

**Focus Dynamics Technologies Berhad (“Focus” or the “Company”)
(Company No: 582924-P)
Interim Financial Reports for the 1st quarter ended 31 October 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 (“Bursa Securities”) for the MESDAQ Market.

(b) The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 July 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 2007 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.

On 11 September 2007, the Company completed a rights issue exercise with the listing and quotation of 47,248,612 warrants on the MESDAQ Market of Bursa Securities.

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 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 subsidiaries are principally engaged in the manufacturing, marketing, distribution and sale of industrial instruments for the control of industrial machines and process, research and development 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 Information (Cont'd)

Segmental revenue and results in geographical areas of the Company and its subsidiaries ("Group") for the current quarter and current year to date for 31 October 2007 are as follows:

	Current Quarter 31/10/2007 RM'000	Current Year To Date 31/10/2007 RM'000
Segment Revenue		
Domestic	4,799	4,799
Export	849	849
Total revenue	<u>5,648</u>	<u>5,648</u>
Segment Results		
Domestic	461	461
Export	113	113
	<u>574</u>	<u>574</u>
Interest income	12	12
Interest expenses	(46)	(46)
Share of results of associated company	14	14
Taxation	(134)	(134)
Minority Interest	-	-
Net profit attributable to shareholders	<u>420</u>	<u>420</u>

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

	As at end of current quarter 31/10/2007 RM'000	As at preceding financial year ended 31/07/2007 RM'000
Total assets		
Domestic	24,893	23,111
Export	4	5
Total assets	<u>24,897</u>	<u>23,116</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 October 2007 and 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

Save as disclosed below, there are no changes in the composition of the Group during the quarter under review:

- (a) Focus Dynamics Centre Sdn. Bhd. ("FDC"), a wholly-owned subsidiary of Focus, had on 12 September 2007 disposed 36,000 ordinary shares of RM1 each in SPC Sawit Sdn. Bhd. ("SPC Sawit"), formerly known as UTE Power Sdn. Bhd., representing a 36% of interest in SPC Sawit for a consideration of RM36,000 to Serba Sawit Sdn. Bhd. ("Serba Sawit"). FDC has also entered into a call option agreement with Serba Sawit, to grant a call option to Serba Sawit over the balance of 13,000 ordinary shares of RM1 each, representing the remaining 13% interest in SPC Sawit.

- (b) Focus had on 11 October 2007 subscribed for 100 ordinary shares of Hong Kong Dollar ("HKD") 1.00 each in Elpower Holdings Limited ("Elpower"), a company incorporated in Hong Kong, for a total cash consideration of RM25,000. This represents a 100% interest by Focus in Elpower.

A12. Contingent Liabilities

Save as disclosed in Note B11, there were no material contingent liabilities or contingent assets as at 31 October 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 October 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 October 2007, only 15% of the consideration, i.e. RM318,007 was paid to the vendor. The balance of the purchase consideration shall be paid upon completion of all the terms and conditions under the SPA.

**Focus Dynamics Technologies Berhad (“Focus” or the “Company”)
(Company No: 582924-P)
Interim Financial Reports for the 1st quarter ended 31 October 2007**

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

B1. Review of Performance

For the three (3) months period ended 31 October 2007, the Group recorded a total revenue of RM5.65 million, as compared to RM2.81 million for the corresponding period in the preceding year, an increase of 101.12%. 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.

The Group’s profit before taxation of RM0.55 million for the three (3) months period ended 31 October 2007 as compared to RM0.26 million for the corresponding period in the preceding year, represents an increase of 109.84%, was mainly due to increase of contribution from DPC.

B2. Comparison of Current Quarter Results with the Preceding Quarter

	1st Quarter ended 31 October 2007 RM’000	4th Quarter ended 31 July 2007 RM’000
Revenue	5,648	6,263
Profit before taxation	554	595

For the financial quarter ended 31 October, 2007, the Group recorded a revenue of RM5.65 million, representing a decrease of 9.82% compared to the 4th quarter ended 31 July 2007. The Group also recorded a profit before taxation of RM0.55 million, which was 6.89% lower as compared to RM0.59 million in the 4th quarter ended 31 July 2007. The lower profit before taxation was due to the decrease in revenue registered for the financial quarter ended 31 October 2007.

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 31/10/2007 RM'000	Current Year To Date 31/10/2007 RM'000
Income tax expense	134	134

The effective tax rate for the current quarter under review was higher than the statutory tax rate for Year of Assessment 2008 (20% is applied for subsidiaries of Focus with paid up capital of not more than RM2.5 million and chargeable income of RM500,000) mainly due to certain expenses which were not allowed to set-off against the profits for tax purposes.

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

Save as disclosed below, there was no disposal of unquoted investment or properties during the financial quarter under review and financial year-to-date.

FDC, a wholly-owned subsidiary of Focus, had on 12 September 2007 disposed 36,000 ordinary shares of RM1 each in SPC Sawit, formerly known as UTE Power Sdn. Bhd., representing a 36% of interest in SPC Sawit for a consideration of RM36,000 to Serba Sawit. No profit arose from this transaction as the shares were disposed at cost.

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 28 December 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).

The Company had on 7 November 2007 further announced that both parties have agreed on 6 November 2007 not to proceed further in relation to the terms and reference of the MOU.

- (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 ("Private Placement").

Status of Corporate Proposals (Cont'd)

(b) (Cont'd)

The Company had on 26 October 2007 further announced that the Board has fixed the placement price at RM0.26 per share pursuant to the Private Placement which represents a discount of approximately 7.14% from the five (5)-day weighted average market price of the ordinary shares of RM0.10 each in Focus ("Focus Share") up to and including 25 October 2007, being the date immediately prior to the price-fixing date, of RM0.28 per Focus Share.

On 6 November 2007, the Company had allotted 9,449,700 Focus Shares to identified investors at the placement price of RM0.26 per share. The Private Placement exercise was completed with the listing of 9,449,700 new Focus Shares on even date.

(c) Focus Dynamics Drives Sdn. Bhd. ("FDD"), a wholly-owned subsidiary of Focus, had on 6 August 2007 entered into a Joint Venture Agreement ("JVA") with Terra Max Sdn. Bhd. to team up exclusively for the management, supply and execution of projects from the Malaysian Governments and/or Government Bodies.

The Company had on 7 November 2007 further announced that the JVA is still in force. Both parties are working in close corporation to target projects from the Malaysian Governments and/or Government Bodies.

B9. Group Borrowings and Debt Securities

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

	RM'000
Short term borrowings	
Export Credit Refinancing facility - secured	947
Bankers' acceptance - secured	2,600
Hire purchase - unsecured	95
	<hr/>
	3,642
Long term borrowings	
Hire purchase - unsecured	313
	<hr/>
Total Borrowings	<u>3,955</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 28 December 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, FDD ("Defendant"), a wholly-owned subsidiary of 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 RM419,880, by the weighted average number of shares in issue of 94,497,225 Focus shares.

	Current quarter 31/10/2007	Preceding year corresponding quarter 31/10/2006	Current year to- date 31/10/2007	Preceding year corresponding period 31/10/2006
Net profit (RM)	419,880	212,058	419,880	212,058
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)	0.44	0.22	0.44	0.22
Diluted Earnings per Ordinary Shares (sen)	0.44	-	0.44	-

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 October 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	488	By financial year ending ("FYE") 31 July 2008	812	62	FOCUS is currently reviewing construction plan with architect and expects submission of plan to Majlis Bandaraya Shah Alam by January 2008
Research and Development	1,500	1,500	-	-	-	-
Marketing Expenditure	650	96	Balance to be utilised by FYE 2008	554	85	-
Set-up costs for overseas sales and marketing office	550	146	Balance to be utilised by FYE 2008	404	73	To set-up sales and marketing office.
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.

B15. Utilisation of Warrants Issue Proceeds

The status of the utilisation of the proceeds raised from a right issue of 47,248,612 five (5)-year warrants 2007/2011 ("Warrants") on the basis of one (1) Warrant for every two (2) Focus Shares held at an issue price of RM0.02 per Warrant amounting to RM944,972 as at 31 October 2007 is as follows:

Purpose	Proposed Utilisation	Actual Utilisation	Intended Time Frame for Utilisation	Deviation Amount		Explanation
	RM'000	RM'000		RM'000	%	
Working Capital	575	575	*	-	-	-
Listing expenses **	370	370	*	-	-	-

Note: * The above proceed was expected to be utilised within twelve (12) months from the listing of the Warrants on 11 September 2007.

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