

FOCUS DYNAMICS TECHNOLOGIES BERHAD (Company No: 582924-P)

CONDENSED CONSOLIDATED INCOME STATEMENTS

AND QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 JANUARY 2008

THE FIGURES HAVE NOT BEEN AUDITED

| | | INDIVIDUAL QUARTER | | CUMULATIVE QUARTERS | |
|---|------|---|---|---|--|
| | | CURRENT YEAR QUARTER 31/01/2008 | PRECEDING YEAR CORRESPONDING QUARTER 31/01/2007 | CURRENT YEAR TO DATE 31/01/2008 | PRECEDING YEAR CORRESPONDING PERIOD 31/01/2007 |
| | Note | RM | RM | RM | RM |
| REVENUE | A9 | 5,032,444 | 3,773,435 | 10,680,247 | 6,581,613 |
| COST OF SALES | | <u>(3,943,873)</u> | <u>(2,845,047)</u> | <u>(8,215,172)</u> | <u>(4,776,381)</u> |
| GROSS PROFIT | | 1,088,571 | 928,388 | 2,465,075 | 1,805,232 |
| OTHER INCOME | | 82,024 | 52,267 | 166,371 | 103,180 |
| OPERATING EXPENSES | | <u>(1,048,249)</u> | <u>(815,743)</u> | <u>(1,935,056)</u> | <u>(1,438,333)</u> |
| PROFIT FROM OPERATIONS | | 122,346 | 164,912 | 696,390 | 470,079 |
| INTEREST INCOME | | 12,420 | 11,735 | 24,604 | 27,052 |
| INTEREST EXPENSES | | (62,214) | (44,233) | (108,478) | (100,759) |
| SHARE OF RESULTS OF ASSOCIATED COMPANY | | <u>24,732</u> | <u>-</u> | <u>38,648</u> | <u>-</u> |
| PROFIT BEFORE TAXATION | | 97,284 | 132,414 | 651,164 | 396,372 |
| TAXATION | B5 | (67,000) | (94,786) | (201,000) | (146,686) |
| PROFIT FOR THE PERIOD | | <u>30,284</u> | <u>37,628</u> | <u>450,164</u> | <u>249,686</u> |
| MINORITY INTEREST | | - | - | - | - |
| PROFIT ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF PARENT | | <u><u>30,284</u></u> | <u><u>37,628</u></u> | <u><u>450,164</u></u> | <u><u>249,686</u></u> |
| Earnings Per Ordinary Share | | | | | |
| - Basic (sen) | B13 | 0.03 | 0.04 | 0.43 | 0.26 |
| - Diluted (sen) | | 0.03 | N/A | 0.43 | N/A |
| Proposed/declared dividend per share (sen) | | - | - | - | - |

NOTE:

The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 July 2007 and the accompanying explanatory notes to this Interim Financial Statements.

FOCUS DYNAMICS TECHNOLOGIES BERHAD (Company No: 582924-P)
CONDENSED CONSOLIDATED BALANCE SHEETS
AND QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 JANUARY 2008
THE FIGURES HAVE NOT BEEN AUDITED

| | AS AT END OF CURRENT QUARTER 31/01/2008 Unaudited <u>RM</u> | AS AT PRECEDING FINANCIAL YEAR ENDED 31/07/2007 Audited <u>RM</u> |
|---|--|--|
| NON CURRENT ASSETS | | |
| Plant and equipment | 2,995,557 | 550,446 |
| Products development expenditure | 2,159,827 | 2,267,687 |
| Investment in associated companies | 64,643 | 73,756 |
| Investment in unquoted shares | 11,761 | - |
| Goodwill on consolidation | 2,234,743 | 2,209,793 |
| Deferred tax assets | 4,087 | 4,087 |
| | <u>7,470,618</u> | <u>5,105,769</u> |
| CURRENT ASSETS | | |
| Inventories | 7,246,111 | 6,432,215 |
| Trade receivables | 7,835,739 | 7,377,715 |
| Other receivables, deposits and prepayments | 239,696 | 616,473 |
| Amount due from associated companies | 154,888 | 267,609 |
| Tax recoverable | 33,000 | 20,000 |
| Deposits with licensed banks | 2,345,052 | 2,060,502 |
| Short-term deposit | 28,603 | 28,603 |
| Cash in hand and at banks | 1,216,974 | 1,207,340 |
| | <u>19,100,063</u> | <u>18,010,457</u> |
| CURRENT LIABILITIES | | |
| Trade payables | 2,007,460 | 2,653,942 |
| Other payables and accruals | 3,229,211 | 1,913,471 |
| Amount due to associated companies | 44,278 | 134,278 |
| Amount due to directors | 37,934 | 2,082,285 |
| Borrowings | 3,133,794 | 3,521,705 |
| Tax payable | 280,819 | 323,289 |
| | <u>8,733,496</u> | <u>10,628,970</u> |
| NET CURRENT ASSETS | 10,366,567 | 7,381,487 |
| | <u>17,837,185</u> | <u>12,487,256</u> |
| FINANCED BY: | | |
| SHARE CAPITAL | 10,394,693 | 9,449,723 |
| SHARE PREMIUM | 1,769,372 | 123,093 |
| WARRANT RESERVE | 574,972 | - |
| RETAINED PROFITS | 3,052,117 | 2,601,953 |
| SHAREHOLDERS' EQUITY | <u>15,791,154</u> | <u>12,174,769</u> |
| NON CURRENT LIABILITIES | | |
| Borrowings | 1,994,552 | 261,008 |
| Deferred tax liabilities | 51,479 | 51,479 |
| | <u>17,837,185</u> | <u>12,487,256</u> |
| Number of ordinary shares at RM0.10 sen par each | 103,946,925 | 94,497,225 |
| Net assets per share attributable to ordinary equity holders of the parent (sen) | 15.19 | 12.88 |

NOTES:

1. The Unaudited Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Statements for the year ended 31 July 2007 and the accompanying explanatory notes to this Interim Financial Statements.

2. Net assets per share is derived based on Focus Dynamics Technologies Berhad's consolidated net assets of RM15,791,154 (FYE 31/7/07- RM12,174,769) including products development expenditure over the issued number of ordinary shares of 103,946,925 (FYE 31/7/07 - 94,497,225) of RM0.10 each.

FOCUS DYNAMICS TECHNOLOGIES BERHAD (Company No: 582924-P)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AND QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 JANUARY 2008

THE FIGURES HAVE NOT BEEN AUDITED

| | Share Capital | -----Non-distributable----- Share Premium | Negative Goodwill | Warrant Reserve | Distributable Retained Profits | Total |
|---|-------------------|---|----------------------|--------------------|--------------------------------------|-------------------|
| | RM | RM | RM | RM | RM | RM |
| Balance at 1 August 2006 | 7,559,778 | 1,550,862 | 516,932 | - | 2,291,042 | 11,918,614 |
| Prior year adjustment - effects of adopting FRS 3 | - | - | (516,932) | - | 516,932 | - |
| Balance at 1 August 2006 (as restated) | 7,559,778 | 1,550,862 | - | - | 2,807,974 | 11,918,614 |
| Profit for the year | - | - | - | - | 502,924 | 502,924 |
| Bonus shares issue | 1,889,945 | (1,181,000) | - | - | (708,945) | - |
| Expenses incurred on bonus shares issue set-off to share premium account | - | (246,769) | - | - | - | (246,769) |
| Balance at 31 July 2007 | <u>9,449,723</u> | <u>123,093</u> | <u>-</u> | <u>-</u> | <u>2,601,953</u> | <u>12,174,769</u> |
| Balance at 1 August 2007 | 9,449,723 | 123,093 | - | - | 2,601,953 | 12,174,769 |
| Profit for the quarters | - | - | - | - | 450,164 | 450,164 |
| Issues of shares | 944,970 | 1,511,952 | - | - | - | 2,456,922 |
| Expenses incurred on issues of shares | - | (82,897) | - | - | - | (82,897) |
| Issue of warrants | | | | | | |
| - renounceable rights issue | - | 370,000 | - | 574,972 | - | 944,972 |
| - warrants issue costs | - | (152,776) | - | - | - | (152,776) |
| Balance at 31 January 2008 | <u>10,394,693</u> | <u>1,769,372</u> | <u>-</u> | <u>574,972</u> | <u>3,052,117</u> | <u>15,791,154</u> |

NOTE:

The Unaudited Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 July 2007 and the accompanying explanatory notes to this Interim Financial Statements.

FOCUS DYNAMICS TECHNOLOGIES BERHAD (Company No: 582924-P)

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

AND QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 JANUARY 2008

THE FIGURES HAVE NOT BEEN AUDITED

| | CUMULATIVE QUARTERS | |
|---|---------------------|-------------------|
| | CURRENT | PRECEDING YEAR |
| | YEAR | CORRESPONDING |
| | TO DATE | PERIOD |
| | 31/01/2008 | 31/01/2007 |
| | RM | RM |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash receipts from customers | 7,890,797 | 3,789,988 |
| Cash payments to suppliers and employees | (9,201,134) | (5,128,138) |
| Cash used in operations | (1,310,337) | (1,338,150) |
| Interest received | 24,604 | 27,052 |
| Interest paid | (97,494) | (95,709) |
| Income taxes paid | (256,470) | (74,169) |
| Net cash used in operating activities | (1,639,697) | (1,480,976) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of plant and equipment | (2,497,037) | (29,653) |
| Proceeds from disposal of investment in associated company | 36,000 | - |
| Investment in subsidiaries | (24,950) | - |
| Increase in placement of fixed deposits pledged | (59,550) | (22,341) |
| Net cash used in investing activities | (2,545,537) | (51,994) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Payment of warrants issue expenses | (152,777) | - |
| Payment of share issues expenses | (82,897) | - |
| (Repayment)/Proceeds from bankers acceptance | (168,000) | 739,000 |
| Payment of hire purchase interest | (21,250) | (4,208) |
| Repayment of hire purchase liabilities | (37,914) | (26,692) |
| Repayments to bills payables | (318,498) | (106,761) |
| Proceeds from term loan financing | 1,802,415 | - |
| Proceeds from issues of shares | 2,456,922 | - |
| Proceeds from the issue of warrants | 944,972 | - |
| Net cash generated from financing activities | 4,422,973 | 601,339 |
| Net increase/(decrease) in cash and cash equivalent | 237,739 | (931,631) |
| Cash and cash equivalent at beginning of year | 1,996,581 | 2,165,981 |
| Cash and cash equivalent at end of year | 2,234,320 | 1,234,350 |
| Cash and cash equivalent comprise: | | |
| Cash in hand and at banks | 1,216,974 | 50,535 |
| Short-term deposit | 28,603 | 200,000 |
| Fixed deposits with licensed banks (unpledged) | 1,000,000 | 1,153,000 |
| Bank overdraft | (11,257) | (169,185) |
| | 2,234,320 | 1,234,350 |

NOTE:

The Unaudited Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 July 2007 and the accompanying explanatory notes to this Interim Financial Statements.