

**Focus Dynamics Technologies Berhad (“Focus” or the “Company”)
(Company No: 582924-P)
Interim Financial Reports for the 4th quarter ended 31 July 2009**

**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 ACE Market.
- (b) The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 July 2008.

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 2008 were not subject to any qualification.

A3. Seasonality or Cyclicity of Operations

The Group’s business operational 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 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 July 2009 are as follows:

	Current Quarter 31/07/2009 RM'000	Current Year To Date 31/07/2009 RM'000
Segment Revenue		
Domestic	4,702	16,220
Export	112	3,362
Total revenue	<u>4,814</u>	<u>19,582</u>
Segment Results		
Domestic	(535)	(2,599)
Export	28	214
	<u>(507)</u>	<u>(2,385)</u>
Interest income	9	43
Interest expenses	(87)	(346)
Gain to Group on strike off of subsidiary company	-	12
Share of results of associated companies	25	(94)
Taxation	200	184
Minority Interest	81	52
	<u>(279)</u>	<u>(2,534)</u>

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 31/07/2009 RM'000	As at preceding financial year ended 31/07/2008 RM'000
Total assets		
Domestic	26,967	27,292
Export	1	5
Total assets	<u>26,968</u>	<u>27,297</u>

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

Save as disclosed below, there were no material events subsequent to the current financial quarter ended 31 July 2009 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:

On 20 August 2009, Oxy Deluxe Sdn. Bhd., a dormant company incorporated in Malaysia, which is a wholly owned subsidiary of Focus Dynamics Technologies Berhad, has submitted an application to the Companies Commission of Malaysia for voluntarily strike off.

A11. Changes in the Composition of the Group

There are no changes in the composition of the Group during the quarter under review and up to 28 September 2009.

A12. Contingent Liabilities

Save as disclosed in Note B11, there were no material contingent liabilities as at 31 July 2009 and up to the date of this report.

A13. Capital Commitments

There are no material capital commitments as at 31 July 2009 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 financial year ended (“FYE”) 31 July 2009, the Group recorded a total revenue of RM19.58 million, as compared to RM20.83 million for the FYE 31 July 2008, a decrease of 6.0%. The Group posted a loss before taxation of RM2.77 million for the FYE 31 July 2009 as compared to a profit before taxation of RM0.39 million for the corresponding period in the preceding year. The decrease in revenue and loss before taxation is due to market situation, lower margin from market segment, provision for doubtful debts, work-in-progress written off and increase in operating expenses.

For the current quarter ended 31 July 2009, the Group recorded a total revenue of RM4.81 million, as compared to RM4.39 million in the preceding year’s corresponding quarter, an increase of 9.77%. The increase in revenue was primarily due to implementation of existing projects for energy efficiency application system.

The Group recorded a loss before taxation of RM0.56 million for the current quarter as compared to a loss before taxation of RM0.45 million in the preceding year’s corresponding quarter, mainly due to higher operating cost.

B2. Comparison of Current Quarter Results with the Preceding Quarter

	Fourth Quarter ended 31 July 2009 RM’000	Third Quarter ended 30 April 2009 RM’000
Revenue	4,814	3,459
Loss before taxation	(561)	(1,904)

For the three months period ended 31 July 2009, the Group recorded a revenue of RM4.81 million, representing an increase of 39.17% compared to the 3rd quarter ended 30 April 2009. The increase in revenue was primarily due to implementation of existing projects for energy efficiency application system.

The Group posted a loss before taxation of RM0.56 million for the current quarter as compared to a loss before taxation of RM1.90 million in the preceding quarter, mainly due to provision for doubtful debts and work-in-progress written off during the third quarter ended 30 April 2009.

B3. Prospects for the Financial Year ending 31 July 2010

In view of the global economic crisis, the Board of Directors is of the view that the performance of the Group will be affected. The results for the year ending 31 July 2010 is expected to be less encouraging but should be improved compared to the year ended 31 July 2009.

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 31/07/2009 RM'000	Current Year To Date 31/07/2009 RM'000
Income tax expense		
- current quarter/year	10	106
- overprovision in previous quarters/years	(210)	(290)
	<u>(200)</u>	<u>(184)</u>

The adding back of tax expenses for current quarter is due to overprovision of taxation in the previous three (3) quarters.

The Group's tax charge for the current year ended 31 July 2009 was higher than the statutory tax rate mainly due to certain expenses which were not allowed to set-off against the profits for tax purposes and a loss of approximately RM107,000 incurred by the holding company (Focus) and RM336,000 loss by four of the subsidiary companies (Focus Energy Solutions Sdn. Bhd, Focus Dynamics Distribution Sdn. Bhd., DPC Industrial (PG) Sdn. Bhd. and DPC Industry Sdn. Bhd.), which were not allowed to set-off against the profits from its other subsidiaries for tax purpose.

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 28 September 2009, there were no corporate proposals announced but not yet completed:

- (a) 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 16 April 2009, both parties had mutually agreed to terminate the unincorporated Joint Venture Agreement dated 9 August 2007 with effect from 16 April 2009.

Further to the announcement dated 16 April 2009, on 17 April 2009, Focus explained that the termination of the JVA was because to-date they have been unsuccessful in securing any government projects. Hence, both parties decided to mutually terminate the JVA and to work on an ad hoc basis as and when the opportunity arises.

- (b) Oxy Deluxe Sdn. Bhd., a dormant company, which is wholly owned subsidiary company of Focus had on 20 August 2009 submitted an application to the Companies Commission of Malaysia to strike off from the register of the Companies Commission of Malaysia pursuant to Section 308 of the Companies Act, 1965.
- (c) Focus has proposed a private placement of up to 45,358,661 new ordinary shares of RM0.10 each in Focus representing up to thirty percent (30%) of the total issued and paid-up share capital of Focus, which was approved at the Extraordinary General Meeting held on 18 September 2009.

B9. Group Borrowings and Debt Securities

Particulars of the Group's borrowings as at 31 July 2009 are as follows:

		RM'000
Short term borrowings		
Bank overdraft	- secured	-
Term loan	- secured	1,744
Export Credit Refinancing facility	- secured	948
Bankers' acceptance	- secured	3,053
Hire purchase	- unsecured	121
		<hr/> 5,866
Long term borrowings		
Term loan	- secured	1,724
Hire purchase	- unsecured	190
		<hr/> 7,780
Total Borrowings		<hr/> <hr/> 7,780

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 September 2009, 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:

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.

Although the case was fixed for full trial on 30 and 31 March 2009, it could not go on because the Court was not able to proceed that day. The Court instead gave further directions for the Plaintiff to comply with the refixed the matter for further case management on 5 May 2009. However, the Plaintiff failed to comply with the directions of the Court and instead of proceeding, the Court once again refixed the matter on 25 June 2009 for the plaintiff to explain. The Court has fixed the case for next mention on 29 July 2009 for further case management.

On 27 July 2009, the Plaintiff and FDD agreed to withdraw the case provided that the costs will be awarded to FDD. Even with this withdrawal, the Plaintiff has liberty to file afresh. However, in view of the limitation period running out by May next year, it is highly unlikely that Plaintiff will do so especially since they have gone this far and now wishes to withdraw.

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 loss attributable to shareholders of RM(279,376) and RM(2,533,756), by the weighted average number of shares in issue of 103,946,925 Focus shares.

	Current quarter 31/07/2009	Preceding year corresponding quarter 31/07/2008	Current year to-date 31/07/2009	Preceding year corresponding period 31/07/2008
Net (loss)/profit (RM)	(279,376)	(406,731)	(2,533,756)	138,587
Weighted average no. of ordinary shares in issue	103,946,925	103,773,854	103,946,925	103,773,854
Basic (Loss)/ Earnings per Ordinary Shares (sen)	(0.27)	(0.39)	(2.44)	0.13
Diluted (Loss)/Earnings per Ordinary Shares (sen)	(0.27)	(0.39)	(2.44)	0.13

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 ACE Market of Bursa Securities amounting to RM8.28 million as at 31 July 2009 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	1,300	-	-	-	-
Research and Development	1,500	1,500	-	-	-	-
Marketing Expenditure	184	184	-	-	-	-
Set-up costs for overseas sales and marketing office	550	550	-	-	-	-
Working Capital	2,946	2,946	-	-	-	-
Listing expenses *	1,800	1,800	-	-	-	-

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