

Focus Dynamics Technologies Berhad
(Company No: 582924-P)
Interim Financial Reports for the 3rd quarter ended 30 April 2006

A. EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD (“FRS’) 134 INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The interim report is prepared in accordance with FRS134 “Interim Financial Reporting” and the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market.

The accounting policies and methods of computation adopted by the Company in this interim financial report are consistent with those adopted for the last annual financial statements for the year ended 31 July 2005.

A2. Audit Report of the Preceding Annual Financial Statements

The audit report for the annual financial statements of the Company and its subsidiaries for the financial year ended 31 July 2005 were not subject to any qualification.

A3. Seasonality or Cyclicity of Operations

The Group's business operation results were not materially affected by any major seasonal or cyclical factors.

A4. Unusual Items affecting Assets, Liabilities, Equity, Net Income or Cash Flows

During the current quarter under review, there were no items or events that arose, which affected the assets, liabilities, equity, net income or cash flows, to the effect that is unusual nature, size or incidence.

A5. Material Changes in Estimates

There were no changes in estimates of amounts reported that have material effect on the results for the current quarter under review.

A6. Issuances, Cancellations, Repurchase, Resale and Repayments of Debt and Equity Securities

Save as disclosed below, there were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities during the current quarter under review:

The Company undertook an Initial Public Offering, which involved the following:-

- (i) Public issue of 11,500,000 new ordinary shares of RM0.10 each at an issue price of RM0.72 per share comprising:
 - (a) 2,000,000 new ordinary shares of RM0.10 each by the Malaysian public;
 - (b) 8,500,000 new ordinary shares of RM0.10 each by way of private placement; and
 - (c) 1,000,000 new ordinary shares of RM0.10 each by directors and employees
- (ii) Bonus issue of 37,398,890 new ordinary shares of RM0.10 each in the company to be capitalised from the share premium account arising from the public issue on the basis of one (1) new ordinary share of RM0.10 each for each ordinary share of RM0.10 each held after the public issue but prior to the listing.

A7. Valuation of Property, Plant and Equipment

There were no changes in the valuation of the property, plant and equipment reported in the previous audited financial statements that will have effect in the current financial quarter under review.

A8. Dividend

No dividend has been declared or paid during the current quarter under review.

A9. Segmental Information

The Company is principally an investment holding company. The Group principally engaged in the manufacturing, marketing, distribution and sale of industrial instruments for the control of industrial machines and process, R&D of variable speed drive, providing a range of support services covering project management services, maintenance support, engineering conceptualisation, system audit, energy saving services and other related support services which are substantially within a single business segment, and therefore, segmental reporting is deemed not necessary.

Segmental revenue and results in geographical areas of the Group for the current quarter and current year to date 30 April 2006 is as follows:

	Current Quarter 30/04/2006 RM'000	Current Year To Date 30/04/2006 RM'000
Segment Revenue		
Domestic	1,047	4,617
Export	619	1,611
Total revenue	<u>1,666</u>	<u>6,228</u>
Segment Results		
Domestic	100	950
Export	141	389
	<u>241</u>	<u>1,339</u>
Interest income	44	65
Interest expenses	(42)	(149)
Taxation	(13)	(131)
Minority Interest	-	-
Net profit attributable to shareholders	<u>230</u>	<u>1,124</u>

Segmental total assets in geographical areas of the Group are as follows:

	As at end of current quarter 30/04/2006 RM'000	As at preceding financial year ended 31/07/2005 RM'000
Total assets		
Domestic	15,497	11,190
Export	-	-
Total assets	<u>15,497</u>	<u>11,190</u>

A10. Material Events Subsequent to the End of the Interim Reporting Period

There were no material events subsequent to the current financial quarter ended 30 April 2006 up to the date of this report, which is likely to substantially affect the results of the operations of the Company.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the quarter under review.

A12. Contingent Liabilities

Save as disclosed in Note B11, there were no material contingent liabilities or contingent assets as at 30 April 2006 and up to the date of this report.

A13. Capital Commitments

There were no material capital commitments as at 30 April 2006 and up to the date of this report.

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B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”)

B1. Review of Performance

For the nine (9) months period ended 30 April 2006, the Group recorded a turnover of RM6.23 million and PBT of RM1.26 million. This was mainly attributed to the contribution of existing projects for energy efficiency system implementation.

For the current quarter under review, the Group achieved a revenue and profit before taxation of RM1.67 million and RM0.24 million respectively mainly attributed to the implementation of existing projects for energy efficiency system.

B2. Comparison of Current Quarter Results with the Preceding Quarter

	3rd quarter ended 30 April 2006 RM'000	2nd Quarter ended 31 January 2006 RM'000
Revenue	1,666	2,349
Profit before taxation	243	433

The revenue for the 3rd quarter of 2006 decreased by RM0.68 million or 29.0% to RM1.66 million mainly due to lower contributions from existing major projects which have been delayed in order to meet customer's operational requirement.

Correspondingly, the Group also recorded lower profit before taxation for the 3rd quarter of 2006, which represent decrease of RM0.19 million or 43.9% compared with the previous quarter.

B3. Prospects for the Current Financial Year

Barring any unforeseen circumstances, the Board is confident and optimistic that the performance of the Group will be satisfactory for the financial year ending 31 July 2006. The Group has sufficient outstanding order backlogs for energy efficiency projects, which will contribute positively to the performance of the Group.

B4. Variance on Profit forecast and Profit Guarantee

The Group has not provided any profit forecast or profit guarantee in a public document.

B5. Taxation

In respect of the current period:

**Current quarter
30/04/2006
RM'000**

Income tax expense	<u>13</u>
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The effective tax rate for the current period under review was lower than the applicable tax rate of 20% mainly due to one of the subsidiaries in the Group was granted Pioneer Status in principle under the Promotion of Investments Act, 1986 by the Ministry of International Trade and Industry. The approved Pioneer status is granted for the period from 1 February 2002 to 31 January 2007.

B6. Profit on Sale of Unquoted Investment and/or Properties

There was no disposal of unquoted investment or properties during the financial quarter under review.

B7. Purchase and Disposal of Quoted Securities

There was no purchase or disposal of quoted securities during the financial quarter under review.

B8. Status of Corporate Proposals

There were no corporate proposals announced but not yet completed in the current quarter under review.

B9. Group Borrowings and Debt Securities

Particulars of the Group's borrowings as at 30 April 2006 are as follows:

	RM'000
Short term borrowings	
Bank overdrafts - secured	146
Bills payable - secured	600
ECR financing facility - secured	344
Bankers' acceptance - secured	618
Hire purchase - unsecured	<u>64</u>
	1,772
Long term borrowings	
Hire purchase - unsecured	242
Total Borrowings	<u>2,014</u>

The Group does not have any foreign borrowings as at the date of this report.

B10. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at the date of this report.

B11. Material Litigation

Save as disclosed below, as at 31 March 2006, we are not involved in any litigation, either as plaintiff or defendant, which has a material effect on our financial position and our Directors have no knowledge of any proceedings pending or threatened or any facts likely to give rise to any proceedings which might materially and adversely affect our financial position or business:

On 27 September 2005, FDD ("Defendant") was served with a Writ of Summons dated 12 September 2005 together with a Statement of Claims dated 9 September 2005 by Bridex Singapore Pte Ltd ("Bridex") ("Plaintiff") claiming for a sum of RM254,591.42 (equivalent to USD67,539.84 at the conversion rate of USD1 to RM3.769) for the refund of the purchase price paid in respect of ten (10) units of MX3 227+F+C and six (6) units of MX3 330+F+C for Project T2 A&A, Changi Airport and RM36,028.88 (equivalent to USD9,558.00 at the conversion rate of USD1 to RM3.769) for the refund of purchase price paid in respect of six (6) units of MX3 21 and five (5) units of MX3 29 for Project DSTA and two (2) units of MX3 75 for Project GE Aviation and on general damages, interests, costs and any other relief deemed fit and proper by the Court.

Messrs Saw & Co, the solicitors of FDD have filed a Statement of Defence dated 18 October 2005 with the High Court of Malaysia in Kuala Lumpur, refuting the claims made by the Plaintiff. The Defendant is claiming that on inspection of three (3) units of MX3 227, it was discovered that the first unit had been opened and the DCCT and fan cable had been disconnected, the second unit had metal chips and cable tie in the fan compartment and metal nuts on the heatsink implying that during installation of the unit, chips from the drilling had entered the unit and caused a short circuit on the PCB Board causing the gate driver/IGBT to fail, the third unit was found to contain metal chips in the fan compartment and the ribbon cable was disconnected. When the ribbon cable was reconnected, the unit worked. As the Defendant is of the opinion that the three (3) units in question were mishandled either by third parties or the Plaintiff, the warranty given on those three (3) units were void. The case has been fixed for hearing on 21 March 2006 for our application against the plaintiff for security for costs. The hearing was carried out and the registrar has reserved her decision for the 13 April 2006. As a result, the Senior Assistant Registrar has ordered the Plaintiff to pay RM50,000 into Court. In the meantime, the Plaintiff has filed an appeal to the decision and the Court has fixed on 24 July 2006 as the Hearing date for the Plaintiff's appeal.

B12. Dividend

No dividend has been declared or paid during the current quarter under review.

B13. Earnings Per Share

The earnings per share for the current year to date is calculated by dividing the net profit attributable to shareholders of RM229,554 by the weighted average number of Focus shares in issue.

	Current quarter 30/04/2006	Current year to-date 30/04/2006
Net profit (RM)	229,554	1,124,374
Weighted average no. of ordinary shares in issue	75,080,926	59,927,450
Basic Earnings per Ordinary Shares (sen)	0.31 sen	1.88 sen

B14. Utilisation of IPO Proceeds

The status of the utilisation of the proceeds raised from the Public Issue pursuant to the listing of the Company on the MESDAQ Market of Bursa Securities amounting to RM8.28 million as at 30 April 2006 is as follows:-

Details of utilisation	Proposed Utilisation	Utilised as of 30/04/06	Balance
	RM'000	RM'000	RM'000
Part finance acquisition of corporate office cum factory building	1,300	-	1,300
Research and expenditure	1,500	171	1,329
Marketing expenditure	650	36	614
Set-up costs for overseas sales and marketing office	550	13	537
Working capital	2,480	2,480	=
Listing expenses	1,800	1,799	1
	8,280	4,499	3,781