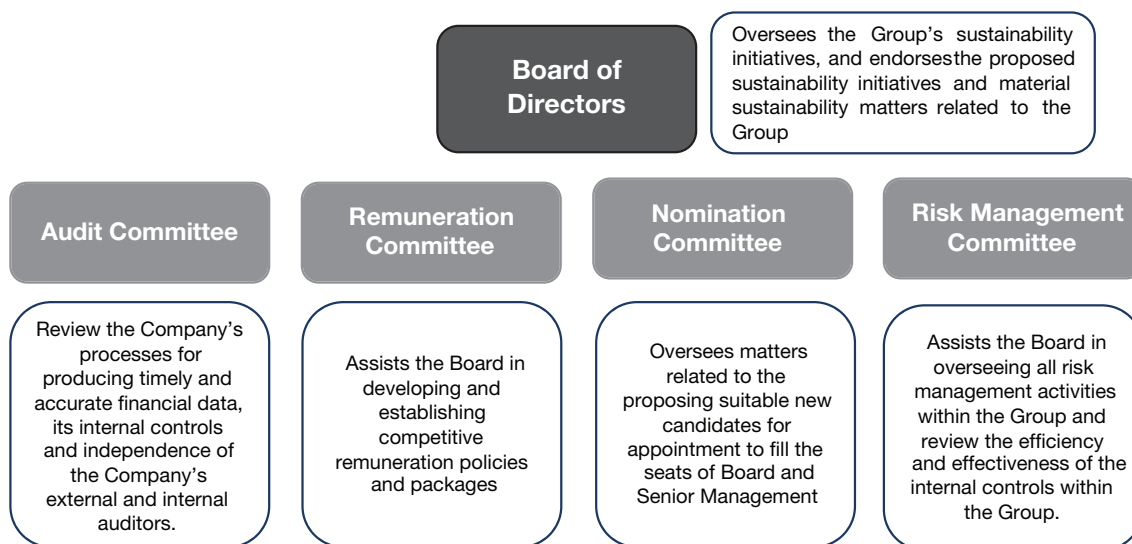
SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY GOVERNANCE

Corporate Governance

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

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



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

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

Ethical Business Practices

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

Good governance is the bedrock of our business, led by ethical business practices and integrity. We have embedded the highest standards of governance in our business not only by complying with the law but through processes and directives that continue to reinforce the principles.

SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL SUSTAINABILITY MATTERS

Economic

Shareholders

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

Customers & Services

The Group is committed to see that not only our shareholders' interests are taken of but also those of our customers and suppliers. In this regard, the Group values its customers as they are a major reason for its profitability. The Group placed great importance in providing quality assurance on foods and beverages quality. In this respect, all the operation staff had attended the relevant food handling courses conducted by Kementerian Kesihatan Malaysia and also received Typhoid Vi Polysaccharide Vaccine.

Our emphasis on customers' satisfaction has accorded us with our industry reputation as a trusted and reliable F&B retailer with our commitment of:

- Creating a cosy environment for our valued customers;
- Foods and beverages produced are handled and processed in a hygienic and safe environment; and
- Foods and beverages produced are safe to be consumed & which is not poisonous, intoxicating or hazardous to health.

Currently, the Group established several in-house brands with the high end lounge and wine bar by the name of:

- CHAZE serves medium to high-end clientele;
- LAVO serves western and fusion quality food together with liquor and wine to fulfil a mid-level demand with a larger regular customer base;
- MAZE delivers a high-end gin experience tailored to serve high-end clientele;
- LIBERTE is a restaurant provides selections from both Western and Oriental influences for a multisensory experience; and
- BOUNCE provides an all-in-one playground for music, drinks, and games.

The Group will continue to be innovative in creating unique F&B brands that coincide with market trends and preferences of the customers, and management will strive to become the trendsetter in this business and become a major contender in the F&B industry. To achieve sustainability in the run, the Group opined that diversification shall be ventured into to enhance its financial performance and in turn its' shareholders' value.

Suppliers

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

SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Environment

Although we generally do not generate any major environmental concerns, the Group is conscious of complying with all applicable environmental laws, guidelines and regulations.

Energy & Water Saving Initiatives

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

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

Waste Management

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

Waste segregation has been done by placing different bins in and around our hangars. Waste segregation is planned to be fully implemented in the coming years throughout the Group where recycling stations will be set up in convenient locations.

Social

Employees

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

For critical and leadership roles, succession planning is vital to our long-term performance as part of our Group's sustainability move. Our Nomination Committee will review the Group's human resources plan including the succession management framework and activities, human resources initiatives such as jobs and salary review, and the annual manpower budget. The succession planning across the Group is implemented by stages and training programmes are designed specifically for management staff.

The Group recognised that the safety and well-being of its employees is the foundation of its success. Hence, we strive to provide a safe and healthy environment for our employees and to ensure safe practices in all aspects of our business operations.

Maintaining a healthy and work-life balance is important for employee well-being and it can contribute towards greater productivity and performance. In this context, motivation and recreational is also an essential part of the Group's responsibility to our employees. The Group has on March 2018 organised a Team-building cum Annual Dinner at Avani Sepang Goldcoast Resort. This team-building activity provided a highly personal experience that was tailored to help each leader and the subordinates get the most out of sessions for learning and skill practice and to be able to recognise stress levels amongst staff and to drive a motivated harmonious culture in the workplace, as well as mingle around amongst our employees.

In Focus Dynamics, employees are our greatest assets. We will continue to focus on human capital development to nurture our employees to their full potential. Training programs for skill development and improvement are conducted for our employees so that they can execute their roles and responsibilities efficiently as well as for their personal career development.

SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Social (cont'd)

Community

Our Group strongly believes in giving back to society. In conjunction with Halloween celebration, the Group has on October 2018 organised Kids Colouring Contest to encourage young children colouring creativity and give away cash voucher and hampers for the winners. Moreover, these activities promoted parenting, as well as increase outlet and brand awareness.

As we are deeply rooted in the community we operate, we actively engage in community outreach programmes and activities. We are proud of having the privilege to serve various segments of the community towards providing for social empowerment and helping to make a positive difference for people across all walks of life. We have from time to time made donations to various charitable organisation, helping the less fortunate members of our community is our way of giving back to society.

OUR COMMITMENT

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





FOCUS  DYNAMICS

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are as set out in Note 9 to the financial statements. There were no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
(Loss)/Profit attributable to:		
Owners of the Company	(3,122,192)	(28,635,612)
Non-controlling interests	103,347	–
	(3,018,845)	(28,635,612)

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDEND

No dividend has been paid or declared since the end of the previous financial year. The directors do not recommend the payment of any dividend for the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year:-

- (a) the Company increased its issued and paid-up share capital from RM39,202,272 to RM86,815,822 by way of:-
 - (i) an issuance of 228,733,199 new ordinary shares from the exercise of Warrants 2014/2019 ("Warrants C") which amounted to RM11,436,660 and transferred from warrant reserve of RM4,572,212;
 - (ii) an issuance of 63,958,900 new ordinary shares from the exercise of options under the Company's ESOS which amounted to RM3,197,945 and transferred from ESOS reserve of RM2,715,695;
 - (iii) an issuance of additional 967,042,221 shares due to the subdivision of every 10 existing shares into 19 shares; and
 - (iv) transferring from share premium pursuant to Companies Act 2016 which amounted to RM25,691,038.

The newly issued shares rank *pari passu* in all respects with the existing ordinary shares of the Company. There was no issuance of debentures by the Company during the financial year.

DIRECTORS' REPORT (CONT'D)

EMPLOYEES SHARE OPTION SCHEME ("ESOS")

On 26 June 2014, the Company obtained approval from the shareholders at the Extraordinary General Meeting for the issuance of ESOS of not exceeding in aggregate thirty percent (30%) of the Company's total issued share capital at any point of time during the duration of the ESOS. The ESOS shall be allocated to any eligible employees of the Company and its subsidiary companies who fulfilled the eligibility criteria for participation in the ESOS.

Each ESOS option entitles the eligible employee to subscribe for such number of ordinary shares in the Company pursuant to an offer duly accepted by the eligible employee at the exercise price to be determined by the ESOS Committee at its discretion based on the 5-day weighted average market price (5D-VWAMP) of the Company's shares as quoted in Bursa Malaysia Securities Berhad, immediately prior to the date of offer made by the ESOS Committee with a discount of not more than 10%, if deemed appropriate.

The ESOS shall be valid for a duration of five years from the effective date of the ESOS, and may upon the recommendation of the ESOS Committee, be extended for a further five years.

The Company offered a total of 104,999,700 share options under the ESOS at the option price of RM0.10 to eligible employees of the Company.

On 16 February 2016, the Company announced that the subscription price of the ESOS has been revised from RM0.10 to RM0.05 per share pursuant to the Company's ESOS By-Law 17.

The option prices and the details in the movements of the options granted are as follows:

During the financial year, 63,958,900 of options were exercised.

Details of options granted to Directors are disclosed in Directors' Interests section of this report.

WARRANTS C

On 14 November 2014, the Company listed and quoted 235,167,596 Warrants C pursuant to the renounceable rights issue.

The Warrants C are constituted by the Deed Poll dated 30 September 2014 ("Deed Poll C").

Salient features of the Warrants C are as follows:

- (a) Each Warrants C entitles the Warrant holders to subscribe for one (1) new ordinary share in the Company at an exercise price of RM0.10 during the 5-year period expiring on 6 November 2019 ("Exercise Period"), subject to the adjustments as set out in the Deed Poll C;
- (b) At the expiry of the Exercise Period, any Warrants C which have not been exercised shall automatically lapse and cease to be valid for any purposes; and
- (c) Warrant holders must exercise the Warrants C in accordance with the procedures set out in the Deed Poll C and shares allotted and issued upon such exercise shall rank *pari passu* in all respects with the then existing shares of the Company, and shall be entitled to any dividends, rights, allotments and/or other distributions after the issue and allotment thereof.

On 10 February 2016, the Company announced that the exercise price of the outstanding Warrants C will be adjusted from RM0.10 to RM0.05 per share on even date.

On 26 March 2018, the Company completed a share split exercise which resulted in the creation of 1,552,269 additional Warrants C.

The total outstanding Warrants C as at 31 December 2018 is 3,018,300 (2017: 230,199,230).

None of the directors have any interests in Warrants as at the end of the financial year.

DIRECTORS' REPORT (CONT'D)

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of report are as follows:-

Leung Kok Keong
Abdul Menon Bin Arsad @ Abdul Manan Bin Arshad
Chang Yun Lung
Tan Aik Heang
Tay Ben Seng, Benson

The names of the directors of the Company's subsidiary companies who served during the financial year and up to the date of this report, not including those mentioned above are as follows:-

Chin Yuok Sheong
Koo Kien Yoon
Ong Kah Hoe
Dato' Haji Ahmad Bhari Bin Abd. Rahman
Muhammad Bin Md Rashid
Chieng Siong Kuong (Deceased on 1 May 2018)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, particulars of interests of directors who held office at the end of the financial year in the shares and options over shares of the Company and its related corporations during the financial year are as follows:

	----- No. of ESOS -----			
	<i>Balance</i> <i>01.01.2018</i>	<i>Granted</i>	<i>Exercised</i>	<i>Balance</i> <i>31.12.2018</i>
<i>Direct interest in the Company</i>				
Tay Ben Seng, Benson	22,070,200	–	(22,070,200)	–

None of the other Directors holding office at 31 December 2018 had any interests in the shares and options over shares of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) 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 as disclosed in Note 35 to the financial statements.

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object was to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than the share options granted to certain directors pursuant to the ESOS of the Company.

**DIRECTORS' REPORT
(CONT'D)****DIRECTORS' REMUNERATION**

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 32 to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, the total amounts of indemnity coverage and insurance premium paid for the directors of the Company were RM5,000,000 and RM33,312 respectively.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of additional allowance for impairment losses on receivables, and satisfied themselves that there were no known bad debts to be written off and that adequate allowance had been made for impairment losses on receivables; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

- (a) which would render the Group and the Company necessary to write off any bad debts or to make any allowance for impairment losses on receivables or the values attributed to current assets misleading; and
- (b) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

In the interval between the end of the financial year and the date of this report:

- (a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the directors, would substantially affect the results of the operations of the Group and of the Company for the current financial year; and
- (b) no charge has arisen on the assets of the Group and of the Company which secures the liabilities of any other person nor has any contingent liability arisen in the Group and in the Company.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

At the date of this report, 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 misleading after the prior years adjustments as disclosed in Note 40 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 39 to the financial statements.

**DIRECTORS' REPORT
(CONT'D)****AUDITORS**

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

Sign in accordance with a resolution of the directors dated 6 May 2019.

LEUNG KOK KEONG

TAY BEN SENG, BENSON

STATEMENT BY **DIRECTORS**

Pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the directors, the financial statements set out on page 51 to 124 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to exhibit a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2018 and of the results and cash flows of the Group and of the Company for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 6 May 2019.

LEUNG KOK KEONG

TAY BEN SENG, BENSON

STATUTORY **DECLARATION**

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Leung Kok Keong (MIA 8109), being the director primarily responsible for the financial management of Focus Dynamics Group Berhad, do solemnly and sincerely declare that the financial statements set out on page 51 to 124 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovementioned
Leung Kok Keong, NRIC Number:
at Kuala Lumpur on 6 May 2019.

LEUNG KOK KEONG
(MIA 8109)

Before me:

TAN SEOK KETT
W530
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

To the members of Focus Dynamics Group Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Focus Dynamics Group Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on page 51 to 124.

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 at 31 December 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. 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.

Other Matters

The financial statements of the Group and of the Company for the preceding financial year were audited by another firm of auditors whose report dated 27 April 2018, expressed an unmodified opinion on the financial statements.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters (Cont'd)

Recoverability of trade and other receivables
Refer to Notes 13 and 14 to the financial statements
Key Audit Matter

The trade and other receivables of the Group amounted to approximately RM4,451,714 and RM1,942,328 respectively as at 31 December 2018.

We focused on this area due to the long outstanding trade receivable balances which are past due or more than the credit terms granted by the Group, as disclosed in Note 36(a)(iv) in the notes to the financial statements, is considered to be a major credit risk.

We also focused on other receivables either due to their relative size or long overdue receivables that either continued to be, have become, or were at risk of being individually impaired.

The assessment of recoverability of these long outstanding receivables involved judgement and estimation of uncertainty by Management.

How our audit addressed the Key Audit Matter

Our procedures included, amongst others:-

- (a) Reviewing the ageing analysis of trade receivables and testing its reliability;
- (b) Reviewing subsequent collections for major trade and other receivables and overdue amounts; and
- (c) Evaluating the reasonableness and adequacy of the allowance for impairment loss and expected credit loss recognised for identified exposures.

Carrying amount of inventories
Refer to Note 12 to the financial statements
Key Audit Matter

The inventories of the Group amounted to approximately RM14,987,111 as at 31 December 2018.

We focused on this area due to the significant increase in inventories during the financial year and the high mix and voluminous nature of the inventories of the Group.

In view of the significant amount of inventories, we have verified the accuracy, existence and valuation of the inventories recorded.

How our audit addressed the Key Audit Matter

Our procedures included, amongst others:-

- (a) Attending the physical count of inventories and counting selected samples of inventories;
- (b) Obtaining third party confirmation for inventories stored in third party locations;
- (c) Verifying selected samples of inventories to the purchase invoices; and
- (d) Comparing the carrying amount of selected samples of inventories to their net realisable value after year end.

INDEPENDENT AUDITORS' REPORT

To the members of Focus Dynamics Group Berhad
(CONT'D)

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report and Statement on Risk Management and Internal Control (but does not include the financial statements of the Group and of the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the other sections of the 2018 Annual Report, which is expected to be made available to us after that date.

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

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group and the Company's ability 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 International Standards on Auditing 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.

INDEPENDENT AUDITORS' REPORT

To the members of Focus Dynamics Group Berhad
(CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

As a part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:-

- 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.
- 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 and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability 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 or the Company to cease to continue as a going concern.
- 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.
- 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 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 9 to the financial statements.

INDEPENDENT AUDITORS' REPORT

To the members of Focus Dynamics Group Berhad
(CONT'D)

OTHER MATTERS

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

Crowe Malaysia PLT
LLP0018817-LCA & AF 1018
Chartered Accountants

Ngiam Mia Teck
Approval No: 03000/07/2020 J
Chartered Accountant

Kuala Lumpur

6 May 2019

STATEMENTS OF FINANCIAL POSITION
(CONT'D)

	Note	Group		Company	
		31.12.2018 RM	01.01.2017 RM Restated	31.12.2017 RM Restated	01.01.2017 RM Restated
EQUITY AND LIABILITIES					
EQUITY					
Share capital	18	86,815,822 (45,699,386)	39,202,272 (9,505,787)	38,854,486 (12,573,512)	38,854,486 28,547,910
Reserves	19				
		41,116,436 1,148,261	29,696,485 1,044,914	26,280,974 (397,991)	67,402,396 -
Total equity attributable to owners of the Company					
Non-controlling interests					
		42,264,697	30,741,399	25,882,983	67,402,396
TOTAL EQUITY					
LIABILITIES					
NON-CURRENT LIABILITIES					
Finance lease liabilities	20				
Deferred tax liabilities	21	37,427 44,824	77,750 44,824	121,586 -	- -
		82,251	122,574	121,586	-
CURRENT LIABILITIES					
Trade payables	22	5,911,046	2,680,712	1,582,612	-
Other payables and accruals	23	8,947,431	7,909,034	7,324,976	880,745 1,387,406
Provision for warranty and maintenance costs	24	-	72	72	-
Amount owing to directors	25	-	17,813	-	-
Bank overdrafts	26	1,205,044	1,199,758	1,196,457	-
Finance lease liabilities	20	44,366	43,836	41,717	-
Current tax liabilities		-	375,892	-	-
		16,107,887	12,227,117	10,145,834	880,745 1,387,406
TOTAL LIABILITIES					
		16,190,138	12,349,691	10,267,420	880,745 1,387,406
TOTAL EQUITY AND LIABILITIES					
		58,454,835	43,091,090	36,150,403	67,885,943 68,789,802

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 31 December 2018

		Group		Company	
	Note	2018 RM	2017 RM Restated	2018 RM	2017 RM Restated
REVENUE	27	24,209,790	24,024,024	–	–
COST OF SALES		(11,953,564)	(12,171,677)	–	–
GROSS PROFIT		12,256,226	11,852,347	–	–
OTHER OPERATING INCOME		6,336,212	17,118,393	164,626	220,989
OTHER OPERATING EXPENSES		(21,158,447)	(23,648,415)	(28,800,238)	(871,358)
(LOSS)/PROFIT FROM OPERATIONS		(2,566,009)	5,322,325	(28,635,612)	(650,369)
FINANCE COSTS	28	(64,501)	(63,900)	–	–
SHARE OF PROFIT/(LOSS) ON INVESTMENT IN JOINT VENTURE		437,702	(45)	–	–
(LOSS)/PROFIT BEFORE TAXATION	29	(2,192,808)	5,258,380	(28,635,612)	(650,369)
INCOME TAX EXPENSE	30	(826,037)	(635,071)	–	4,752
(LOSS)/PROFIT AFTER TAXATION/ TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE FINANCIAL YEAR		(3,018,845)	4,623,309	(28,635,612)	(645,617)
OTHER COMPREHENSIVE INCOME:					
<u>Item that may be reclassified subsequently to profit or loss</u>					
- foreign currency translation		–	(13,312)	–	–
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL YEAR		(3,018,845)	4,609,997	(28,635,612)	(645,617)

STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
for the financial year ended 31 December 2018
(CONT'D)

		Group		Company
	Note	2018 RM	2017 RM <i>Restated</i>	2018 RM <i>Restated</i>
(LOSS)/PROFIT ATTRIBUTABLE TO:				
Owners of the Company		(3,122,192)	3,180,404	(28,635,612)
Non-controlling interests		103,347	1,442,905	–
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(3,018,845)	4,623,309	(28,635,612)
TOTAL COMPREHENSIVE (LOSS)/ INCOME ATTRIBUTABLE TO:				
Owners of the Company		(3,122,192)	3,167,092	(28,635,612)
Non-controlling interests		103,347	1,442,905	–
		(3,018,845)	4,609,997	(28,635,612)
EARNINGS/(LOSS) PER SHARE (Sen)				
- Basic	31	(0.16)	0.22*	
- Diluted	31	(0.16)	0.16*	

The comparative has been restated to account for the effects of the share issuance during the year.

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

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2018

Note	<----- Attributable to owners of the Company ----->										Total equity RM
	<----- Non-distributable ----->					<----->					
	Share capital RM	Share premium RM	Warrant reserve RM	ESOS reserve RM	Foreign currency translation reserve RM	Accumulated losses RM	Attributable to owners of the Company RM	Non-controlling interests ("NCI") RM			
Group 1 January 2017	38,854,486	28,657,465	-	4,458,112	-	(45,061,985)	26,908,078	(415,024)	26,493,054		
	-	(2,966,427)	4,703,352	-	-	(2,364,029)	(627,104)	17,033	(610,071)		
40	38,854,486	25,691,038	4,703,352	4,458,112	-	(47,426,014)	26,280,974	(397,991)	25,882,983		
Transactions with owners:											
Issuance of shares											
40	248,419	-	-	-	-	-	248,419	-	248,419		
	99,367	-	(99,367)	-	-	-	-	-	-		
	-	-	-	(1,742,417)	-	1,742,417	-	-	-		
	347,786	-	(99,367)	(1,742,417)	-	1,742,417	248,419	-	248,419		
Profit for the financial year											
40	-	-	-	-	-	3,303,125	3,303,125	1,440,204	4,743,329		
	-	-	-	-	-	(122,721)	(122,721)	2,701	(120,020)		
- As restated	-	-	-	-	-	3,180,404	3,180,404	1,442,905	4,623,309		
Foreign currency translations	-	-	-	-	(13,312)	-	(13,312)	-	(13,312)		
Total comprehensive income for the financial year											
At 31 December 2017	39,202,272	25,691,038	4,603,985	2,715,695	(13,312)	3,180,404	3,167,092	1,442,905	4,609,997		
						(42,503,193)	29,696,485	1,044,914	30,741,399		

<----- Attributable to owners of the Company ----->
 <----- Non-distributable ----->

Note	Share capital RM	Share premium RM	Warrant reserve RM	ESOS reserve RM	Foreign currency translation reserve RM	Accumulated losses RM	Attributable to owners of the Company RM	Non-controlling interests ("NCI") RM	Total equity RM
<i>Group</i>									
At 1 January 2018									
- As previously reported	39,102,905	28,657,465	-	4,458,112	(13,312)	(41,758,860)	30,446,310	1,025,180	31,471,490
- Prior year adjustments	99,367	(2,966,427)	4,603,985	(1,742,417)	-	(744,333)	(749,825)	19,734	(730,091)
	39,202,272	25,691,038	4,603,985	2,715,695	(13,312)	(42,503,193)	29,696,485	1,044,914	30,741,399
- As restated									
Changes in accounting policies	-	-	-	-	-	(92,462)	(92,462)	-	(92,462)
Loss for the year/Total comprehensive loss for the year	-	-	-	-	-	(3,122,192)	(3,122,192)	103,347	(3,018,845)
Transactions with owners:									
- Warrants exercised	16,008,872	-	(4,572,212)	-	-	-	11,436,660	-	11,436,660
- Employees' share options exercised	5,913,640	-	-	(2,715,695)	-	-	3,197,945	-	3,197,945
- Transfer to share capital pursuant to Companies Act 2016	25,691,038	(25,691,038)	-	-	-	-	-	-	-
Total transactions with owners	47,613,550	(25,691,038)	(4,572,212)	(2,715,695)	-	-	14,634,605	-	14,634,605
At 31 December 2018	86,815,822	-	31,773	-	(13,312)	(45,717,847)	41,116,436	1,148,261	42,264,697

Note	<----- Non-distributable ----->				
	Share capital	Share premium	Warrant reserve	ESOS reserve	Total equity
	RM	RM	RM	RM	RM
<i>Company</i>					
At 1 January 2017					
- As previously reported	38,854,486	28,657,465	-	4,458,112	68,047,229
- Prior year adjustments	-	(2,966,427)	4,703,352	-	(644,833)
- As restated	38,854,486	25,691,038	4,703,352	4,458,112	67,402,396
<u>Transactions with owners:</u>					
Issuance of shares					
- As previously reported	248,419	-	-	-	248,419
- Prior year adjustments	99,367	-	(99,367)	-	-
- Issuance of shares	-	-	-	(1,742,417)	1,742,417
- Forfeiture of ESOS options	-	-	-	-	-
- As restated	347,786	-	(99,367)	(1,742,417)	248,419
Profit for the financial year					
- As previously reported	-	-	-	-	(472,493)
- Prior year adjustments	-	-	-	-	(173,124)
Total comprehensive loss for the financial year	-	-	-	-	(645,617)
At 31 December 2017	39,202,272	25,691,038	4,603,985	2,715,695	67,005,19

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2018
(CONT'D)

Note	<----- Non-distributable ----->					Total equity
	Share capital	Share premium	Warrant reserve	ESOS reserve	Accumulated losses	
	RM	RM	RM	RM	RM	RM
Company At 1 January 2018						
- As previously reported	39,102,905	28,657,465	-	4,458,112	(4,395,327)	67,823,155
- Prior year adjustments	99,367	(2,966,427)	4,603,985	(1,742,417)	(812,465)	(817,957)
- As restated	39,202,272	25,691,038	4,603,985	2,715,695	(5,207,792)	67,005,198
Loss for the year/Total comprehensive loss for the year	-	-	-	-	(28,635,612)	(28,635,612)
Transactions with owners:						
- Warrants exercised	16,008,872	-	(4,572,212)	-	-	11,436,660
- Employees' share options exercised	5,913,640	-	-	(2,715,695)	-	3,197,945
- Transfer to share capital pursuant to Companies Act 2016	25,691,038	(25,691,038)	-	-	-	-
Total transactions with owners	47,613,550	(25,691,038)	(4,572,212)	(2,715,695)	-	14,634,605
At 31 December 2018	86,815,822	-	31,773	-	(33,843,404)	53,004,191

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

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2018

	Group		Company	
	2018 RM	2017 RM <i>Restated</i>	2018 RM	2017 RM <i>Restated</i>
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/profit before taxation	(2,192,808)	5,258,380	(28,635,612)	(650,369)
<i>Adjustments for:</i>				
Depreciation	3,877,711	3,122,244	—	—
Income from construction of asset	(153,066)	(5,513)	—	—
Bad debts written off	3,131	—	—	—
Dividend income	—	(4,062)	—	—
Gain on disposal of:				
- property, plant and equipment	—	(2,019,266)	—	—
(Reversal)/Impairment losses on:				
- capital work-in-progress	(1,079,480)	1,121,880	—	—
- other investment	—	714,471	—	—
- receivables	2,843,084	(1,158,473)	—	—
Amount due from subsidiaries	—	—	27,967,810	—
Interest expenses	64,501	63,900	—	—
Interest income	(223,335)	(250,061)	(164,626)	(220,989)
Property, plant and equipment written off	—	403,467	—	—
Share of (profit)/loss on investment in joint venture	(437,702)	45	—	—
<i>Operating profit/(loss) before working capital changes</i>	2,702,036	7,247,014	(832,428)	(871,358)
Decrease in inventories	(11,861,291)	(1,622,191)	—	—
Decrease in receivables	(3,072,418)	(7,326,434)	(18,019,043)	(5,014,241)
Increase/(Decrease) in payables	4,268,659	1,682,158	(9,993)	(506,661)
<i>Cash used in operations</i>	(7,963,014)	(19,453)	(18,861,464)	(6,392,260)
Interest paid	(64,501)	(63,900)	—	—
Tax paid	(1,676,209)	(157,983)	(108,383)	(152,152)
<i>Net cash used in operating activities</i>	(9,703,724)	(241,336)	(18,969,847)	(6,544,412)

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2018
(CONT'D)

	Group		Company	
	2018 RM	2017 RM Restated	2018 RM	2017 RM Restated
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividend income	–	4,062	–	–
Interest received	223,335	250,061	164,626	220,989
Investment in joint venture	–	(45)	–	–
Purchase of property, plant and equipment	(4,837,128)	(5,242,749)	–	–
Additions to prepaid lease payments	(5,102,206)	–	–	–
Proceeds from disposal of property, plant and equipment	–	2,060,001	–	–
<i>Net cash (used in)/generated from investing activities</i>	(9,715,999)	(2,888,395)	164,626	220,989
CASH FLOWS FROM FINANCING ACTIVITIES				
(Repayment to)/advances from directors	(17,813)	17,813	–	–
Placement of fixed deposits	(39,629)	(37,503)	(39,629)	(37,503)
Proceeds from issuance of share capital	14,634,605	248,419	14,634,608	248,419
Repayment of finance lease liabilities	(39,793)	(41,717)	–	–
<i>Net cash generated from financing activities</i>	14,537,370	187,012	14,594,979	210,916
Net decrease in cash and cash equivalents	(4,882,353)	(2,942,719)	(4,210,245)	(6,112,507)
<i>Effects of changes in exchange rate</i>	–	(13,312)	–	–
<i>Cash and cash equivalents at beginning of financial year</i>	7,865,215	10,821,246	4,288,810	10,401,317
<i>Cash and cash equivalents at end of financial year</i>	2,982,862	7,865,215	78,565	4,288,810
Cash and cash equivalents comprise:				
Fixed deposits with licenced banks	1,892,270	7,406,049	1,356,030	5,377,853
Short term investment	17,410	–	–	–
Cash and bank balances	3,634,256	2,975,325	78,565	227,358
Bank overdrafts	(1,205,044)	(1,199,758)	–	–
	4,338,892	9,181,616	1,434,595	5,605,211
<i>Less: Fixed deposits pledged as securities</i>	(1,356,030)	(1,316,401)	(1,356,030)	(1,316,401)
	2,982,862	7,865,215	78,565	4,288,810

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are as set out in Note 9. There were no significant changes in the nature of these activities during the financial year.

The Company is a public limited company, incorporated and domiciled in Malaysia and listed on ACE Market of Bursa Malaysia Securities Berhad.

The address of the registered office of the Company is No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL).

The address of the principal place of business of the Company is 12.1, 12th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

- 2.1 During the current financial year, the Group and the Company has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)

MFRS 15 Revenue from Contracts with Customers

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

Amendments to MFRS 15: Effective Date of MFRS 15

Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'

Amendments to MFRS 140 – Transfers of Investment Property

Annual Improvements to MFRS Standards 2014 – 2016 Cycles

- Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters
- Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group and the Company's financial statements except for:

MFRS 9 introduces a new classification and measurement requirements for financial assets that reflects the business model in which the financial assets are managed and their cash flow characteristics. MFRS 9 contains 3 principal classification categories for financial assets i.e. measured at amortised cost, fair value through profit or loss, fair value through other comprehensive income and eliminates the previous categories of held-to-maturity, loans and receivables and available-for-sale financial assets. In addition, MFRS 9 replaces the 'incurred loss' model in MFRS 139 with the 'expected credit loss' model. This new impairment approach is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised. The impacts on the financial statements upon the initial application of this accounting standard are disclosed in Note 41 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

- 2.2 The Group and the Company have not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group and the Company upon their initial application except as follows:-

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their leased assets and the related lease obligations in the statement of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The Company is currently assessing the financial impact that may arise from the adoption of this standard.

Under MFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are solely payments of principal and interest on the principal amount outstanding (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to MFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has right to, variable return from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such right are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 BASIS OF CONSOLIDATION (CONT'D)

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidation financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-Controlling Interests

Non-controlling interests are presented within equity in the consolidation statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(c) Changes in Ownership Interests In Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

In respect of equity-accounted joint -venture, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

3.3 FUNCTIONAL AND PRESENTATION CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Functional Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

3.4 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 FINANCIAL INSTRUMENTS (CONT'D)

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 FINANCIAL INSTRUMENTS (CONT'D)

(d) Derecognition (Cont'd)

Accounting Policies Applied Until 31 December 2017

As disclosed in Note 41 to the financial statements, the Group has applied MFRS 9 retrospectively with cumulative financial impacts recognised in the opening consolidated statements of financial position on 1 January 2018 (date of initial application of MFRS 9) and hence, the comparative information of its financial instruments is not restated. As a result, the comparative information of the Group's financial assets continues to be accounted for in accordance with their previous accounting policies as summarised below:-

- (i) Financial assets were designated at fair value through profit or loss when the financial asset was either held for trading or was designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives were also classified as held for trading unless they were designated as hedges. Financial assets at fair value through profit or loss were stated at fair value at each reporting date with any gain or loss arising on remeasurement recognised in profit or loss.
- (ii) Unquoted trade receivables and other receivables with fixed or determinable payments were classified as loans and receivables financial assets, measured at amortised cost using the effective interest method, less any impairment loss. Interest income was recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3.5 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

3.6 JOINT ARRANGEMENTS

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements returns.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 JOINT ARRANGEMENTS (CONT'D)

(a) Joint Ventures

A joint venture is a joint arrangement whereby the Group has right only to the net assets of the arrangement.

The investment in a joint venture is accounted for in the consolidated financial statements using the equity method, based on the financial statements of the joint venture made up to 31 December 2018. The Group's share of the post acquisition profits and other comprehensive income of the joint venture is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that joint control commences up to the effective date when the investment ceases to be a joint venture or when the investment is classified as held for sale. The Group's interest in the joint venture is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in a joint venture, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains or losses on transactions between the Group and the joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated unless cost cannot be recovered.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9 (2017 - MFRS 139). Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that joint venture to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method when an investment in a joint venture becomes an investment in an associate. Under such change in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the joint venture will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in joint ventures are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use, and the costs dismantling and removing the items and restoring that site on which they are located.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and any impairment losses.

Depreciation on other property, plant and equipment is charged to profit or loss on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

	%
Plant and machinery	25
Equipment and kitchen utensils	10
Furniture, fittings and equipment	10 - 33
Motor vehicles	20
Signboard	10 - 15
Electrical fittings	10
Renovation	20

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 INTANGIBLE ASSETS

Research development cost

Intangible assets recognised by the Group have an indefinite useful life and are not amortised. At the end of each reporting period, the useful lives of the brand names are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the assets. Such assets are tested for impairment annually and whenever there is an indication of that they may be impaired.

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as non-current assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if, an entity can demonstrate all of the following:-

- (a) its ability to measure reliably the expenditure attributable to the asset under development;
- (b) the product or process is technically and commercially feasible;
- (c) its future economic benefits are probable;
- (d) its intention to complete and the ability to use or sell the developed asset; and
- (e) the availability of adequate technical, financial and other resources to complete the asset under development

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent period.

The development expenditure is amortised on a straight-line method over a period of 5 years when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

The amortisation method, useful life and residual value are reviewed, and adjusted if appropriate, at the end of each reporting period.

3.9 LEASED ASSETS

(a) Finance Lease

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance cost and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 LEASED ASSETS (CONT'D)

(b) Operating Lease

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position of the Group and of the Company.

Payments made under operating leases are recognised as an expense in the profits or loss on a straight-line method over the term of the lease. Lease incentive received are recognised as a reduction of rental expense over the lease term on a straight-line method. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

(c) Prepaid Lease Payments

The lump sum upfront lease payments made in respect of leasehold land which in substance is an operating lease is classified as prepaid lease payments. The prepaid lease payments are stated at cost less accumulated amortisation. The amortisation is charged to profit or loss in equal instalments over the lease period.

3.10 INVENTORIES

Inventories are valued at the lower of cost and net realisable value.

Cost is determined using the first-in, first-out method. The cost of raw materials comprises the original cost of purchases plus the cost of bringing these inventories to their intended location and condition. The cost of finished goods and work-in progress included the cost of raw materials, direct labour and appropriate allocation of manufacturing overheads.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the estimated cost of selling expenses. Write down is made where necessary for damaged, obsolete and slow-moving inventories.

3.11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 IMPAIRMENT

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income, trade receivables and contract assets, as well as on financial guarantee contracts.

The expected credit loss is estimated as the difference between all contractual cash flow that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Accounting Policy Applied Until 31 December 2017

As disclosed in Note 41 to the financial statements, the Group has applied MFRS 9 retrospectively with cumulative financial impacts recognised in the opening consolidated statement of financial position on 1 January 2018 (date of initial application of MFRS 9) and hence, the comparative information of its financial instruments is not restated. As a result, the comparative information on the impairment of the Group's financial assets has been accounted for in accordance with its previous accounting policy as summarised below:-

- The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset (or group of financial assets) was impaired. Impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that event(s) had an impact on the estimated future cash flows of the financial asset (or group of financial assets) that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 IMPAIRMENT (CONT'D)

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 – Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the company determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

3.13 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

(a) Dismantling, Removal and Restoration Costs

A provision is recognised when the Group has an obligation to dismantle and remove structures on identified sites and restore these sites at the end of the lease term to an acceptable condition consistent with the lease agreement. The provision is measured at the present value of the compounded future expenditure at current prices and is recognised as part of the cost of the relevant asset. The capitalised cost is depreciated over the expected life of the asset.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 EMPLOYEE BENEFITS

(a) Short Term Employee Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plan

The Company's and its subsidiary companies' contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Company and the subsidiary companies has no further liability in respect of the defined contribution plans.

(c) Share-based Payment Transactions

The Group operates an equity-settled share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Company (known as "share options").

At grant date, the fair value of the share options is recognised as an expense on a straight-line method over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding credit to employee share option reserve in equity. The amount recognised as an expense is adjusted to reflect the actual number of the share options that are expected to vest. Service and non-market performance conditions attached to the transaction are not taken into account in determining the fair value.

In the Company's separate financial statements, the grant of the share options to the subsidiaries' employees is not recognised as an expense. Instead, the fair value of the share options measured at the grant date is accounted for as an increase to the investment in subsidiary undertaking with a corresponding credit to the employee share option reserve.

Upon expiry of the share option, the employee share option reserve is transferred to retained profits.

When the share options are exercised, the employee share option reserve is transferred to share capital if new ordinary shares are issued.

3.15 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 INCOME TAXES (CONT'D)

(b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

3.16 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.17 EARNINGS PER ORDINARY SHARE ("EPS")

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary share outstanding, adjusted for own share held, if any, for the effect of all dilutive potential ordinary shares, which comprise warrants and share options granted to the employees.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 BORROWING COSTS

Borrowing costs, directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is suspended.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

3.19 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
- Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

3.20 REVENUE FROM CONTRACT WITH CUSTOMERS

(a) Sale of engineering goods

Revenue from sale of engineering goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

(b) Sale of products

Revenue from sale of products is recognised when the Group has transferred control of the goods to the customer, being at the point the customer purchases the goods at the retail outlets. Payment for the transaction is due immediately at the point the customer purchases the goods and takes delivery in outlet.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.21 REVENUE FROM OTHER SOURCES

Dividend Income

Dividend income from investments is recognised when the rights to received payments is established.

3.22 OTHER OPERATING INCOME

(a) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(b) Rental Income

(i) Rental income from car park is accounted for on a straight-line method over the lease term for season parking users. For daily users, the income is accounted for on a cash basis.

(ii) Rental income from billboard is accounted on a straight-line method over the lease term.

(c) Construction Services

Income from construction services is recognised over time in the period in which the services are rendered using the input method, determined based the proportion of construction costs incurred for work performed to date over the estimated total construction costs. Construction cost recognised in profit or loss when incurred.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables. The carrying amounts of trade receivables as at the reporting date are disclosed in Note 13 to the financial statements.

(b) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period. The carrying amounts of other receivables and amounts owing by subsidiaries as at the reporting date are disclosed in Note 14 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical Judgements Made in Applying Accounting Policies

In the process of applying the Group's accounting policies, the management is not aware of any judgements that have significant effects on the amounts recognised in the financial statements.

There are also no assumptions concerning the future and other key sources of estimation of uncertainties at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5 PREPAID LEASE PAYMENT

Group	At 01.01.2018 RM	Additions RM	At 31.12.2018 RM
31.12.2018			
Prepaid lease payment, at cost	1,382,777	5,255,272	6,638,049
Restated	At 01.01.2017	Additions	At 31.12.2017
31.12.2017			
Prepaid lease payment, at cost	1,193,486	189,291	1,382,777

The Group provides development services in exchange for the prepaid lease payments.

The Group has entered an agreement with Royal Selangor Golf Club ("RSGC") via a tenancy agreement with City Growth Sdn. Bhd. ("CGSB") to construct a building, namely "The Arch" to house retail, food and beverage outlets, restaurants and car parks.

The terms of the arrangements allows the Group to operate The Arch up to June 2038 and is renewable for additional three years each term, until June 2047. The prepaid lease payment will be amortised upon completion of the construction.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6 PROPERTY, PLANT AND EQUIPMENT

The details of property, plant and equipment are as follows:

Group	Plant and machinery RM	Equipment and kitchen utensils RM	Furniture, fittings and equipment RM	Motor vehicles RM	Signboard RM	Balance carried forward RM
At 1 January 2017						
- As previously reported	35,200	971,995	4,554,984	1,944,216	9,750	7,516,145
- Prior year adjustments	-	-	-	-	-	-
As restated Additions	35,200	971,995	4,554,984	1,944,216	9,750	7,516,145
- As previously reported	-	131,915	692,313	92,502	-	916,730
- Prior year adjustments	-	-	-	-	-	-
As restated	-	131,915	692,313	92,502	-	916,730
Transfer	-	150,938	734,336	-	-	885,274
Disposal	-	-	-	(1,217,236)	-	(1,217,236)
Written off	-	(137,666)	(237,768)	-	(4,200)	(379,634)
At 31 December 2017/ 1 January 2018	35,200	1,117,182	5,743,865	819,482	5,550	7,721,279
Additions	-	374,189	1,019,039	104,800	27,125	1,525,153
Transfer	-	87,886	1,184,936	-	-	1,272,822
At 31 December 2018	35,200	1,579,257	7,947,840	924,282	32,675	10,519,254

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

Group	Balance carried forward RM	Electrical fittings RM	Renovation RM	Capital work-in- progress RM	Building work- in-progress RM	Total RM
<i>Cost</i>						
At 1 January 2017						
- As previously reported	7,516,145	27,196	7,028,844	3,514,583	1,466,979	19,553,747
- Prior year adjustments	-	-	-	(1,158,724)	-	(1,158,724)
	7,516,145	27,196	7,028,844	2,355,859	1,466,979	18,395,023
Additions						
- As previously reported	916,730	-	583,574	2,858,270	843,900	5,202,474
- Prior year adjustments	-	-	(183,778)	(183,778)	-	-
	916,730	-	583,574	2,674,492	843,900	5,018,696
As restated	885,274	-	475,021	(1,360,295)	-	-
Transfer	(1,217,236)	-	-	-	-	(1,217,236)
Disposal	(379,634)	-	(141,618)	-	-	(521,252)
Written off						
At 31 December 2017/ 1 January 2018	7,721,279	27,196	7,945,821	3,670,056	2,310,879	21,675,231
Additions	1,525,153	-	1,181,418	2,127,185	3,372	4,837,128
Transfer	1,272,822	-	1,927,936	(3,200,758)	-	-
At 31 December 2018	10,519,254	27,196	11,055,175	2,596,483	2,314,251	26,512,359

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

Group	Plant and machinery RM	Equipment and kitchen utensils RM	Furniture, fittings and equipment RM	Motor vehicles RM	Signboard RM	Balance carried forward RM
<i>Accumulated depreciation</i>						
At 1 January 2017	8,800	206,196	2,754,160	1,875,873	6,736	4,851,765
Charge for the financial year	8,800	270,850	978,079	9,176	770	1,267,675
Disposal	—	—	—	(1,176,501)	—	(1,176,501)
Written off	—	(26,773)	(58,199)	—	(1,959)	(86,931)
At 31 December 2017/ 1 January 2018	17,600	450,273	3,674,040	708,548	5,547	4,856,008
Charge for the financial year	8,800	337,556	1,150,600	31,750	452	1,529,158
At 31 December 2018	26,400	787,829	4,824,640	740,298	5,999	6,385,166
<i>Net carrying amount</i>						
At 31 December 2018	8,800	791,428	3,123,200	183,984	26,676	4,134,088
At 31 December 2017	17,600	666,909	2,069,825	110,934	3	2,865,271

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

Group	Balance carried forward RM	Electrical fittings RM	Renovation RM	Capital work-in- progress RM	Building work- in-progress RM	Total RM
<i>Accumulated depreciation</i>						
At 1 January 2017	4,851,765	3,853	1,341,026	-	-	6,196,644
Charge for the financial year	1,267,675	2,719	1,851,852	-	-	3,122,246
Disposal	(1,176,501)	-	-	-	-	(1,176,501)
Written off	(86,931)	-	(30,854)	-	-	(117,785)
At 31 December 2017/ 1 January 2018	4,856,008	6,572	3,162,024	-	-	8,024,604
Charge for the financial year	1,529,158	2,720	2,345,833	-	-	3,877,711
At 31 December 2018	6,385,166	9,292	5,507,857	-	-	11,902,315
<i>Accumulated impairment losses</i>						
At 1 January 2017/ 31 December 2017	-	-	-	-	-	-
Impairment loss for the year	-	-	-	1,121,880	-	1,121,880
At 31 December 2017/ 1 January 2018	-	-	-	1,121,880	-	1,121,880
Write back	-	-	-	(1,079,480)	-	(1,079,480)
At 31 December 2018	-	-	-	42,400	-	42,400
<i>Net carrying amount</i>						
At 31 December 2018	4,134,088	17,904	5,547,318	2,554,083	2,314,251	14,567,644
At 31 December 2017	2,865,271	20,624	4,783,797	2,548,176	2,310,879	12,528,747

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

The net carrying amount of property, plant and equipment includes the following assets held under hire purchase agreements:

	Group	
	31.12.2018	31.12.2017
	RM	RM
Motor vehicles	1	1

Impairment loss recognised in prior year

Impairment loss recognised in prior year relates to capital work-in-progress due to the relocation of a project, resulting in unmovable mechanical and electrical fixtures to be impaired.

7. GOODWILL

	Group	
	31.12.2018	31.12.2017
	RM	RM
<i>At cost:</i>		
Goodwill on acquisition of subsidiary companies and business		
At 1 January/31 December	2,297,922	2,297,922
<i>Accumulated amortisation and impairment losses</i>		
At 1 January/31 December	2,209,793	2,209,793
<i>Net carrying amount</i>		
At 31 December	88,129	88,129

Goodwill acquired from business combination or acquisition of business are allocated to the CGUs that are expected to benefit from the acquisition respectively. The carrying amount of goodwill had been allocated as follows:-

	Group	
	31.12.2018	31.12.2017
	RM	RM
Property investment and management	88,129	88,129

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. PRODUCTS DEVELOPMENT EXPENDITURE

	Group	
	31.12.2018	31.12.2017
	RM	RM
At cost	2,780,418	2,780,418
Less: Accumulated amortisation	(1,966,789)	(1,966,789)
	813,629	813,629
Less: Accumulated impairment losses	(813,629)	(813,629)
	–	–

9. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	31.12.2018	31.12.2017
	RM	RM
Unquoted shares, at cost		
At 1 January	9,349,360	9,349,360
Addition	–	–
At 31 December		
Less: Accumulated impairment losses	9,349,360	9,349,360
At 1 January	9,298,360	9,298,360
Written off	–	–
At 31 December	9,298,360	9,298,360
	51,000	51,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Details of the subsidiary companies are as follows:

Name of subsidiary companies	Country of incorporation	Effective equity interest		Principal activities
		31.12.2018 %	31.12.2017 %	
<i>Held by the Company</i>				
Focus Dynamics Centre Sdn. Bhd. (“FDCSB”)	Malaysia	100	100	Marketing, distribution and sale of industrial machines and processes, providing a range of support services covering project management services, maintenance support, engineering conceptualisation,system audit, energy saving services and other support services in relation to the company’s business and products.
Focus Dynamics Drives Sdn. Bhd. (“FDDSB”)	Malaysia	100	100	Engage in business of restaurant, food and beverage and general trading with effect from 16 March 2018.
DPC Industrial Systems Sdn. Bhd. (“DPCISSB”)	Malaysia	100	100	Trading of industrial equipment, designing, installation and implementation of automation system for the energy resource based industry and providing other related products and services.
Marquee International Holding Sdn. Bhd. (“MIHSB”)	Malaysia	100	100	Investment holding.
Famous Ambience Sdn. Bhd. (“FASB”)	Malaysia	51	51	Engage in letting of property business.
<i>Subsidiary companies of MIHSB</i>				
Marquee International Sdn. Bhd. (“MISB”)	Malaysia	100	100	Operate and manage food and beverage outlets.
Modern Cuisine Sdn. Bhd. (“MCSB”)	Malaysia	100	100	Engage in the business of restaurant, food and beverage as well as investment holding and general trading.
Marquee Resources Sdn. Bhd. (“MRSB”)	Malaysia	100	100	Engage in human resources, event management and general trading.
Finch Entertainment Sdn. Bhd. (“FESB”)	Malaysia	100	100	Engage in the business of restaurant, food and beverage.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Name of subsidiary companies	Country of incorporation	Effective equity interest		Principal activities
		31.12.2018 %	31.12.2017 %	
Wine Commerce Sdn. Bhd. ("WCSB")	Malaysia	100	100	Online wine retailing and distribution.
Bounce Entertainment Sdn. Bhd. ("BESB")	Malaysia	100	–	Other food service activities, Investment Advisory Services, Creative arts and entertainment activities.
Focus Dynamic Limited * ("FDL")	Republic of Seychelles	100	100	Engage in food and beverage business and investment holding.
<i>Subsidiary company of FDL</i>				
Focus Dynamic Group Limited * ("FDGL")	Hong Kong	100	100	Engage in food and beverage business and investment holding.
Bounce Entertainment Limited * ("BEL")	Hong Kong	100	–	Engage in food and beverage business, entertainment, general trading and investment holding.

* These subsidiaries were audited by other firms of chartered accountants.

9. INVESTMENT IN SUBSIDIARY COMPANIES

The Group's subsidiary company that have material non-controlling interests ("NCI") are as follows:

	31.12.2018 RM	31.12.2017 RM <i>Restated</i>
NCI percentage of ownership interest and voting interest	49%	49%
Carrying amount of NCI	1,148,261	1,044,914
Profit allocated to NCI	103,347	1,442,905

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Summarised financial information before intra-group elimination

	FASB	
	31.12.2018 RM	31.12.2017 RM Restated
Non-current assets	6,659,840	1,407,745
Current assets	4,277,145	6,261,838
Current liabilities	(8,600,592)	(5,544,102)
Net assets	2,336,393	2,125,481
Other income	2,545,971	7,665,017
Profit for the financial year	210,912	2,944,705
Cash flows from operating activities	5,032,922	70,480
Cash flows for investing activities	(5,254,108)	(189,802)
Cash flows from financing activities	–	–
Net decrease in cash and cash equivalents	(221,186)	(119,322)

Impairment loss recognised

Impairment loss was recognised for investment in subsidiary companies where these subsidiary companies had accumulated losses and had deficits in their shareholders' equity.

Incorporation of new subsidiary companies

On 26 January 2018, the Company's wholly-owned subsidiary company, MIHSB incorporated a new wholly-owned subsidiary company, BESB. BESB has an issued and paid-up share capital of RM2 comprising 2 ordinary shares.

On 23 July 2018, the Company's wholly-owned subsidiary company, FDL incorporated a new wholly-owned subsidiary company, BEL. BEL has an issued and paid-up share capital of HKD1 comprising of 1 ordinary share.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

10. INVESTMENT IN JOINT VENTURE

	31.12.2018 RM	Group 31.12.2017 RM
Unquoted shares in Malaysia, at cost		
At 1 January	45	–
Additions	–	45
Unquoted shares	45	45
Share of post-acquisition reserves	437,702	(45)
At 31 December	437,747	–

Name of joint venture	Effective equity interest		Principal activities
	2018 %	2017 %	
W Club Sdn. Bhd. ("WCSB") (Formerly known as W Club Enterprise Sdn. Bhd.)	45	45	Engaged in the business of entertainment centre and food and beverage.

On 17 March 2017, the Company's wholly-owned subsidiary company, MISB entered into a Subscription and Shareholders' Agreement whereby MISB subscribed for 45 new ordinary shares in WCSB for a consideration of RM45 to form a joint venture vehicle. MISB now holds 45% equity interest in WCSB.

The Company's aggregate share of the current assets, current liabilities, income and expenses of the jointly controlled entity is as follows:

	31.12.2018 RM	31.12.2017 RM
Assets and liabilities		
Non-current assets	2,617,517	–
Current assets	3,779,512	593,984
Total assets	6,397,029	593,984
Current liabilities	(5,424,257)	(602,333)
Net assets/(liabilities)	972,772	(8,349)
Statement of Profit or Loss and Other Comprehensive Income		
Revenue	3,102,108	–
Taxation	(307,160)	–
Profit/(Loss) after taxation	2,794,948	(333)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

11. OTHER INVESTMENT

	31.12.2018 RM	Group 31.12.2017 RM
Unquoted shares in Malaysia at - Fair value (2017: at cost)	–	714,471
Less: Accumulated impairment losses (individually impaired) At 1 January	–	714,471
At 31 December	–	–

Impairment in quoted shares of the Group represents redeemable preference shares of a company in Malaysia. The investment was written off during the current year.

12. INVENTORIES

	31.12.2018 RM	Group 31.12.2017 RM
At cost:		
Work-in-progress	85,530	55,350
Finished goods	–	36,570
Food and beverages	14,901,581	3,033,900
	14,987,111	3,125,820

Included in food and beverage are inventories held in trust amounting to RM358,757 (2017: Nil) held by a related party.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13. TRADE RECEIVABLES

	31.12.2018 RM	Group 31.12.2017 RM
Trade receivables	11,120,431	10,969,021
Less: Accumulated impairment losses	(6,668,717)	(5,319,029)
	4,451,714	5,649,992

The Group's normal trade credit terms range from 30 to 150 days (2017: 30 to 150 days). Other credit terms are assessed and approved on a case-by-case basis.

Movements of the accumulated impairment losses are as follows:

	2018 RM	Group 2017 RM
At 1 January	5,319,029	6,477,502
Additions	1,354,688	-
Reversal	(5,000)	(1,158,473)
At 31 December	6,668,717	5,319,029

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	31.12.2018 RM	Group 31.12.2017 RM Restated	31.12.2018 RM	Company 31.12.2017 RM Restated
Other receivables	3,430,724	4,965,468	-	2,503
Less: Accumulated impairment losses	(1,488,396)	-	-	-
	1,942,328	4,965,468	-	2,503
Deposits	4,519,339	4,252,095	1,250	1,250
Prepayments	2,145,658	716,688	197,074	117,914
	8,607,325	9,934,251	198,324	121,667

Movements of the accumulated impairment losses are as follows:

	2018 RM	Group 2017 RM
At 1 January	-	-
Additions	1,488,396	-
At 31 December	1,488,396	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

15. AMOUNT OWING BY SUBSIDIARY COMPANIES

	2018 RM	Company 2017 RM
Amount owing by subsidiaries	79,856,883	61,914,497
Less: Impairment loss	(27,967,810)	–
At 31 December	51,889,073	61,914,497

The amount owing by subsidiary companies is non-trade in nature, unsecured, interest-free and repayable on demand.

Impairment loss recognised

Impairment loss was recognised for investment in subsidiary companies where these subsidiary companies had accumulated losses and had deficits in their shareholders' equity.

16. AMOUNT OWING BY JOINT VENTURE

Group

The amount owing by joint venture company is non-trade in nature, unsecured, interest-free and repayable on demand.

17. FIXED DEPOSITS WITH LICENSED BANKS

Group and Company

The fixed deposits with licensed banks earn interest at rates ranging from 2.95% to 3.20% (2017: 3.10% to 3.80%) per annum.

Included in fixed deposits with licensed banks of the Group and of the Company is an amount of RM1,356,030 (2017: RM1,316,401), being fixed deposits pledged for bank overdraft facility granted to a subsidiary company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

18. SHARE CAPITAL

	31.12.2018	31.12.2017	Group and Company 31.12.2018	31.12.2017
	Number of ordinary shares	Restated	RM	RM
				Restated
Issued share capital:				
At 1 January	782,058,088	777,089,722	39,202,272	38,854,486
Issuance of shares pursuant to:-				
- conversion of warrants	228,733,199	–	16,008,872	347,786
- conversion of ESOS	63,958,900	4,968,366	5,913,640	–
- share split	967,042,221	–	–	–
Transfer from share premium pursuant to Companies Act 2016	–	–	25,691,038	–
At 31 December	2,041,792,408	782,058,088	86,815,822	39,202,272

During the financial year, the Company increased its issued share capital from RM39,202,272 to RM86,815,822 by way of:-

- (i) an issuance of 228,733,199 new ordinary shares in the Company which amounted to RM11,436,660 and transferred from warrant reserve of RM4,572,212;
- (ii) an issuance of 63,958,900 ESOS which amounted to RM3,197,945 and transferred from ESOS reserve of RM2,715,645;
- (iii) an issuance of additional 967,042,221 shares due to subdivision of every 10 existing shares into 19 shares; and
- (iv) transferring from share premium pursuant to Companies Act 2016 which amounted to RM25,691,038.

In the previous financial year, the Company increased its issued share capital from RM38,854,486 to RM39,202,272 by way of the issuance of 4,968,366 new ordinary shares in the Company for RM248,419 pursuant to the conversion of 4,968,366 Warrants 2014/2019 ("Warrants C") of the Company and transferred of warrant reserve of RM99,367.

The newly issued shares rank pari passu in all respects with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

18. SHARE CAPITAL (CONT'D)

Warrants C

Warrants C were listed on Bursa Securities on 14 November 2014. Each Warrants C entitles its holder the right to subscribe for one (1) new ordinary share in the Company at any time up to the expiry date of 6 November 2019 at an exercise price of RM0.05 payable in cash.

The number of Warrants C remained unexercised at the end of the financial year is as follows:

	Company	
	2018 Unit	2017 Unit
Unexercised Warrants C	3,018,300	230,199,230

During the financial year, 228,733,199 (2017: 4,968,366) of the Warrants C had been exercised at an issue price of RM0.05 per share.

On 14 November 2014, the Company listed and quoted 235,167,596 Warrants C pursuant to the renounceable rights issue.

The Warrants C are constituted by the Deed Poll dated 30 September 2014 ("Deed Poll C").

Salient features of the Warrants C are as follows:

- (a) Each Warrants C entitles the Warrant holders to subscribe for one (1) new ordinary share in the Company at an exercise price of RM0.10 during the 5-year period expiring on 6 November 2019 ("Exercise Period"), subject to the adjustments as set out in the Deed Poll C;
- (b) At the expiry of the Exercise Period, any Warrants C which have not been exercised shall automatically lapse and cease to be valid for any purposes; and
- (c) Warrant holders must exercise the Warrants C in accordance with the procedures set out in the Deed Poll C and shares allotted and issued upon such exercise shall rank pari passu in all respects with the then existing shares of the Company, and shall be entitled to any dividends, rights, allotments and/or other distributions after the issue and allotment thereof.

On 5 February 2016, the Company announced that the exercise price of the outstanding Warrants C will be adjusted from RM0.10 to RM0.05 per share on 10 February 2016.

On 26 March 2018, the Company completed a share split exercise which resulted in the creation of 1,552,269 additional Warrants C.

None of the directors have any interests in Warrants as at the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

19. RESERVES

	31.12.2018 RM	Group 31.12.2017 RM Restated	31.12.2018 RM	Company 31.12.2017 RM Restated
Share premium	–	25,691,038	–	25,691,038
Warrant reserve	31,773	4,603,985	31,773	4,603,985
ESOS reserve	–	2,715,695	–	2,715,695
Foreign currency translation reserve	(13,312)	(13,312)	–	–
Accumulated losses	(45,717,847)	(42,503,193)	(33,843,404)	(5,207,792)
	(45,699,386)	(9,505,787)	(33,811,631)	27,802,926

Share Premium

	Group and company 31.12.2018 RM	31.12.2017 RM
At 1 January	25,691,038	25,691,038
Transfer to share capital pursuant to Companies Act 2016	(25,691,038)	–
At 31 December	–	25,691,038

Share premium represents premium arising from issuance of shares in previous years, net of its related expenses. Share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 618(3) of the Companies Act 2016 on or before 30 January 2019.

Warrant Reserve

Warrant reserve consist of 3,018,300 (2017: 230,199,230) unexercised warrants with an issue price of RM0.05 per share.

The value ascribed to the warrants is credited as a reserve in equity under warrant reserve and an appropriate amount is transferred to share capital as and when warrants are exercised.

ESOS Reserve

On 26 June 2014, the Company obtained approval from the shareholders at the Extraordinary General Meeting for the issuance of ESOS of not exceeding in aggregate thirty percent (30%) of the Company's total issued share capital at any point of time during the duration of the ESOS. The ESOS shall be allocated to any eligible employees of the Company and its subsidiary companies who fulfilled the eligibility criteria for participation in the ESOS.

Each ESOS option entitles the eligible employee to subscribe for such number of ordinary shares in the Company pursuant to an offer duly accepted by the eligible employee at the exercise price to be determined by the ESOS Committee at its discretion based on the 5-day weighted average market price (5D-VWAMP) of the Company's shares as quoted in Bursa Malaysia Securities Berhad, immediately prior to the date of offer made by the ESOS Committee with a discount of not more than 10%, if deemed appropriate.

The ESOS shall be valid for a duration of five years from the effective date of the ESOS, and may upon the recommendation of the ESOS Committee, be extended for a further five years.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

19. RESERVES (CONT'D)

ESOS Reserve (Cont'd)

The Company offered a total of 104,999,700 share options under the ESOS at the option price of RM0.10 to eligible employees of the Company.

On 16 February 2016, the Company announced that the subscription price of the ESOS has been revised from RM0.10 to RM0.05 per share pursuant to the Company's ESOS By-Law 17.

The option prices and the details in the movements of the options granted are as follows:

Date of Offer	Exercise price	Number of Options Over Ordinary Shares each			
		As at 01.01.2018	Granted	Lapsed	As at 31.12.2018
11 February 2015	RM0.05	42,432,600	(42,432,600)	–	–
15 June 2015	RM0.05	13,923,500	(13,923,500)	–	–
18 August 2015	RM0.05	7,602,800	(7,602,800)	–	–
		63,958,900	(63,958,900)	–	–

Date of Offer	Exercise price	Number of Options Over Ordinary Shares each			
		As at 01.01.2017	Granted	Lapsed	As at 31.12.2017
11 February 2015	RM0.05	70,546,000	–	(28,113,400)	42,432,600
15 June 2015	RM0.05	23,148,400	–	(9,224,900)	13,923,500
18 August 2015	RM0.05	11,305,300	–	(3,702,500)	7,602,800
		104,999,700	–	(41,040,800)	63,958,900

Executive Directors of the Group and of the Company and other members of key management have been granted the following number of options:

The fair values of the share options granted were estimated using Black-Scholes Option Pricing Model ("BSOPM"), taking into account the terms and conditions upon which the options were granted. The fair values of the share options measured at grant date and the assumptions used are as follows:

	1st offer Grant dates 23.02.2015 to 17.03.2015	2nd offer Grant dates 19.06.2015 to 23.06.2015	3rd offer Grant dates 19.08.2015 to 29.09.2015
Fair value of share options at the grant date (RM)	0.029	0.034	0.036
Assumed share price ranged (RM)	0.075 - 0.105	0.065 - 0.100	0.055 - 0.100
Share price volatility (%)	20 - 50	30 - 80	40 - 85
Exercise price (RM)*	0.10	0.10	0.10
Expected life (years)	4.83	4.56	4.29
Risk free interest rate (%)	3.68	3.61	3.95

* The exercise price was revised to RM0.05 subsequently.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

20. FINANCE LEASE LIABILITIES

Group	Future	Undue	Principal
31.12.2018	instalments	interest	payable
	payable	RM	RM
	RM		
Shown under current liabilities			
Within 1 year	46,043	(1,677)	44,366
Shown under non-current liabilities			
Between 2 to 5 years	38,841	(1,414)	37,427
	84,884	(3,091)	81,793
31.12.2017			
Shown under current liabilities			
Within 1 year	48,516	(4,680)	43,836
Shown under non-current liabilities			
Between 2 to 5 years	80,841	(3,091)	77,750
	129,357	(7,771)	121,586

The effective interest rate for the finance lease liabilities is 2.75% (2017: 2.75%) per annum.

21. DEFERRED TAX LIABILITIES

	31.12.2018	Group
	RM	31.12.2017
		RM
At 1 January	44,824	–
Transfer from profit or loss (<i>Note 30</i>)	–	44,824
At 31 December	44,824	44,824

The deferred tax liabilities are in respect of taxable temporary differences arising from the property, plant and equipment.

22. TRADE PAYABLES

Group

The normal trade credit terms granted to the Group ranged from 30 to 90 days (2017: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. OTHER PAYABLES AND ACCRUALS

	31.12.2018 RM	Group 31.12.2017 RM	31.12.2018 RM	Company 31.12.2017 RM
Other payables	7,989,258	7,344,283	792,202	820,045
Accruals	958,173	564,751	78,550	60,700
	8,947,431	7,909,034	870,752	880,745

Group

Included in other payables is an amount of RM4,446,171 (2017: RM5,014,255) owing to a company in which certain directors of a subsidiary company have financial interest. This amount is unsecured, interest-free and repayable on demand.

Group and Company

Included in other payables is an amount of RM171,727 (2017: RM774,580) owing to the directors of a subsidiary company. This amount is unsecured, interest-free and repayable on demand.

24. PROVISION FOR WARRANTY AND MAINTENANCE COSTS

	31.12.2018 RM	Group 31.12.2017 RM
At 1 January/31 December	—	72

The Group gives warranties on certain products and undertakes to replace defective items. A provision has been recognised at the financial year end for expected warranty claims based on past experience of the level of returns.

25. AMOUNT OWING TO DIRECTORS

Group

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. BANK OVERDRAFTS

Group

Secured

The bank overdrafts are denominated in RM and granted by a licenced bank.

The bank overdrafts are secured as follows:

- (a) Existing Memorandum of Deposit and Letter of Authorisation by the Company in favour of the licenced bank in respect of fixed deposits of not less than RM204,698 together with all interest accruing from time to time in respect of the fixed deposits; and
- (b) Execution Memorandum of Deposit (creating a charge) and Letter of Authorisation by the Company in favour of the licenced bank in respect of fixed deposits of not less than RM1,000,000 together with all interest accruing from time to time in respect of the fixed deposits.

The bank overdrafts bear an effective interest rate of 5.19% (2017: 4.85%) per annum.

27. REVENUE

	2018 RM	Group 2017 RM
Food and beverages	23,750,320	23,020,060
Engineering services	459,470	1,003,964
	24,209,790	24,024,024

28. FINANCE COSTS

	2018 RM	Group 2017 RM
Bank overdraft interest	59,697	56,952
Finance lease interest	4,804	6,799
Other finance costs	—	149
	64,501	63,900

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29. (LOSS)/PROFIT BEFORE TAXATION

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
(Loss)/Profit before taxation is stated <i>after charging/crediting:</i>				
Auditors' remuneration				
- current year's provision	182,188	115,500	53,000	32,000
- other services	–	5,000	–	5,000
Bad debts written off	3,131	–	–	–
Depreciation	3,877,711	3,122,244	–	–
Impairment loss on amount owing by subsidiaries"	–	–	27,967,810	–
Impairment loss of other investment	–	714,471	–	–
Impairment/(Reversal) of trade and other receivables	2,843,084	(1,158,473)	–	–
(Reversal)/Impairment loss of property, plant and equipment	(1,079,480)	1,121,880	–	–
Property, plant and equipment written off	–	403,467	–	–
Rental of premises	1,768,559	6,694,773	–	–
Share of (profit)/loss on investment in joint venture	(437,702)	45	–	–
Employee benefits expense (Note 32)	5,935,922	6,698,103	202,595	30,785
Dividend income	–	(4,062)	–	–
Gain on disposal of property, plant and equipment	–	(2,019,266)	–	–
Gain on foreign exchange				
- realised	(4,500)	(46)	–	–
Income from construction of asset	(153,066)	(5,513)	–	–
Interest income	(223,355)	(250,061)	(164,626)	(220,989)
Rental income from car park	(438,541)	(2,094,504)	–	–
Rental income from billboard	(1,950,000)	(5,565,000)	–	–
Incentive income	(2,347,076)	(5,865,126)	–	–

30. INCOME TAX EXPENSE

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Malaysian income tax:				
- current year's provision	871,230	594,999	–	–
- over provision in respect of prior year	(45,193)	(4,752)	–	(4,752)
Deferred tax (Note 21):				
- relating to origination and reversal of temporary differences	–	44,824	–	–
	826,037	635,071	–	(4,752)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
(Loss)/Profit before taxation	(2,192,808)	5,258,380	(28,635,612)	(650,369)
Income tax expense at Malaysian statutory tax rate of 24% (2017: 24%)	(526,274)	1,290,816	(6,872,547)	(156,089)
• Adjustments for the following tax effects:				
- expenses not deductible for tax purposes	1,216,491	1,256,434	6,872,547	156,089
- deferred tax assets not recognised during the year	545,136	–	–	–
- utilisation of deferred tax assets not recognised in prior year	–	(1,280,687)	–	–
- share of results in joint venture	(105,048)	–	–	–
- income not subject to tax	(259,075)	(626,740)	–	–
	1,397,504	(650,993)	6,872,547	156,089
• Over provision of taxation in respect of prior year	(45,193)	(4,752)	–	(4,752)
	826,037	635,071	–	(4,752)

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

	Group	
	2018 RM	2017 RM
Qualifying property, plant and equipment's total capital allowances claimed in excess of corresponding accumulated depreciation	(5,000)	(12,000)
Unutilised capital allowances	964,000	1,030,000
Unabsorbed business losses	26,956,000	24,625,600
	27,915,000	25,643,600

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. (LOSS)/EARNINGS PER SHARE

Basic (Loss)/Earnings Per Share

The basic (loss)/earnings per ordinary share is arrived at by dividing the Group's (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares issued and calculated as follows:

	2018 RM	Group 2017 RM Restated
(Loss)/Profit attributable to owners of the Company (RM)	(3,122,192)	3,180,404
Weighted average number of ordinary shares (units):		
Ordinary shares as at 1 January	782,058,088	777,089,722
Effects of exercised Warrant C	184,543,502	587,121
Effect of exercised ESOS	51,167,120	–
Effect of share split	967,042,221	699,909,159
Weighted average number of ordinary shares as at 31 December	1,984,810,931	1,477,589,002
Basic (losses)/earnings per share (Sen)	(0.16)	0.22*

Diluted (Loss)/Profit Per Share

	2018 RM	Group 2017 RM Restated
(Loss)/profit attributable to owners of the Company (RM)	(3,122,192)	3,180,404
Weighted average number of ordinary shares (units):		
Shares deemed to be issued:		
- Warrants C	^	167,983,222
- ESOS	^	46,672,711
Weighted average ordinary shares issued as at 31 December	1,984,810,931^	1,692,241,935
Diluted (losses)/earnings per share (Sen)	(0.16)^	0.19*

* Comparative figures for the weighted average number of ordinary shares in issue for both the basic and diluted earnings per ordinary share computations have been restated to reflect the adjustments arising from the share split.

^ The effects of potential ordinary shares arising from the conversion of warrants are anti-dilutive and accordingly, they have been ignored in the calculation of dilutive (loss)/earnings per share. As a result, the diluted (loss)/earnings per ordinary share is the same as basis (loss)/earnings per share.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. EMPLOYEE BENEFITS EXPENSE

The employee benefits expense recognised in profit or loss are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Salaries and wages	5,299,024	4,912,266	–	–
Defined contribution plan	495,763	393,930	–	–
Other employee benefits expense	141,135	1,391,907	202,595	30,785
	5,935,922	6,698,103	202,595	30,785

Included in employee benefits expense are directors' remuneration who are also the key management personnel of the Group and of the Company:

	2018 RM	2017 RM	2018 RM	2017 RM
Directors of the Company				
Directors' remuneration				
- <u>fees</u>				
- current year's provision	318,000	510,446	126,000	170,446
- over provision in respect of prior year	–	(202,500)	–	(202,500)
- <u>other emoluments</u>				
- current year's provision	83,200	96,200	67,200	74,200
- over provision in respect of prior year"	–	(23,800)	–	(23,800)
	401,200	380,346	193,200	18,346

33. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the liabilities of the Group arising from the financing activities, including both cash and non-cash changes as follows:-

Group	At 01.01.2018 RM	Cash Flows RM	Non-cash Changes RM	At 31.12.2018 RM
Finance lease liabilities	121,586	(44,473)	4,680	81,793

Group	At 01.01.2017 RM	Cash Flows RM	Non-cash Changes RM	At 31.12.2017 RM
Finance lease liabilities	163,303	(44,473)	2,756	121,586

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)**34. OPERATING SEGMENTS**

Operating segments are prepared in a manner consistent with the internal reporting provided to the Executive Directors as chief operating decision makers in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into main business segments as follows:

(a) Property investment and management

Engage in letting of property.

(b) Engineering services

Implementation and installation of industrial machines and processes, energy efficiency system, research and development of variable speed drives, installation of automation system, providing a range of support services covering project management services, maintenance support, engineering conceptualisation, system audit, energy saving services and other support services in relation to the Group's business and products.

(c) Food and beverages

Operate and manage food and beverage outlets.

(d) Others

Other segments comprise investment holding, manufacturing, trading and distribution of industrial equipment, machines and processes, and dormant companies.

For the purpose of making decisions about resource allocation, the Executive Directors assess the performance of the operating segments based on operating profits or losses which is measured differently from those disclosed in the financial statements.

Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items.

The Executive Directors are of the opinion that all inter-segment transactions are entered into in the normal course of business and are at arm's length basis in a manner similar to transactions with third parties. The effects of such inter-segment transactions are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

34. OPERATING SEGMENTS (CONT'D)

(i) Business Segments

Group 2018	Property investment and management RM	Engineering services RM	Food and beverages RM	Others RM	Total RM
Revenue					
External revenue	–	459,470	23,745,430	4,890	24,209,790
Inter-segment revenue	–	–	–	–	–
Total revenue	–	459,470	23,745,430	4,890	24,209,790
Results					
Segment results	210,912	(1,571,737)	(368,247)	(836,937)	(2,566,009)
Finance costs					(64,501)
Share of profit on investment in joint venture					437,702
Profit before taxation					(2,192,808)
Income tax expense					(826,037)
Profit after taxation					(3,018,845)
Non-controlling interests					(103,347)
					(3,122,192)
Assets					
Segment assets	10,913,978	885,842	40,478,140	562,220	52,840,180
Unallocated assets:					
Goodwill					88,129
Fixed deposits with licenced banks					1,892,270
Cash and bank balances					3,634,256
Total assets					58,454,835
Liabilities					
Segment liabilities	8,600,592	734,211	4,420,402	1,103,272	14,858,477
Unallocated liabilities:					
Bank overdrafts					1,205,044
Finance lease liabilities					81,793
Deferred tax liabilities					44,824
Total liabilities					16,190,138
Other information					
Capital expenditures	5,102,206	110,375	4,658,429	68,324	9,939,334
Depreciation	3,177	108,510	3,756,055	9,969	3,877,711

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

34. OPERATING SEGMENTS (CONT'D)

(i) Business Segments (Cont'd)

Group 2017	Property investment and management RM	Engineering services RM	Food and beverages RM	Others RM	Total RM
Revenue					
External revenue	–	1,003,964	23,020,060	–	24,024,024
Inter-segment revenue	–	–	–	–	–
Total revenue	–	1,003,964	23,020,060	–	24,024,024
Results					
Segment results	2,938,706	1,745,124	2,155,183	(1,516,688)	5,322,325
Finance costs					(63,900)
Share of loss on investment in joint venture					(45)
Profit before taxation					5,258,380
Income tax expense					(635,071)
Profit after taxation					4,623,309
Other comprehensive loss					(13,312)
Non-controlling interests					(1,442,905)
					3,167,092
Assets					
Segment assets	7,425,390	1,568,220	23,477,924	150,053	32,621,587
Unallocated assets:					
Goodwill					88,129
Fixed deposits with licenced banks					7,406,049
Cash and bank balances					2,975,325
Total assets					43,091,090
Liabilities					
Segment liabilities	5,544,102	458,932	3,659,585	945,012	10,607,631
Unallocated liabilities:					
Bank overdrafts					1,199,758
Finance lease liabilities					121,586
Current tax liabilities					375,892
Deferred tax liabilities					44,824
Total liabilities					12,349,691
Other information					
Capital expenditures	188,351	45,842	4,964,698	3,583	5,202,474
Depreciation	2,948	160,509	2,958,789	–	3,122,246

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

34. OPERATING SEGMENTS (CONT'D)

(i) Business Segments (Cont'd)

Geographical information

Group 2018	Malaysia RM	Hong Kong RM	Total RM
Revenue			
External revenue	24,188,402	21,388	24,209,790
Inter-segment revenue	–	–	–
Total revenue	24,188,402	21,388	24,209,790
Results			
Segment results	(2,514,223)	(51,786)	(2,566,009)
Finance costs	(64,501)	–	(64,501)
Share of loss on investment in joint venture	437,702	–	437,702
Profit before taxation	(2,141,022)	(51,786)	(2,192,808)
Income tax expense	(907,159)	81,122	(826,037)
Profit after taxation	(3,048,181)	29,336	(3,018,845)
Non-controlling interests	(103,347)	–	(103,347)
	(3,151,528)	29,336	(3,122,192)
Assets			
Segment assets	49,542,211	3,297,969	52,840,180
Unallocated assets:			
Goodwill	88,129	–	88,129
Fixed deposits with licenced banks	1,892,270	–	1,892,270
Cash and bank balances	2,838,957	795,299	3,634,256
Total assets	54,361,567	4,093,268	58,454,835
Liabilities			
Segment liabilities	14,834,910	23,566	14,858,476
Unallocated liabilities:			
Bank overdrafts	1,205,044	–	1,205,044
Finance lease liabilities	81,793	–	81,793
Deferred tax liabilities	44,824	–	44,824
Total liabilities	16,166,571	23,566	16,190,137
Other information			
Capital expenditures	9,939,334	–	9,939,334
Depreciation	3,877,711	–	3,877,711

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

34. OPERATING SEGMENTS (CONT'D)

(i) Business Segments (Cont'd)

Geographical information (Cont'd)

Group 2017	Malaysia RM	Hong Kong RM	Total RM
Revenue			
External revenue	23,437,414	586,610	24,024,024
Inter-segment revenue	–	–	–
Total revenue	23,437,414	586,610	24,024,024
Results			
Segment results	5,008,707	313,618	5,322,325
Finance costs	(63,900)	–	(63,900)
Share of loss on investment in joint venture	(45)	–	(45)
Profit before taxation	4,944,762	313,618	5,258,380
Income tax expense	(553,949)	(81,122)	(635,071)
Profit after taxation	4,390,813	232,496	4,623,309
Other comprehensive loss	–	(13,312)	(13,312)
Non-controlling interests	(1,442,905)	–	(1,442,905)
	2,947,908	219,184	3,167,092
Assets			
Segment assets	32,066,697	554,890	32,621,587
Unallocated assets:			
Goodwill	88,129	–	88,129
Fixed deposits with licenced banks	7,406,049	–	7,406,049
Cash and bank balances	2,456,308	519,017	2,975,325
Total assets	42,017,183	1,073,907	43,091,090
Liabilities			
Segment liabilities	10,601,631	6,000	10,607,631
Unallocated liabilities:			
Bank overdrafts	1,199,758	–	1,199,758
Finance lease liabilities	121,586	–	121,586
Current tax liabilities	294,770	81,122	375,892
Deferred tax liabilities	44,824	–	44,824
Total liabilities	12,262,569	87,122	12,349,691
Other information			
Capital expenditures	5,202,474	–	5,202,474
Depreciation	3,122,246	–	3,122,246

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

35. RELATED PARTY DISCLOSURES

(a) Identities of related parties

- (i) The Group has a controlling related party relationships with its subsidiary companies;
- (ii) Companies where certain directors of the subsidiary companies are also the directors; and
- (iii) The directors of the Company and the directors of the subsidiary companies who are the key management personnel.

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company carried out the following transactions with the related parties during the financial year:

(i) Transactions between the Group and the Company with the related parties

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
<u>With related parties</u>				
Other income from a company where a director of the Company is also the director	–	(200,000)	–	–
Rental income from a company where a director of a subsidiary is also the director	–	(3,720,000)	–	–
Sales of food and beverage to joint venture	(416,506)	–	–	–
Management fee from joint venture	(8,000)	–	–	–

(ii) Key management compensation

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Employee benefits expense	401,200	380,346	193,200	18,346

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36. FINANCIAL INSTRUMENTS

The Group and the Company's activities are exposed to foreign currency risk, interest rate risk, equity price risk, credit risk, liquidity and cash flow risks. The Group and the Company's overall financial risk management policy focuses on the unpredictability of financial markets and seek to minimise potential adverse effects on the Group and the Company's financial performance.

(a) Financial Risk Management Policies

The Group and the Company's policies in respect of the major areas of treasury activity are as follows:

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group's exposure to foreign currency is mainly Hong Kong Dollar ('HKD') is as follows:

	31.12.2018 (HKD) RM	31.12.2017 (HKD) RM
Group		
Financial Assets		
Trade receivables	2,006,687	554,890
Other receivables	21,215	–
Cash and bank balances	795,299	519,017
	2,823,201	1,073,907
Financial Liability		
Other payables and accruals	(23,566)	–
	(23,566)	–
Net financial assets	2,799,635	1,073,907
Less: Net financial liabilities denominated in the respective entities' functional currencies	(2,799,635)	(1,073,907)
Foreign currency exposure	–	–

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis

Any reasonably possible change in the foreign currency exchange rates at the end of the reporting period against the functional currency of the entity within the Group does not have material impact on the profit/loss after taxation and other comprehensive income of the Group and hence, no sensitivity analysis is presented.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group and the Company's exposure to interest rate risk arise mainly from interest-bearing fixed deposits with licenced banks, finance lease liabilities and bank overdrafts. The Group and the Company's policies are to obtain the most favourable interest rates available.

Interest Rate Risk Sensitivity Analysis

The interest rate risk sensitivity analysis on the fixed rate financial instruments is not disclosed as the interest-bearing financial instruments carry fixed interest rates where the Group and the Company believe that no reasonably possible change in the risk variable could affect the results of the Group and of the Company materially.

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:

	Group	
	2018 RM	2017 RM
	Increase/ (Decrease)	Increase/ (Decrease)
Effects on profit after tax/equity		
Increase of 100 basis point (bp)	(12,050)	(11,998)
Decrease of 100 bp	12,050	11,998

(iii) Equity Price Risk

The Group and the Company are not exposed to equity price risk. The Group and the Company do not have exposures to commodity price risk.

(iv) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's exposure to credit risk arises mainly from trade and other receivables. The Company's exposure to credit risk arises mainly from other receivables as well as amount owing by subsidiary companies. The maximum exposure to credit risk is represented by the carrying amount of these financial assets in the statements of financial position reduced by the effects of any netting arrangements with counterparties. The Group and the Company manage their exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. The Company only provides advances to subsidiary companies. For other financial assets (including fixed deposits and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties and financial institutions.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)**36. FINANCIAL INSTRUMENTS (CONT'D)**(a) Financial Risk Management Policies (Cont'd)(iv) Credit Risk (Cont'd)Credit Risk Concentration Profile

The Group has significant concentration of credit risk as 21% (2017: 65%) of the Group's trade and other receivables were owing by 1 (2017: 11) major customer.

The Company only provides loans to its subsidiary companies where risks of default have been assessed to be low.

Exposure to Credit Risk

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets at the reporting date.

Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

Trade Receivables

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group considers any receivables having financial difficulty or with significant balances outstanding for more than 365 days with no subsequent collection, are deemed credit impaired.

The expected loss rates are based on the payment profiles of sales over a period of 12 months from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iv) Credit Risk (Cont'd)

Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for both trade receivables are summarised below:-

	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
The Group 2018			
Not past due	2,552,625	(5,105)	2,547,520
Past due but not impaired:			
- 1 to 30 days	140,500	(1,686)	138,814
- 31 to 60 days	1,162	(26)	1,136
- 61 to 90 days	482,988	(15,456)	467,532
- 91 to 120 days	71,023	(4,403)	66,620
- more than 121 days	7,872,133	(764,243)	7,107,890
	8,567,806	(785,814)	7,781,992
Credit impaired:			
- Individually impaired	–	(5,877,798)	(5,877,798)
	11,120,431	(6,668,717)	4,451,714

In the last financial year, the loss allowance on trade receivables was calculated under MFRS 139.

	Group 2017 RM
Not past due	3,939,697
Past due but not impaired:	
- 1 to 30 days	207,946
- 31 to 60 days	129,296
- 61 to 90 days	2,540
- 91 to 120 days	720,936
- more than 121 days	649,577
	1,710,295
Impaired	5,319,029
	10,969,021

The movements in the loss allowances in respect of trade receivables is disclosed in Note 13 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iv) Credit Risk (Cont'd)

Other Receivables

Other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss was RM49,784 and was provided for.

(v) Liquidity Risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group's and the Company's exposures to liquidity risk arise mainly from general funding and business activities. The Group and the Company practise risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following tables set out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting year):

Group 31.12.2018	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand Or Within 1 Year RM	1 - 5 Years RM	Total RM
Trade payables	–	5,911,046	5,911,046	5,911,046	–	5,911,046
Other payables	–	8,947,431	8,947,431	8,947,431	–	8,947,431
Bank overdrafts	5.19	1,205,044	1,205,044	1,205,044	–	1,205,044
Finance lease liabilities	2.75	81,793	84,884	46,043	38,841	84,884
		16,145,314	16,148,405	16,109,564	38,841	16,148,405
31.12.2017						
Trade payables	–	2,680,712	2,680,712	2,680,712	–	2,680,712
Other payables	–	7,909,034	7,909,034	7,909,034	–	7,909,034
Amount owing to directors	–	17,813	17,813	17,813	–	17,813
Bank overdrafts	4.85	1,199,758	1,199,758	1,199,758	–	1,199,758
Finance lease liabilities	2.75	121,586	129,357	48,516	80,841	129,357
		11,928,903	11,936,674	11,855,833	80,841	11,936,674

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(v) Liquidity Risk (Cont'd)

Company	Weighted Average Effective Rate %	Carrying Amount RM	On Demand Or Within 1 Year RM	Total RM
31.12.2018 Other payables	–	870,752	870,752	870,752
31.12.2017 Other payables	–	880,745	880,745	880,745

(b) Capital Risk Management

The Group and the Company manage their capital to ensure that the Group and the Company will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Company may make adjustments to the capital structure in view of changes in economic conditions, such as return the capital to shareholders or issuing new shares.

The Group and the Company manage their capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:

	Group	
	31.12.2018 RM	31.12.2017 RM Restated
Bank overdrafts	1,205,044	1,199,758
Finance lease liabilities	81,793	121,586
	1,286,837	1,321,344
Less:		
Fixed deposits with licensed banks	(1,892,270)	(7,406,049)
Cash and bank balances	(3,634,256)	(2,975,325)
Net debt	(4,239,689)	(9,060,030)
Total equity attributable to owners of the Company	41,116,436	29,696,485
Debt-to-equity ratio	N/A	N/A

Note:

N/A: The fixed deposits with licensed banks and cash and bank balances of the Group are sufficient to settle all the outstanding debts of the Group as at the financial year end.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Capital Risk Management (Cont'd)

The debt-to-equity ratio is not presented for the Company as there are no borrowings as at the end of the financial year.

There were no changes in the Group's and the Company's approach to capital management during the financial year.

(c) Classification of Financial Instruments

	Group 31.12.2018 RM	Company 31.12.2018 RM
Financial Assets		
<u>Fair value through profit or loss</u>		
Short-term investments	17,410	–
<u>Amortised cost</u>		
Trade receivables	4,451,714	–
Other receivables	1,942,328	–
Amount owing by subsidiary companies	–	51,889,073
Fixed deposits with licenced banks	1,892,270	1,356,030
Cash and bank balances	3,634,256	78,565
	11,920,568	53,323,668
Financial Liabilities		
<u>Amortised cost</u>		
Trade payables	5,911,046	–
Other payables	8,947,431	870,752
Bank overdrafts	1,205,044	–
Finance lease liabilities	81,793	–
	16,145,314	870,752

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

(c) Classification of Financial Instruments (Cont'd)

	Group 31.12.2017 RM	Company 31.12.2017 RM Restated
Financial Assets		
<u>Loans And Receivables</u>		
Trade receivables	5,649,992	–
Other receivables	4,965,468	2,503
Amount owing by subsidiary companies	–	61,914,497
Fixed deposits with licenced banks	7,406,049	5,377,853
Cash and bank balances	2,975,325	227,358
	20,996,834	67,522,211
Financial Liabilities		
<u>Other Financial Liabilities</u>		
Trade payables	2,680,712	–
Other payables	7,909,034	880,745
Amount owing to directors	17,813	–
Bank overdrafts	1,199,758	–
Finance lease liabilities	121,586	–
	11,928,903	880,745

(d) Gains or Losses Arising From Financial Instruments

	Group 2018 RM	Company 2018 RM
Financial Assets		
Fair Value Through Profit or Loss		
Net gains recognised in profit or loss by:		
- mandatorily required by accounting standard	(1,750)	–
Amortised Cost		
Net losses recognised in profit or loss	2,621,479	27,803,184
Financial Liability		
Amortised Cost		
Net losses recognised in profit or loss	64,501	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

(d) Gains or Losses Arising From Financial Instruments (Cont'd)

	Group 2017 RM	Company 2017 RM
Financial Assets		
Loans and Receivables Financial Assets		
Net gains recognised in profit or loss	(690,001)	(220,989)
Financial Liability		
Financial Liabilities Measured at Amortised Cost		
Net gains recognised in profit or loss	63,900	–

(e) Fair Values of Financial Instruments

The carrying amounts of the financial assets and financial liabilities of the Group and of the Company reported in the financial statements approximated their fair values due to the short term nature, except for unquoted shares in other investments and non-current portion of the finance lease liabilities.

Financial instruments that do not approximate their fair value are as follows:

Non-current portion of finance lease liabilities

	Group Carrying amount RM	Fair value RM
2018		
<u>Financial liabilities</u>		
Finance lease liabilities (non-current portion)	37,427	37,427
2017		
<u>Financial liabilities</u>		
Finance lease liabilities (non-current portion)	77,750	70,889

The fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at market rate of interest at the end of the financial year.

Fair value estimates are made at a specific point in time and based on relevant market information and information about the financial instruments. These estimates are subjective in nature, involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

(f) Fair Value Hierarchy

	Fair Value Of Financial Instruments Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3		
The Group					
2018					
<u>Financial Asset</u>					
Short-term investments	17,410	–	–	17,410	17,410

The fair value of money market fund is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into.

37. OPERATING LEASE COMMITMENTS

The Group has minimum aggregate non-cancellable operating lease commitments in respect of premises payable as follows:

	Group	
	2018 RM	2017 RM
Within 1 year	1,760,367	1,740,367
After 1 year but within 2 years	3,875,604	3,782,803
	5,635,971	5,523,170

The Group leases 2 units (2017: 2 units) of office lots, 0 units (2017: 3 units) of retail lots and 6 units (2017: 6 units) of hostel under operating leases. The leases typically run for an initial three years, with an option to renew the leases after that date at such terms and conditions as may be agreed between the lessee and the lessor. None of the leases include contingent rentals.

38. CAPITAL COMMITMENTS

	Group	
	2018 RM	2017 RM
Property, plant and equipment	87,877,000	83,503,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

39. SIGNIFICANT EVENTS DURING TO THE FINANCIAL YEAR

- (a) On 9 January 2018, the Company announced that the Company had resolved to revise the Proposed Rights Issue of ICPS with Warrants, which was approved by shareholders on 7 September 2017 as follows:-
- (i) the proposed renounceable rights issue of up to 2,122,788,334 new ICPS together with up to 424,557,666 free Warrants D on the basis of 5 ICPS together with 1 free Warrant D for every 5 existing Company's shares held by the entitled shareholders of the Company on an entitlement date to be determined ("Rights Entitlement Date") ("Entitled Shareholders") ("New Proposed Rights Issue of ICPS with Warrants");
 - (ii) proposed share split involving the subdivision of every 10 existing shares into 19 shares ("Split Shares") ("Proposed Share Split"); and
 - (iii) proposed amendments to the Constitution/Memorandum and Articles of Association of the Company ("M&A") ("Proposed M&A Amendments").

(collectively the above referred to as "New Proposals".)

On 24 January 2018, the Company announced that Bursa Securities had approved the New Proposals.

On 26 March 2018, proposal (ii) above was completed, resulting in the creation of 967,042,221 new ordinary shares and 1,552,269 additional Warrants C.

On 31 May 2018, the Company submitted an application to seek Bursa Securities' approval for an extension of time of six months from 24 July 2018 to 24 January 2019 to implement and complete (i) above. The application was approved on 5 June 2018.

On 31 December 2018, the Company submitted another application to seek for another extension of time from 24 January 2019 to 24 July 2019 to complete (i) above. The application was approved on 9 January 2019.

Proposal (iii) has yet to be implemented as at 31 December 2018 and is expected to implemented at the next annual general meeting of the Company.

- (b) On 26 January 2018, the Company announced that MIHSB, its wholly-owned subsidiary company, had incorporated a new wholly-owned subsidiary company namely, BESB in Malaysia with share capital of RM2 comprising 2 ordinary shares. The principal activities of BESB are to carry out the business of restaurants, food and beverages as well as investment holdings and general trading.
- (c) On 24 July 2018, the Company announced that FDL, its wholly-owned subsidiary company, had incorporated a new wholly-owned subsidiary company namely, BEL in Hong Kong with share capital of HKD1 comprising 1 ordinary share. The principal activities of BEL are to carry out the business of restaurants, food and beverages as well as investment holdings and general trading.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

40. PRIOR YEAR ADJUSTMENTS

In accordance with MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors, the change to be applied retrospectively. The effects of the restatement of the financial statements are summarised below:-

	As previously reported RM		Effect of Prior year adjustment RM	As restated RM
At 1 January 2017				
Statement of financial position (extract):				
The Group				
<i>Non-current assets</i>				
Property, plant and equipment	13,357,101	(v)	(1,158,724)	12,198,377
Prepaid lease payment	–	(v)	1,193,486	1,193,486
<i>Current assets</i>				
Other receivables, deposits and prepayments	6,206,767	(i)	(644,833)	5,561,934
<i>Equity</i>				
Reserves	(11,946,408)	(i), (ii), (v)	(627,104)	(12,573,512)
Non-controlling interest	(415,024)	(v)	17,033	(397,991)
The Company				
<i>Current assets</i>				
Other receivables, deposits and prepayments	709,344	(i)	(644,833)	64,511
<i>Equity</i>				
Reserves	29,192,743	(i), (ii)	(644,833)	28,547,910

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

40. PRIOR YEAR ADJUSTMENTS (CONT'D)

In accordance with MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors, the change to be applied retrospectively. The effects of the restatement of the financial statements are summarised below (Cont'd):-

	As previously reported RM		Effect of Prior year adjustment RM	As restated RM
At 31 December 2017				
Statement of financial position (extract):				
The Group				
<i>Non-current assets</i>				
Property, plant and equipment	13,871,249	(v)	(1,342,502)	12,528,747
Prepaid lease payment	–	(v)	1,382,777	1,382,777
<i>Current assets</i>				
Inventories	3,186,234	(iv)	(60,414)	3,125,820
Other receivables, deposits and prepayments	14,007,106	(i),(iii)	(709,952)	13,297,154
<i>Equity</i>				
Share capital	39,102,905	(ii)	99,367	39,202,272
Reserves	(8,656,595)	(i), (ii), (iii), (iv), (v)	(849,192)	(9,505,787)
Non-controlling interest	(1,025,180)	(v)	(19,734)	(1,044,914)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

40. PRIOR YEAR ADJUSTMENTS (CONT'D)

In accordance with MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors, the change to be applied retrospectively. The effects of the restatement of the financial statements are summarised below (Cont'd):-

	As previously reported RM		Effect of Prior year adjustment RM	As restated RM
<u>At 31 December 2017</u>				
The Company				
<i>Current assets</i>				
Other receivables, deposits and prepayments	939,624	(i)	(817,957)	121,667
<i>Equity</i>				
Share capital	39,102,905	(ii)	99,367	39,202,272
Reserves	28,720,250	(i), (ii)	(917,324)	27,802,926
Statement of profit or loss and other comprehensive income (extract):				
The Group				
Cost of sales (Note 42)	(16,518,148)	(iv)	(60,414)	(16,578,562)
Other income (Note 42)	9,345,371	(iii), (v)	113,518	9,458,889
Other operating expenses (Note 42)	(19,068,406)	(i)	(173,124)	(19,241,530)
Profit attributable to:				
Owners of the Company	3,303,125	(i), (iii), (iv), (v)	(122,721)	3,180,404
Non-controlling interest	1,440,204	(v)	2,701	1,442,905
	4,743,329			4,623,309
Total comprehensive income attributable to:				
Owners of the Company	3,289,813	(i), (iii), (iv), (v)	(122,721)	3,167,092
Non-controlling interest	1,440,204	(v)	2,701	1,442,905
	4,730,017			4,609,997

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

40. PRIOR YEAR ADJUSTMENTS (CONT'D)

In accordance with MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors, the change to be applied retrospectively. The effects of the restatement of the financial statements are summarised below (Cont'd):-

Statement of profit or loss and other comprehensive income (extract) (cont'd): At 31 December 2017	As previously reported RM		Effect of Prior year adjustment RM	As restated RM
The Company				
Other operating expenses	(698,234)	(i)	(173,124)	(871,358)

The prior year adjustments relate to the correction of errors as follows:

- (i) Listing expenses previously capitalised as prepayment since the financial year ended 31 December 2016. The amounts adjusted to reserves for 1 January 2017 and 31 December 2017 respectively.
- (ii) Warrant reserve for the issuance of Warrant C 2014/2019 was not created at its inception in financial year ended 31 December 2014. Accordingly, a warrant reserve was created from share premium and accumulated losses for 1 January 2017.

For the financial year 31 December 2017, RM99,367 was transferred from warrant reserve to share capital as a result of the exercise of warrants for the said year.

- (iii) Under-recognition of other income in financial year ended 31 December 2017 and over-recognition of income in financial year ended 31 December 2018 amounting to RM108,005.
- (iv) Over-recognition of inventories in financial year ended 31 December 2017 amounting to RM60,414.
- (v) Under-recognition of profit for the development of the prepaid lease payment for the financial year ended 31 December 2016 and 31 December 2017 respectively.

Accordingly, the cost was reclassified from property, plant and equipment to prepaid lease payment for 1 January 2017 and 31 December 2017 respectively.

The changes to non-controlling interest share of profits and changes to profit and comprehensive income attributable to owner was adjusted for the financial year ended 31 December 2017. The changes to non-controlling interest in the statement of financial statement is also adjusted for 1 January 2017 and 31 December 2017 respectively.

- (vi) Non-reversal of ESOS reserve where the granted options are forfeited upon the resignation of directors from the Group. Accordingly, RM1,742,417 was reversed from ESOS reserve and transferred to accumulated losses. This movement is purely in the reserves, as such, the adjustment is not presented in the analysis above.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

41. CHANGES IN ACCOUNTING POLICIES

Initial Application of MFRS 9

The Group has adopted MFRS 9 without restating any comparative information (transitional exemption). Therefore, the financial impacts arising from the new classification and measurement of financial instruments, and the new impairment requirements are not reflected in its consolidated statement of financial position as at 31 December 2017; but are recognised in the opening consolidated statement of financial position on 1 January 2018 (date of initial application of MFRS 9).

The Group

The Group has changed its impairment loss methodology from the 'incurred loss' approach to the 'expected credit loss' approach upon the adoption of MFRS 9. Under this new approach, the Group has accounted for the expected credit losses of its financial assets measured at amortised cost to reflect their changes in credit risk since initial recognition. Also, the Group has applied a simplified approach to measure the loss allowance of its trade and other receivables as permitted by MFRS 9. Consequently, a total increase of RM48,212 and RM44,250 in the loss allowance for trade and other receivables were recognised respectively in the opening retained profits of the Group at 1 January 2018.

The Company

There were no material financial impacts upon the transition to MFRS 9 at the date of initial application.

42. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:-

	As previously reported RM	As restated RM
Consolidated Statements of Financial Position (Extract):-		
Trade receivables	2,287,089	5,649,992
Other receivables	13,297,154	9,934,251
Consolidated Statement of Profit or Loss and Other Comprehensive Income (Extract):-		
Revenue	31,683,528	24,024,024
Cost of sales (Note 40)	(16,578,562)	(12,171,677)
Other operating income (Note 40)	9,458,889	17,118,393
Other operating expenses (Note 40)	(19,241,530)	(23,648,415)

ANALYSIS OF SHAREHOLDINGS

As at 29 MARCH 2019

SHARE CAPITAL

Issued and Fully Paid-up Capital	:	2,042,088,608
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

SHAREHOLDING DISTRIBUTION SCHEDULE

No. of Shareholders	Size of Shareholdings	No. of Shares Held	% of Shares
145	Less than 100	11,194	*
100	100 to 1,000	35,213	*
262	1,001 to 10,000	1,596,167	0.08
567	10,001 to 100,000	22,508,851	1.10
230	100,001 to less than 5% of issued shares	905,741,846	44.35
5	5% and above of the issued shares	1,112,195,337	54.46
1,309	TOTAL	2,042,088,608	100.00

* Less than 0.01%

LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)

	Name of Shareholders	No. of Shares Held	Percentage (%)
1.	Maybank Securities Nominees (Tempatan) Sdn Bhd - Exempt An for Maybank Kim Eng Securities Pte Ltd (A/C 649063)	465,266,172	22.78
2.	UOBM Nominees (Asing) Sdn Bhd - Exempt An for Sanston Financial Group Limited	264,449,040	12.95
3.	Affin Hwang Nominees (Asing) Sdn. Bhd. - Exempt An for Sanston Financial Group Limited (Account Client)	139,609,605	6.84
4.	DB (Malaysia) Nominee (Asing) Sdn Bhd - Exempt An for Nomura PB Nominees Ltd	137,103,830	6.71
5.	Cartaban Nominees (Asing) Sdn Bhd - Barclays Bank PLC (RE Equities)	105,766,690	5.18
6.	Citigroup Nominees (Asing) Sdn Bhd - UBS AG for Maybank Kim Eng Securities Pte Ltd	97,400,000	4.77
7.	HSBC Nominees (Asing) Sdn Bhd - TNC for CGS-CIMB Securities (Singapore) Pte Ltd	92,370,000	4.52
8.	Cartaban Nominees (Asing) Sdn Bhd - Exempt An for Standard Chartered Bank Singapore (EFGBHK-Asing)	81,943,200	4.01
9.	Maybank Securities Nominees (Asing) Sdn Bhd - Exempt An for Maybank Kim Eng Securities Pte Ltd (A/C 648849)	75,509,530	3.70
10.	M & A Nominees (Asing) Sdn Bhd - Exempt An for Sanston Financial Group Limited (ACCOUNT CLIENT)	56,885,050	2.79

ANALYSIS OF SHAREHOLDINGS (CONT'D)

LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER) (CONT'D)

	Name of Shareholders	No. of Shares Held	Percentage (%)
11.	UOBM Nominees (Tempatan) Sdn Bhd - <i>Exempt An for Sanston Financial Group Limited</i>	55,653,090	2.73
12.	MIDF Amanah Investment Nominees (Asing) Sdn Bhd - <i>for Members One Pty Ltd for Members One Ventures Fund</i>	54,043,220	2.65
13.	SJ Sec Nominees (Asing) Sdn Bhd - <i>Pledged Securities Account for Majority Securities Pty Ltd</i>	48,545,000	2.38
14.	HSBC Nominees (Asing) Sdn Bhd - <i>Exempt An for Credit Suisse Securities (Europe) Limited</i>	33,287,800	1.63
15.	UOB Kay Hian Nominees (Asing) Sdn Bhd - <i>Exempt An for UOB Kay Hian Pte Ltd (A/C CLIENT)</i>	32,923,200	1.61
16.	Kenanga Nominees (Asing) Sdn Bhd - <i>Exempt An for Monex Boom Securities (HK) Limited</i>	28,038,110	1.37
17.	JF Apex Nominees (Tempatan) Sdn Bhd - <i>Pledged Securities Account for Cheng Kim Liang (Margin)</i>	18,654,100	0.91
18.	JF Apex Nominees (Tempatan) Sdn Bhd - <i>Pledged Securities Account for Tan Kim Yin (Margin)</i>	18,394,600	0.90
19.	JF Apex Nominees (Tempatan) Sdn Bhd - <i>Pledged Securities Account for Kua Khai Shyuan (Margin)</i>	17,550,500	0.86
20.	JF Apex Nominees (Tempatan) Sdn Bhd - <i>Pledged Securities Account for Ho Jien Shiung (Margin)</i>	17,514,690	0.86
21.	Malacca Equity Nominees (Tempatan) Sdn Bhd - <i>Pledged Securities Account for Tai Yok Yen</i>	12,200,000	0.60
22.	Piong Yon Wee	11,839,380	0.58
23.	Kretella Asia Limited	8,677,460	0.42
24.	Malacca Equity Nominees (Tempatan) Sdn Bhd - <i>Pledged Securities Account for Piong Yon Wee</i>	8,000,000	0.39
25.	Cimsec Nominees (Asing) Sdn Bhd - <i>Exempt An for CGS-CIMB Securities (Singapore) Pte Ltd (RETAIL CLIENTS)</i>	7,698,600	0.38
26.	DB (Malaysia) Nominee (Asing) Sdn Bhd - <i>Deutsche Bank AG London (DB LN EQ HSE CE)</i>	6,080,000	0.30
27.	Kong Kok Keong	6,020,200	0.29
28.	JF Apex Nominees (Asing) Sdn Bhd - <i>Exempt An for Sanston Financial Group Limited (ACCOUNT CLIENT)</i>	5,700,000	0.28
29.	Affin Hwang Nominees (Tempatan) Sdn Bhd - <i>Pledged Securities Account for Cheng Mun Leong (CHE0525C)</i>	4,786,000	0.23
30.	Lai Yee Voon	3,954,400	0.19
	Total	1,915,863,467	93.81

ANALYSIS OF SHAREHOLDINGS (CONT'D)

SUBSTANTIAL SHAREHOLDERS

	NAME OF SHAREHOLDERS	DIRECT	NO. OF SHARES HELD		%
			%	INDIRECT	
1.	Asiabio Capital Sdn Bhd	500,307,692	24.50	—	—
2.	Fintec Global Berhad	—	—	500,307,692	24.50

DIRECTORS' SHAREHOLDINGS

	NAME OF DIRECTORS	DIRECT	NO. OF SHARES HELD		%
			%	INDIRECT	
1.	Leung Kok Keong	—	—	—	—
2.	Tay Ben Seng, Benson	41,933,380	2.05	—	—
3.	Chang Yun Lung	—	—	—	—
4.	Abdul Menon Bin Arsad @ Abdul Manan Bin Arshad	—	—	—	—
5.	Tan Aik Heang	—	—	—	—

Deemed interest through the shares held by Asiabio Capital Sdn Bhd, the wholly-owned subsidiary of Fintec Global Berhad.

ANALYSIS OF WARRANT C HOLDINGS

As at 29 MARCH 2019

No. of Warrants	:	2,722,100
Exercise Price of Warrants	:	RM0.05
Exercise Period of Warrants	:	7 November 2014 to 6 November 2019
Exercise Rights	:	Each warrant entitles the holder to subscribe for one new ordinary share in the Company
Voting Rights in the Meeting of Warrant Holders	:	One vote per warrant holder on a show of hands One vote per warrant on a poll
Number of Warrant Holders	:	167

WARRANT DISTRIBUTION SCHEDULE

No. of Warrantholders	Size of Warrant holdings	No. of Warrants Held	% of Warrant
69	Less than 100	3,844	0.14
42	100 to 1,000	7,080	0.26
18	1,001 to 10,000	66,862	2.46
30	10,001 to 100,000	1,071,024	39.35
2	100,001 to less than 5% of issued shares	240,665	8.84
6	5% and above of the issued shares	1,332,625	48.96
167	TOTAL	2,722,100	100.00

LIST OF 30 LARGEST WARRANT C ACCOUNT HOLDERS (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)

	Name of Warrantholders	No. of Warrants Held	Percentage (%)
1.	Hian Bee Geok	285,000	10.47
2.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lee Eng Kee (E-KBU)	228,000	8.38
3.	RHB Nominees (Tempatan) Sdn. Bhd. - Amara Investment Management Sdn Bhd for Lim Soo Ka	228,000	8.38
4.	Heng Ding Ding	211,500	7.77
5.	Chen Lee Han	190,125	6.98
6.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chow Soong Ming (E-SS2)	190,000	6.98
7.	C.K. Lim Realty Sdn Bhd	126,665	4.65
8.	Teo Boon Chong	114,000	4.19
9.	Seet Soon Hup	95,000	3.49
10.	Public Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Liew Kian Sin (E-JBU/PNS)	83,600	3.07
11.	Chan Kam Chee	76,000	2.79

ANALYSIS OF WARRANT C HOLDINGS (CONT'D)

LIST OF 30 LARGEST WARRANT C ACCOUNT HOLDERS (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER) (CONT'D)

	Name of Warrantholders	No. of Warrants Held	Percentage (%)
12.	Lee Mow Fatt	65,443	2.40
13.	Budiono bin Ahmad	63,332	2.33
14.	Chaw Yoke Ling	63,332	2.33
15.	Public Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Ng Chap Yan @ Ng Chip Lam (E-SGM)	57,000	2.09
16.	Teo Siew Lai	53,200	1.95
17.	Po Yoke Chin	50,665	1.86
18.	Loh Soh Hong	38,000	1.40
19.	Maybank Nominees (Tempatan) Sdn. Bhd. - Lam Choy Choo	38,000	1.40
20.	Ng Choo Ting (Ling) Ng Chor Teng	38,000	1.40
21.	Tan Shang Nuan	38,000	1.40
22.	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Md Aziman bin Abd Aziz	34,200	1.26
23.	Tan Hui Kee	25,332	0.93
24.	Lai Wee Meng	20,000	0.73
25.	HLIB Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Cha Soon Wen (CCTS)	19,000	0.70
26.	HLIB Nominees (Tempatan) Sdn. Bhd. - Hong Leong Bank Bhd for Tan Syea Chee	19,000	0.70
27.	Maizurah @ Maizura binti Mahzan	19,000	0.70
28.	Maybank Nominees (Tempatan) Sdn. Bhd. - Tan Kang Pan	19,000	0.70
29.	Ng Kim Seng	19,000	0.70
30.	Ooi Lee Ching	19,000	0.70
	Total	2,526,394	92.83

DIRECTORS' WARRANTHOLDINGS

	NAME OF DIRECTORS	DIRECT	NO. OF WARRANTS HELD		%
				INDIRECT	
1.	Leung Kok Keong	-	-	-	-
2.	Tay Ben Seng, Benson	-	-	-	-
3.	Chang Yun Lung	-	-	-	-
4.	Abdul Menon Bin Arsad @ Abdul Manan Bin Arshad	-	-	-	-
5.	Tan Aik Heang	-	-	-	-

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CDS ACCOUNT NO.																				
NO. OF SHARES HELD																				

FORM OF PROXY

I/We
(FULL NAME IN BLOCK LETTERS)

(NRIC No./Passport No./Company Registration No)

of
(FULL ADDRESS)

being a member/members of **FOCUS DYNAMICS GROUP BERHAD**, hereby appoint

Name of Proxy	NRIC No./Passport No.	% of Shareholding to be Represented
Address		

and/or failing him/her

Name of Proxy	NRIC No./Passport No.	% of Shareholding to be Represented
Address		

and/or failing him/her

Name of Proxy	NRIC No./Passport No.	% of Shareholding to be Represented
Address		

or failing him, the **CHAIRMAN OF THE MEETING** as my/our proxy to vote for me/us on my/our behalf at the Sixteenth Annual General Meeting ("16th AGM") of the Company to be held at Theatre Room, 4th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on **Wednesday, 29 May 2019 at 10.00 a.m.** and at any adjournment thereof.

In case of a vote taken by a show of hands. "First Proxy "A"/" Second Proxy "B"/" Third Proxy "C" shall vote on my/our behalf.

My/our proxy/proxies shall vote as follows:

Please indicate with an "X" in the space provided below how you wish your votes to be casted. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting his discretion.

No.	Agenda								
1	To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon								
		Resolution	First Proxy "A"		Second Proxy "B"		Third Proxy "C"		
			For	Against	For	Against	For	Against	
	ORDINARY RESOLUTIONS								
2	To approve the payment of Directors' Fee for the financial year ended 31 December 2018	1							
3	To approve the payment of Directors' Fee for the financial year ending 31 December 2019	2							
4	Re-election of Encik Abdul Menon Bin Arsad @ Abdul Manan Bin Arshad	3							
5	Re-election of Mr Chang Vun Lung	4							
6	Re-appointment of Auditors	5							
7	Proposed Directors' Benefits	6							
8	Proposed Directors' Benefits	7							
9	Retention of Independent Director	8							
10	Authority to Issue Share Pursuant to Section 75 and 76 of the Companies Act 2016	9							
	SPECIAL RESOLUTION								
11	Adoption of New Constitution of the Company	1							

* Strike out whichever not applicable

As witness *my/our hand this _____ day of _____

Signature of Member/Common Seal



Fold this flap for sealing

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AFFIX
STAMP

The Company Secretary

FOCUS DYNAMICS GROUP BERHAD

(Company No. 582924-P)
No. 2-1 Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan (KL)

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NOTES:-

1. A member of the Company who is entitled to attend, speak and vote at this 16th AGM may appoint a proxy to attend, speak and vote on his behalf. A proxy may not be a member of the Company and a member may appoint any person to be his proxy without limitation.
2. Where a member of the Company appoints up to three (3) proxies to attend at the same meeting, he shall specify in the instrument of proxy the proportions of his shareholdings to be represented by each proxy. He must also specify which proxy is entitled to vote on a show of hands and only one (1) of those proxies is entitled to vote on a show of hands.
3. Where a member of the Company is an authorized nominee as defined under the Securities Industry (Central Depository) Act, 1991 ("SICDA"), he may appoint up to three (3) proxies in respect of each security account it holds with ordinary shares of the Company standing to the credit of the said security account.
4. Where a member of the Company is an exempt authorised nominee holding ordinary shares in the Company for multiple beneficial owner 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. An exempt authorised nominee refers to an authorised nominee defined under the SICDA who is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
5. The instrument appointing a proxy shall be in writing by the appointer or an attorney duly authorized in writing or, if the appointer is a corporation, whether under its seal or by an officer or attorney duly authorised.
6. The instrument appointing either a proxy, a power of attorney or other authorities, where it is signed or certified by a notary as a true copy shall be deposited at the Registered Office of the Company at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than 48 hours before this 16th AGM or at any adjournment thereof, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid.
7. In respect of deposited securities, only members whose names appear in the Record of Depositors on 17 May 2019 ("General Meeting Record of Depositors") shall be eligible to attend, speak and vote at this 16th AGM.
8. Any alteration in the form of proxy must be initialed.
9. Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.



www.focusdynamics.com.my

FOCUS DYNAMICS GROUP BERHAD
(582924-P)

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