

**Focus Dynamics Technologies Berhad (“Focus” or the “Company”)
(Company No: 582924-P)
Interim Financial Reports for the 3rd quarter ended 30 April 2010**

**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 2009 except for the following new and revised FRS which is effective for annual financial periods beginning on or after 1 July 2009:

FRS 8 Operating Segments

FRS 8 replaces FRS 114₂₀₀₄ Segment Reporting and requires a “management approach”, under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of this standard only impacts the form and content of disclosures presented in the financial statements of the Group. The adoption of the said FRS does not have any significant financial impact on the Company and its subsidiaries (“Group”).

- (c) At the date of authorisation of these interim financial statements, the following new FRSs, Amendments to FRSs, Revised FRSs and IC Interpretations were issued but not yet effective for the Group and have not been applied by the Group:

		Effective for annual financial periods beginning on or after
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives	1 January 2010
FRS 101	Presentation of Financial Statements (revised 2009)	1 January 2010
FRS 123	Borrowing Costs	1 January 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010

A1. Basis of Preparation (Cont'd)

IC Interpretation 11: FRS 2	Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14: FRS 119	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards	1 January 2010
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 127	Consolidated and Separate Financial Statements: Cost of investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 132	Financial Instruments: Presentation	1 January 2010
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2009)"		1 January 2010
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 15	Agreements for the Construction of Real Estate	1 July 2010
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 2010
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3	Business Combinations (Revised 2010)	1 July 2010
FRS 127	Consolidated and Separate Financial Statements (Revised 2010)	1 July 2010
Amendments to FRS 2	Share-based Payment	1 July 2010
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 138	Intangible Assets	1 July 2010

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 2009 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.

Business segments in revenue and results of the Group for the current quarter and current year to date for 30 April 2010 are as follows:

	Current Quarter 30/04/2010 RM'000	Current Year To Date 30/04/2010 RM'000
Business Segments		
Manufacturing	1,281	3,585
Trading and services	653	6,833
Total revenue	<u>1,934</u>	<u>10,418</u>

A9. Segmental Information (Cont'd)

A breakdown of business segments in total assets of the Group is as follows:

	As at end of current quarter 30/04/2010 RM'000	As at preceding financial year ended 31/07/2009 RM'000
Total assets		
Manufacturing	7,790	8,733
Trading and services	13,486	13,499
Others	3,602	4,882
Total assets	24,878	27,114

A breakdown of business segments in total liabilities of the Group is as follows:

	As at end of current quarter 30/04/2010 RM'000	As at preceding financial year ended 31/07/2009 RM'000
Total liabilities		
Manufacturing	439	2,699
Trading and services	1,196	2,349
Others	7,032	8,956
Total liabilities	8,667	14,004

Segmental revenue and results in geographical areas of the Group for the current quarter and current year to date for 30 April 2010 are as follows:

	Current Quarter 30/04/2010 RM'000	Current Year To Date 30/04/2010 RM'000
Segment Revenue		
Domestic	1,605	7,840
Export	329	2,578
Total revenue	1,934	10,418
Segment Results		
Domestic	41	(141)
Export	36	235
	77	94
Interest income	6	22
Interest expenses	(18)	(206)
Gain to Group on disposal of subsidiaries and associated company	-	135
Loss to Group on strike off of subsidiaries	-	(109)
Share of results of associated companies	(16)	(156)
Taxation	(8)	(49)
Minority Interest	-	-
	41	(269)

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 30/04/2010 RM'000	As at preceding financial year ended 31/07/2009 RM'000
Total assets		
Domestic	24,877	27,109
Export	1	5
Total assets	<u>24,878</u>	<u>27,114</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 30 April 2010 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 as at 30 April 2010 and up to the date of this report.

A13. Capital Commitments

There are no material capital commitments as at 30 April 2010 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 30 April 2010, the Group recorded a total revenue of RM1.93 million, as compared to RM3.46 million for the corresponding period in the preceding year, a decrease of 44.1%. The decrease in revenue was primarily due to the Group’s efforts in streamlining business towards core activities and disposal of non performing companies.

The Group posted a profit before tax of RM0.05 million for the current quarter as compared to loss before taxation of RM1.90 million in the preceding year’s corresponding quarter, mainly due to streamlining towards core activities resulting in lower total costs and lower losses from non performing companies.

For the cumulative 3 quarters ended 30 April 2010, the Group recorded a total revenue of RM10.42 million, as compared to RM14.77 million for the cumulative corresponding quarters in the preceding year, which is a decrease of 29.46%, mainly due to strategic action plans to streamline business towards core activities.

The Group recorded a loss before taxation of RM0.22 million for the cumulative 3 quarters ended 30 April 2010 as compared to a loss before taxation of RM2.21 million for the cumulative corresponding quarters in the preceding year. The decrease in loss before taxation is due to lower losses from non performing companies and lower provision for slow moving inventories and trade receivables.

B2. Comparison of Current Quarter Results with the Preceding Quarter

	Third Quarter ended 30 April 2010 RM’000	Second Quarter ended 31 January 2010 RM’000
Revenue	1,934	5,304
Loss before taxation	49	(92)

For the three months period ended 30 April 2010, the Group recorded a revenue of RM1.93 million, representing a decrease of 63.55% compared to the 2nd quarter ended 31 January 2010. The decrease in revenue was primarily due to effects from the action of streamlining the non performing companies.

The Group posted a profit before taxation of RM0.05 million for the current quarter as compared to a loss before taxation of RM0.09 million in the preceding quarter, mainly due to lower provision of slow moving inventories and trade receivables.

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 is anticipated to be an improvement 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 30/04/2010 RM'000	Current Year To Date 30/04/2010 RM'000
Income tax expense		
- current quarter	(8)	(55)
- overprovision in previous years	-	6
	<u>(8)</u>	<u>(49)</u>

The Group's tax charge for the three months period ended 30 April 2010 was lower than the statutory tax rate mainly due to profit which was generated from one of the wholly-owned subsidiaries, DPC Industrial Systems Sdn. Bhd., which has been granted Pioneer Status in principle under the Promotion of Investments Act, 1986, which allows it to enjoy tax relief during the pioneer period from 21 January 2008 to 20 January 2013.

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 24 June 2010, there were no corporate proposals announced but not yet completed:

On 5 February 2010, OSK Investment Bank Berhad had on Focus's behalf, announced the proposed private placement of up to 18,229,554 new ordinary shares of RM0.10 each in Focus representing up to ten percent (10%) of the total issued and paid-up share capital of Focus.

Further to the announcement dated 5 February 2010, on 8 April 2010, on behalf of the Board of Directors of Focus, OSK Investment Bank Berhad wishes to announce that Bursa Malaysia Securities Berhad ("Bursa Securities") has approved the listing and quotation of up to 18,229,554 new ordinary shares of RM0.10 each in Focus to be issued pursuant to the Proposed Private Placement subject to, amongst others, the conditions stated by Bursa Securities.

B9. Group Borrowings and Debt Securities

Particulars of the Group's borrowings as at 30 April 2010 are as follows:

		RM'000
Short term borrowings		
Bank overdraft	- secured	127
Term loan	- secured	2,075
Bankers' acceptance	- secured	630
Hire purchase	- unsecured	48
		<hr/> 2,880
Long term borrowings		
Term loan	- secured	2,948
Hire purchase	- unsecured	50
		<hr/> 5,878
Total Borrowings		<hr/> 5,878

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 24 June 2010, 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 to re-fixed 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 re-fixed 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 2010, it is highly unlikely that Plaintiff will do so especially since they have gone this far and now wishes to withdraw.

FDD was informed by its solicitor by a letter dated 22 June 2010 that the Plaintiff's case against FDD has been discontinued permanently without the possibility of re-filing the same against the FDD again. This effectively ends any claim against FDD and therefore the legal action case is deemed as being closed permanently.

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/(loss) attributable to shareholders of RM41,122 and RM(269,569), by the weighted average number of shares in issue of 120,871,925 Focus shares.

	Current quarter 30/04/2010	Preceding year corresponding quarter 30/04/2009	Current year to-date 30/04/2010	Preceding year corresponding period 30/04/2009
Net profit/(loss) (RM)	41,122	(1,925,543)	(269,569)	(2,254,380)
Weighted average no. of ordinary shares in issue	120,871,925	103,946,925	120,871,925	103,946,925
Basic Earnings/(Loss) per Ordinary Share (sen)	0.03	(1.85)	(0.22)	(2.17)
Diluted Earnings/(Loss) per Ordinary Share (sen)	#	(1.85)	(0.22)	(2.17)

The fully diluted earnings per ordinary share for the Group for the current quarter is not presented as the warrants would be anti-dilutive.

B14. Utilisation of Private Placement Proceeds

(a)

The status of the utilisation of the proceeds raised from the private placement exercise ("Private Placement") of 15,000,000 Focus shares at the placement price of RM0.10 per share amounting to RM1,500,000 as at 24 June 2010 is as follows:

Purpose	Proposed Utilisation	Actual Utilisation	Intended Time Frame for Utilisation	Deviation Amount		Explanation
	RM'000	RM'000		RM'000	%	
Working Capital	1,431	1,431	-	-	-	-
Private Placement expenses	69	69	-	-	-	-

B15. Utilisation of Private Placement Proceeds (Cont'd)

(b)

The status of the utilisation of the proceeds raised from the private placement exercise ("Private Placement") of 16,100,000 Focus shares at the placement price of RM0.125 per share amounting to RM2,012,500 as at 24 June 2010 is as follows:

Purpose	Proposed Utilisation	Actual Utilisation	Intended Time Frame for Utilisation	Deviation Amount		Explanation
	RM'000	RM'000		RM'000	%	
Working Capital	1,932	1,932	-	-	-	-
Private Placement expenses *	81	81	-	-	-	-

Note: * The variation in the private placement expenses from the estimated amount has been utilised for working capital.