

**Focus Dynamics Technologies Berhad (“Focus” or the “Company”)
(Company No: 582924-P)
Interim Financial Reports for the 2nd quarter ended 31 January 2008**

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 9 November 2007, the Company completed a private placement exercise with the listing of 9,449,700 ordinary shares of RM0.10 each held in Focus.

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 revenue and results in geographical areas of the Company and its subsidiaries ("Group") for the current quarter and current year to date for 31 January 2008 are as follows:

	Current Quarter 31/01/2008 RM'000	Current Year To Date 31/01/2008 RM'000
Segment Revenue		
Domestic	4,640	9,439
Export	392	1,241
Total revenue	5,032	10,680
Segment Results		
Domestic	123	584
Export	(1)	112
	122	696
Interest income	12	24
Interest expenses	(62)	(108)
Share of results of associated company	25	39
Taxation	(67)	(201)
Minority Interest	-	-
Net profit attributable to shareholders	30	450

A9. Segmental Information (Cont'd)

A breakdown of segmental total assets in geographical areas of the Group is as follows:

	As at end of current quarter 31/01/2008 RM'000	As at preceding financial year ended 31/07/2007 RM'000
Total assets		
Domestic	26,539	23,111
Export	3	5
Total assets	<u>26,542</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 January 2008 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

There are 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 January 2008 and up to the date of this report.

A13. Capital Commitments

There are no material capital commitments as at 31 January 2008 and up to the date of this report.

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B. ADDITIONAL INFORMATION REQUIRED BY “BURSA SECURITIES”

B1. Review of Performance

For the three (3) months period ended 31 January 2008, the Group recorded a total revenue of RM5.03 million, as compared to RM3.77 million for the corresponding period in the preceding year, an increase of 33.37%. The increase in revenue was primarily contributed by Focus’s subsidiary, i.e. DPC Industrial Systems Sdn Bhd, 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 RM0.10 million for the three (3) months period ended 31 January 2008 as compared to RM0.13 million for the corresponding period in the preceding year, represents an decrease of 26.53%, was mainly due to increased in payroll costs and reduction in profit margin due to more projects secured with lower margin.

For the 2 quarters ended 31 January 2008, the Group recorded a total revenue of RM10.68 million, as compared to RM6.58 million for the cumulative corresponding quarters in the preceding year, an increase of 62.27%. The increase in revenue was primarily contributed by Focus’s subsidiary, i.e. DPC Industrial Systems Sdn Bhd, implementation of existing projects for energy efficiency applications systems and new electrification projects works undertaken by the Group.

Following the increase in revenue, the Group recorded a profit before taxation of RM0.65 million for the 2 quarters ended 31 January 2008 as compared to RM0.40 million for the cumulative corresponding quarters in the preceding year which represents an increase of 64.39%.

B2. Comparison of Current Quarter Results with the Preceding Quarter

	Second Quarter ended 31 January 2008 RM’000	First Quarter ended 31 October 2007 RM’000
Revenue	5,032	5,648
Profit before taxation	97	554

For the three months period ended 31 January 2008, the Group recorded a revenue of RM5.03 million, representing a decrease of 10.9% compared to the 1st quarter ended 31 October 2007. The Group also recorded a profit before taxation of RM0.097 million, which was 82.44% lower as compared to RM0.554 million in the 1st quarter ended 31 October 2007. The lower profit before taxation was due to increased in payroll costs and reduction in profit margin due to more projects secured with lower margin.

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 31/01/2008 RM'000	Current Year To Date 31/01/2008 RM'000
Income tax expense	<u>67</u>	<u>201</u>

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 up to 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

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 26 March 2008, 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.

B8. Status of Corporate Proposals (Cont'd)

- (b) Focus Dynamics Drives Sdn. Bhd. ("FDD"), a wholly-owned subsidiary of Focus, had on 9 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.

On 13 February 2008, the Company has 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 January 2008 are as follows:

		RM'000
Short term borrowings		
Bank overdraft	- secured	11
Term loan	- secured	91
Export Credit Refinancing facility	- secured	948
Bankers' acceptance	- secured	1,989
Hire purchase	- unsecured	95
		<hr/> 3,134
Long term borrowings		
Term loan	- secured	1,712
Hire purchase	- unsecured	282
		<hr/>
Total Borrowings		5,128

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 26 March 2008, 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:

B11. 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 RM30,284 and RM450,164, by the weighted average number of shares in issue of 103,433,354 Focus shares.

	Current 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
Net profit (RM)	30,284	37,628	450,164	249,686
Weighted average no. of ordinary shares in issue	103,433,354	94,497,225	103,433,354	94,497,225
Basic Earnings per Ordinary Shares (sen)	0.03	0.04	0.43	0.26
Diluted Earnings per Ordinary Shares (sen)	0.03	-	0.43	-

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 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	492	By financial year ending ("FYE") 31 July 2008	808	62	FOCUS is currently reviewing construction plan with architect and expects submission of plan to Majlis Bandaraya Shah Alam by March 2008.
Research and Development	1,500	1,500	-	-	-	-
Marketing Expenditure	650	97	Balance to be utilised by FYE 2008	553	85	-
Set-up costs for overseas sales and marketing office	550	153	Balance to be utilised by FYE 2008	397	72	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 Private Placement Proceeds

The status of the utilisation of the proceeds raised from the private placement exercise ("Private Placement") of 9,449,700 Focus shares at the placement price of RM0.26 per share amounting to RM2,456,922 as at 31 January 2008 is as follows:

Purpose	Proposed Utilisation	Actual Utilisation	Intended Time Frame for Utilisation	Deviation Amount		Explanation
	RM'000	RM'000		RM'000	%	
Working Capital	2,372	2,372	*	-	-	-
Private Placement expenses **	85	85	*	-	-	-

Note: * The above proceed was expected to be utilised within twelve (12) months from the listing of the Private Placement shares on 6 November 2007.

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