

**Focus Dynamics Technologies Berhad (“Focus” or the “Company”)
(Company No: 582924-P)
Interim Financial Reports for the 4th quarter ended 31 July 2007**

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

A1. Basis of Preparation

(a) The interim financial statements are unaudited and have been prepared in compliance with FRS 134 Interim Financial Reporting and Appendix 9B of the Listing Requirements of the Bursa Malaysia Securities Berhad for the MESDAQ Market.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 July 2006 except for the adoption of the following new/revised FRS effective for financial period beginning 1 January 2006.

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale And Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of all of the above FRS does not have any significant financial impact on the Company and its subsidiaries (“Group”) except for the FRS 3, Business Combinations.

The adoption of FRS 3 resulted in a change in accounting policy for goodwill.

Under FRS 3, the acquirer shall measure goodwill acquired in a business combination at cost less any accumulated impairment losses.

(a) (Cont'd)

In accordance with the provisions of FRS 3, the goodwill of RM2,209,793 arising from acquisition of the new subsidiary (DPC Industrial Systems Sdn. Bhd.) during the 3rd quarter ended 30 April 2007, has been stated at cost less accumulated impairment losses, if any.

(b) The accounting policies and method of computation adopted by the Group in the 4th Quarter ended 31 July 2007 are consistent with those adopted for the 3rd Quarter ended 30 April 2007.

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 2006 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

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities during the current quarter under review.

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 by the Company during the current quarter under review.

A9. Segmental Information

The Company is principally an investment holding company. The Group is 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, business 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 for 31 July 2007 are as follows:

	Current Quarter 31/07/2007 RM'000	Current Year To Date 31/07/2007 RM'000
Segment Revenue		
Domestic	5,836	13,537
Export	427	1,330
Total revenue	<u>6,263</u>	<u>14,867</u>
Segment Results		
Domestic	634	968
Export	16	99
	<u>650</u>	<u>1,067</u>
Interest income	12	59
Interest expenses	(56)	(201)
Share of results of associated companies	(11)	(10)
Taxation	(185)	(393)
Minority Interest	-	-
Net profit attributable to shareholders	<u>410</u>	<u>522</u>

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

	As at end of current quarter 31/07/2007 RM'000	As at preceding financial year ended 31/07/2006 RM'000
Total assets		
Domestic	22,755	16,594
Export	5	-
Total assets	<u>22,760</u>	<u>16,594</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 31 July 2007 up to the date of this report, which is likely to substantially affect the results of the operations of the Company, which have not been announced.

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 31 July 2007 and up to the date of this report.

A13. Capital Commitments

Save as disclosed below, there are no material capital commitments as at 31 July 2007 and up to the date of this report:

A Sales and Purchase Agreement (“SPA”) was signed on 5 July 2007 by Focus Dynamics Drives Sdn. Bhd., a wholly-owned subsidiary of Focus, to acquire a parcel of land in Mukim Damansara, District of Petaling, State of Selangor for a cash consideration of RM2,120,508. As at 31 July 2007, only 10% of the consideration, i.e. RM212,051 was paid to the vendor. The balance of the purchase consideration shall be paid within 90 days from the date of the SPA.

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

B1. Review of Performance

For the financial year ended (“FYE”) 31 July 2007, the Group recorded revenue of RM14.87 million, which is 58.63% higher than the revenue for FYE 31 July 2006 of RM9.37 million. The increase in revenue was primarily contributed by Focus’s newly acquired subsidiary, i.e. DPC Industrial Systems Sdn Bhd (“DPC”), implementation of existing projects for energy efficiency applications systems and new electrification projects works undertaken by the Group. However, the Group’s profit before tax (“PBT”) of RM0.92 million for the financial year under review represents 44.78% decrease in PBT as compared to the FYE 31 July 2006. The reduction in PBT was primarily due to lower margins from market segments, higher operating expenses incurred, increase in payroll and set-up costs for overseas sales and marketing office.

For the current quarter ended 31 July 2007, the Group recorded revenue of RM6.26 million, which represent an increase of 99.36% as compared to RM3.14 million in the preceding year’s corresponding quarter. The Group also posted a PBT of RM0.59 million for the current quarter as compared to the PBT of RM0.44 million in the preceding year’s corresponding quarter, an increase of 34.09%. These were mainly attributed to the contribution from DPC, implementation of existing projects for energy efficiency applications systems and new electrification projects works undertaken by the Group.

B2. Comparison of Current Quarter Results with the Preceding Quarter

	4th Quarter ended 31 July 2007 RM’000	3rd Quarter ended 30 April 2007 RM’000
Revenue	6,263	2,022
Profit/(Loss) before taxation	595	(76)

For the financial quarter ended 31 July 2007, the Group recorded revenue of RM6.26 million, representing an increase of 209.74%. Besides, the Group recorded PBT of RM0.60 million, as compared to loss before taxation of RM76,000 in the preceding quarter. The significant increase in revenue and PBT was mainly contributed by DPC.

B3. Prospects for the Financial Year ending 31 July 2008

Barring any unforeseen circumstances, the Board expects that the performance of the Group will be satisfactory for the financial year ending 31 July 2008, in view of the impending concern on higher energy costs in Malaysia.

B4. Variance on Profit Forecast, Profit Guarantee and Internal Targets

The Group has not provided any profit forecast, profit guarantee or internal targets in a public document or any announcement.

B5. Taxation

	Current Quarter 31/07/2007 RM'000	Current Year To Date 31/07/2007 RM'000
Income tax expense	185	393

The effective tax rate for the current quarter under review was higher than the statutory tax rate of 27% for Year of Assessment 2007 mainly due to a loss of approximately RM146,000 incurred by a subsidiary company, Focus Dynamics Centre Sdn. Bhd., which was not allowed to set-off against the profits from related corporations of the Group for tax purpose.

The Group's tax charge for the twelve months period ended 31 July 2007 was higher than the statutory tax rate due to certain expenses not allowed for tax purpose and slightly offset by one of the subsidiaries in the Group, Focus Dynamics Drives Sdn. Bhd., been granted Pioneer Status under the Promotion of Investments Act, 1986 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 and financial year-to-date.

B7. Purchase and Disposal of Quoted Securities

There was no purchase or disposal of quoted securities during the financial quarter under review and financial year-to-date.

B8. Status of Corporate Proposals

Save as disclosed below, as at 27 September 2007, there were no corporate proposals announced but not yet completed:

(a) The Company had on 22 August 2006 entered into a Memorandum of Understanding ("MOU") with Wakong International Group Corporation Limited ("Wakong") to set up a joint venture company in China for the setting of production and sales of variable speed motors and electronic soft motors (industrial control products).

Status of Corporate Proposals (Cont'd)

(a) (Cont'd)

The Company is still in the midst of finalising the formal joint venture agreement with Wakong. An announcement will be made once the formal joint venture agreement is executed.

(b) The Company had on 1 August 2007 announced that the Company proposes to issue new ordinary shares of RM0.10 each in the Company not exceeding ten percent (10%) of the issued and paid-up share capital through a private placement exercise. All the necessary approvals have been obtained. However, todate, no tranches have been placed.

B9. Group Borrowings and Debt Securities

Particulars of the Group's borrowings as at 31 July 2007 are as follows:

	RM'000
Short term borrowings	
Export Credit Refinancing facility - secured	947
Bankers' acceptance - secured	2,477
Hire purchase - unsecured	88
	<hr/> 3,512
Long term borrowings	
Hire purchase - unsecured	256
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Total Borrowings	<hr/> 3,768 <hr/>

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 27 September 2007, the Group is not involved in any litigation, either as plaintiff or defendant, which has a material effect on the financial position and the 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 the financial position or business:

Material Litigation (Cont'd)

On 27 September 2005, Focus Dynamics Drives Sdn Bhd ("FDD") ("Defendant"), a wholly-owned subsidiary of Focus Dynamics Technologies Berhad ("Focus"), 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 Defence Science and Technology Agency 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. The maximum exposure to liabilities of Focus is estimated at RM290,620.30 (equivalent to USD77,097.84 at the conversion rate of USD1 to RM3.769), excluding the interest and legal cost.

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 Direct Current Transformer 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 Printed Circuit Board causing the gate driver/Inverse Gate Bipolar Transistor 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.

The Directors of Focus are of the opinion that FDD has a good chance of succeeding given that the three (3) units in question were mishandled either by third parties or the Plaintiff, and thus, the warranty given on those three (3) units should be void. The trial dates for this case have been fixed for 30 and 31 March 2009.

B12. Dividend

No dividend has been declared or paid during the current quarter under review and financial year-to-date.

B13. Earnings Per Share

The earnings per share for the current quarter and current year to date is calculated by dividing the net profit attributable to shareholders of RM410,367 and RM522,483, by the weighted average number of shares in issue of 94,497,225 Focus shares respectively.

	Current quarter 31/07/2007	Preceding year corresponding quarter 31/07/2006	Current year to- date 31/07/2007	Preceding year corresponding period 31/07/2006
Net profit (RM)	410,367	350,830	522,483	1,471,314
Weighted average no. of ordinary shares in issue	94,497,225	94,497,225	94,497,225	94,497,225
Basic Earnings per Ordinary Shares (sen)	0.43	0.37	0.55	1.56

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 31 July 2007 is as follows:

Purpose	Proposed Utilisation	Actual Utilisation	Intended Time Frame for Utilisation	Deviation Amount		Explanation
	RM'000	RM'000		RM'000	%	
Part finance land acquisition for construction of a corporate office cum factory building	1,300	286	By financial year ending ("FYE") 31 July 2008	1,014	78	FOCUS is currently reviewing construction plan with architect and expects submission of plan to Majlis Bandaraya Shah Alam by November 2007.
Research and Development	1,500	1,485	Balance to be utilised by FYE 2008	15	1	-
Marketing Expenditure	650	91	Balance to be utilised by FYE 2008	559	86	-
Set-up costs for overseas sales and marketing office	550	143	Balance to be utilised by FYE 2008	407	74	FOCUS has entered MOU with Wakong International Group Corporation Limited for sales and production facilities in China.
Working Capital	2,480	2,480		-	-	-
Listing expenses *	1,800	1,800		-	-	

Note: * The variation in the actual listing expenses from the estimated amount had been utilised for working capital.