



UNAUDITED 2ND QUARTER REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2008

CONDENSED CONSOLIDATED INCOME STATEMENT

	Individual Period		Cumulative Period	
	Current quarter ended 30.06.2008 (RM'000)	Corresponding quarter ended 30.06.2007 (RM'000)	Current year-to-date ended 30.06.2008 (RM'000)	Corresponding year-to-date ended 30.06.2007 (RM'000)
1 Revenue	6,640	9,111	12,080	18,031
2 Cost of sales	(5,282)	(8,241)	(11,116)	(16,340)
3 Gross profit	1,358	870	964	1,691
4 Other income	165	243	642	577
5 Other expenses	(1,954)	(2,270)	(4,505)	(4,795)
6 Loss from operations	(431)	(1,157)	(2,899)	(2,527)
7 Finance cost, net	(84)	(407)	(237)	(787)
8 Loss before tax	(515)	(1,564)	(3,136)	(3,314)
9 Taxation	(65)	(108)	(147)	(238)
10 Loss for the period	(580)	(1,672)	(3,283)	(3,552)
Attributable to :				
Equity holders of the parent	(580)	(1,672)	(3,283)	(3,552)
Minority Interest	-	-	-	-
	(580)	(1,672)	(3,283)	(3,552)
11 Losses per share attributable to equity holders of the parent:				
(i) Basic - based on ordinary shares (sen)	(0.99)	(2.85)	(5.59)	(6.05)
(ii) Fully diluted - based on ordinary shares (sen)	N/A*	N/A*	N/A*	N/A*

* Fully diluted EPS is not calculated as the impact is anti-dilutive

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2007 and the accompanying explanatory notes attached to the Interim Financial Statements)



FUTUTECH BERHAD (122592-U)
(Incorporated in Malaysia)

**UNAUDITED 2ND QUARTER REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2008**

CONDENSED CONSOLIDATED BALANCE SHEET

	(UNAUDITED) As at 30.06.2008 (RM'000)	(AUDITED) As at 31.12.2007 (RM'000)
ASSETS		
Property, Plant and Equipment	37,795	39,716
Long Term Investments	116	116
Goodwill on Consolidation	-	-
Intangible Assets	65	65
	<u>37,976</u>	<u>39,897</u>
Current Assets		
Inventories	9,486	9,194
Trade Debtors	6,887	7,858
Other Debtors, Deposits and Prepayments	2,777	2,729
Cash and Bank Balances	1,464	33,461
	<u>20,614</u>	<u>53,242</u>
TOTAL ASSETS	<u>58,590</u>	<u>93,139</u>
EQUITY and LIABILITIES		
Equity Attributable to Equity Holders of the Parent		
Share Capital	58,726	58,726
Reserves		
Share Premium	-	-
Others	415	501
Retained Profits	(13,035)	(9,752)
	<u>46,106</u>	<u>49,475</u>
Minority Interest	-	-
Total Equity	<u>46,106</u>	<u>49,475</u>
Non-Current Liabilities		
Long Term Borrowings	2,360	2,729
Deferred Taxation	-	-
	<u>2,360</u>	<u>2,729</u>
Current Liabilities		
Trade Payables	3,173	5,951
Other Payables	5,546	10,380
Short Term Borrowings	1,395	24,219
Provision for Taxation	10	385
	<u>10,124</u>	<u>40,935</u>
Total Liabilities	<u>12,484</u>	<u>43,664</u>
TOTAL EQUITY and LIABILITIES	<u>58,590</u>	<u>93,139</u>
Net Assets Per Share (RM)	0.79	0.84
Net Tangible Assets Per Share (RM)	0.79	0.84

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2007 and the accompanying explanatory notes attached to the Interim Financial Statements)



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**UNAUDITED 2ND QUARTER REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2008**

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

6-MONTH PERIOD ENDED 30 JUNE 2008	Attributable to Equity Holders of the Parent			Minority Interest RM	Total RM
	Share Capital RM	Non-Distributable Reserve RM	Retained Profits RM		
Balance as at 1 January 2008	58,726,357	500,916	(9,751,559)	-	49,475,714
Currency translation differences	-	(85,003)	-	-	(85,003)
Acquisition of minority interest	-	-	-	-	-
Deconsolidation of subsidiary company	-	-	-	-	-
Net loss for the period	-	-	(3,283,842)	-	(3,283,842)
Balance as at 30 June 2008	58,726,357	415,913	(13,035,401)	-	46,106,869
6-MONTH PERIOD ENDED 30 June 2007					
Balance as at 1 January 2007	58,726,357	10,380,339	(38,223,251)	-	30,883,445
Currency translation differences	-	147,578	-	-	147,578
Acquisition of minority interest	-	-	133,145	-	133,145
Deconsolidation of subsidiary company	-	-	(77,806)	-	(77,806)
Net loss for the period	-	-	(3,474,345)	-	(3,474,345)
Balance as at 30 June 2007	58,726,357	10,527,917	(41,642,257)	-	27,612,017

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2007 and the accompanying explanatory notes attached to the Interim Financial Statements)



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**UNAUDITED 2ND QUARTER REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2008**

CONDENSED CONSOLIDATED CASHFLOW STATEMENTS

	Current year-to-date ended 30.06.2008 (RM'000)	Corresponding year-to-date ended 30.06.2007 (RM'000)
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Loss before tax	(3,284)	(3,314)
Adjustment for :		
Amortisation and depreciation of property, plant and equipment	1,912	2,096
Non-cash items	178	571
Operating Loss Before Working Capital Changes	(1,194)	(647)
Changes in working capital :		
Net change in current assets	630	7,230
Net change in current liabilities	(3,827)	(7,168)
Net Cash From Operations	(4,391)	(585)
Income tax paid	-	(238)
Interest paid	(293)	(787)
Net Cash Generated From / (Used In) Operating Activities	(4,684)	(1,610)
CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES		
Equity investment	-	-
Other investment	39	1,514
Net Cash Generated From / (Used In) Investing Activities	39	1,514
CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES		
Share issued	-	-
Repayment of borrowings, net	(19,858)	(1,538)
Net Cash Generated From / (Used In) Financing Activities	(19,858)	(1,538)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(24,503)	1,442
EFFECT OF EXCHANGE RATE CHANGES	-	26
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	25,690	(3,371)
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	1,187	(1,903)
CASH AND CASH EQUIVALENTS CARRIED FORWARD CONSIST OF :		
Cash and bank balances	1,464	1,673
Fixed deposits with licensed banks	-	-
Less : Bank Overdraft	(277)	(3,576)
	1,187	(1,903)

(The Condensed Consolidated Cashflow Statements should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2007 and the accompanying explanatory notes attached to the Interim Financial Statements)



NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED
30 JUNE 2008

INFORMATION REQUIRED BY FINANCIAL REPORTING STANDARDS (FRS) 134

A1. Basis of Preparation

This interim financial report has been prepared in accordance with FRS 134: Interim Financial Reporting and Chapter 9 of the Listing Requirements of Bursa Malaysia Securities Berhad.

This interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2007. The accounting policies and methods of computation adopted in this interim financial report are consistent with those adopted in the annual financial statements for the financial year ended 31 December 2007.

A2. Audit Report

The audited financial statements of the Company for the preceding financial year ended 31 December 2007 were not subject to any qualification.

A3. Seasonal or Cyclical Factors

The principal business operations of the Group are not significantly affected by any seasonal or cyclical factors.

A4. Unusual Items

There were no unusual items during the current financial quarter affecting the assets, liabilities, equity, net income or cashflow of the Group.

A5. Changes in Estimates

There were no estimation of amount used in the previous interim reports having a material impact in the current interim report.

A6. Debt and Equity Securities

There were no other issuance or repayment of any debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial year-to-date.

A7. Dividends Paid

No dividend has been paid during the current financial year-to-date.



NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED
30 JUNE 2008

A8. Segmental Information

The Group's operations are substantially in the manufacturing sector. The following analysis of activities are based on geographical basis.

	Quarter ended 30.06.2008 (RM'000)	Year-to-Date ended 30.06.2008 (RM'000)
Segment Revenue		
-- Malaysia	7,344	13,977
-- Other Countries	589	693
	7,933	14,670
Elimination of Inter-Segment Sales	(1,293)	(2,590)
Group Revenue	6,640	12,080
Segment Results		
-- Malaysia	(336)	(2,591)
-- Other Countries	(95)	(308)
	(431)	(2,899)
Elimination	-	-
Loss from Operations	(431)	(2,899)

A9. Valuations of Property, Plant and Equipment

There were no amendments in the valuation amount of revalued assets brought forward from the previous audited financial statements.

A10. Subsequent Material Events

There were no material events in the interval between the end of the current financial quarter and 26 August 2008.

A11. Changes in Composition of the Group

There were no material effect of changes in the composition of the Group during the current financial year-to-date.

A12. Changes in Contingent Liabilities or Contingent Assets

As at 30 June 2008, the Company has given corporate guarantees amounting to RM3.8 million (as at 31 December 2007 : RM10.5 million) to financial institutions for credit facilities granted to certain subsidiary companies.

A13. Capital Commitments

As at 30 June 2008, the Group has no material capital commitments.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED  
30 JUNE 2008

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES**

**B1. Review of Performance**

The Group achieved total sales of RM 6.64 million in the current quarter as compared to RM 9.11 million in the corresponding quarter of 2007. Whilst the decline in sales were attributed to the drop in the Point-of-Sales ("POS") and Kitchen businesses due to the selective approach of POS projects and lower kitchen projects being secured respectively, overall Lighting division had improved by 30% as a result of its export sales in comparison to lighting sales in the corresponding quarter in 2007.

For the current year-to-date ("YTD") June 2008, the Group recorded revenues of RM 12.08 million as compared to RM 18.03 million for YTD June 2007 due to lower sales from the POS and Kitchen businesses although the Lighting business had improved as a result of export sales.

Loss before tax for Q.2 2008 and YTD 2008 were RM 515 thousand and RM 3.14 million respectively. By comparison, loss before tax for Q.2 2007 and YTD 2007 were RM 1.56 million and RM 3.31 million respectively. Although revenues had generally declined significantly, overall loss before tax had improved significantly as the Group continues its' "lean" and prudent policies on expenditures, human resource and allocate the necessary resources to generate targeted sales.

**B2. Comparison of Profit Before Taxation for the Current Quarter with Immediate Preceding Quarter**

|                              | Current<br>Quarter<br>ended<br>30.06.2008<br>(RM'000) | Preceding<br>Quarter ended<br>31.03.2008<br>(RM'000) |
|------------------------------|-------------------------------------------------------|------------------------------------------------------|
| Revenue                      | 6,640                                                 | 5,439                                                |
| Consolidated Loss Before Tax | (515)                                                 | (2,622)                                              |

Group revenue improved about 22% from RM 5.44 million (Q.1 2008) to RM 6.64 million (Q.2 2008) as the increase of 98% in export lighting sales surpassed the sales decline in the POS and Kitchen divisions.

In addition to the increased export sales in Q.2 2008, lower costs recorded from direct labour, service team & administration expenditures and external interest further improved loss before tax from RM 2.62 million (Q.1 2008) to RM 515 thousand (Q.2 2008).

**B3. Prospects**

The prevailing cautious outlook due to high inflation and softening demand; both locally and globally, has created a very challenging environment for businesses. In light of such environment, the Group will continue to exercise prudence in managing operational costs, expanding its efforts in securing sales via targeted marketing activities and develop and/or re-engineer its manufacturing mindset and processes via appropriate training to achieve higher productivity and cost efficiency in the long term.

**B4. Profit Forecast**

Not applicable as no profit forecast was published.



NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED  
30 JUNE 2008

**B5. Taxation**

|                  | Quarter ended<br>30.06.2008<br>(RM'000) | Year-to-Date ended<br>30.06.2008<br>(RM'000) |
|------------------|-----------------------------------------|----------------------------------------------|
| Current Taxation | 65                                      | 147                                          |

Although the Group recorded a loss, taxation was incurred as certain expenses are disallowed for tax purposes and losses recorded by certain subsidiaries are not allowed to be set-off against taxable profits of other subsidiaries as group tax relief is not available.

**B6. Profit on Sale of Unquoted Investments and/or Properties**

There was no sale of unquoted investments and/or properties during the current financial quarter.

**B7. Quoted Securities**

Investments in quoted securities as at 30 June 2008 are as follows :-

|                   | RM     |
|-------------------|--------|
| At cost           | 19,800 |
| At carrying value | 4,500  |
| At market value   | 1,800  |

**B8. Corporate Proposals**

**a) Status of Corporate Proposals**

As at 26 August 2008, the Company has completed the increase in Authorised Share Capital, the Capital Reduction, the Share Consolidation and the Rights Issue. The Right Shares and Warrants were granted listing and quotation on the Second Board of Bursa Malaysia Securities Berhad on 31 December 2007. The Proposed Private Placement is pending implementation.

**b) Status of Utilisation of Proceeds**

As at 19 August 2008 (being the last practicable date which is not earlier than 7 days from the date of issue of this quarterly report), proceeds from the Rights Issue of 29,363,178 new ordinary shares of RM1.00 each at an issue price of RM1.00 were fully utilised as follows:-

|                                                                  | Proposed Utilisation<br>(RM) | Actual Utilisation<br>(RM) | Unutilised/<br>(Over utilised)<br>(RM) | Intended Utilisation<br>Period from<br>completion |
|------------------------------------------------------------------|------------------------------|----------------------------|----------------------------------------|---------------------------------------------------|
| Repayment of Bank Borrowings                                     | 21,700,000                   | 21,700,000                 | 0                                      | -                                                 |
| Working Capital                                                  | 6,063,178                    | 6,603,712                  | (540,534)                              | -                                                 |
| Payment of Expenses for Corporate Exercise and Related Proposals | 1,600,000                    | 1,059,466                  | 540,534                                | -                                                 |





NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED  
30 JUNE 2008

**B9. Group Borrowings and Debt Securities**

|                           | As at<br>30.06.2008<br>(RM'000) |
|---------------------------|---------------------------------|
| a) Secured borrowings     | 3,756                           |
| Unsecured borrowings      | -                               |
|                           | 3,756                           |
| b) Short term             |                                 |
| - bank overdraft          | 277                             |
| - trade facilities        | 219                             |
| - hire purchase creditors | 551                             |
| - term loans              | 348                             |
|                           | 1,395                           |
| Long term                 |                                 |
| - hire purchase creditors | 1,112                           |
| - term loans              | 1,249                           |
|                           | 2,361                           |
| Total Borrowings          | 3,756                           |

**B10. Off Balance Sheet Financial Instruments**

There are no financial instruments with off balance sheet risk as at 26 August 2008.

**B11. Material Litigation**

There is no pending material litigation as at 26 August 2008.

**B12. Dividends**

No interim dividend has been declared for the current financial quarter.



NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED  
30 JUNE 2008

**B13. Earnings Per Share**

|                                                                                                       | Quarter Ended |            | Year-to-Date Ended |            |
|-------------------------------------------------------------------------------------------------------|---------------|------------|--------------------|------------|
|                                                                                                       | 30.06.2008    | 30.06.2007 | 30.06.2008         | 30.06.2007 |
| <b>Earnings</b>                                                                                       |               |            |                    |            |
| Loss attributable to equity holders of the parent (RM'000)                                            | (580)         | (1,672)    | (3,283)            | (3,552)    |
| <b>a) Basic</b>                                                                                       |               |            |                    |            |
| Issued ordinary shares at the beginning of the period ('000)                                          | 58,726        | 58,726     | 58,726             | 58,726     |
| Effect of shares issued ('000)                                                                        | -             | -          | -                  | -          |
| Weighted average number of ordinary shares ('000)                                                     | 58,726        | 58,726     | 58,726             | 58,726     |
| <b>Basic losses per share attributable to equity holders of the parent (Sen)</b>                      | (0.99)        | (2.85)     | (5.59)             | (6.05)     |
| <b>b) Diluted</b>                                                                                     |               |            |                    |            |
| Weighted average number of ordinary shares ('000)                                                     | N/A*          | N/A*       | N/A*               | N/A*       |
| Effect of share options ('000)                                                                        | N/A*          | N/A*       | N/A*               | N/A*       |
| Weighted average number of ordinary shares (diluted) ('000)                                           | N/A*          | N/A*       | N/A*               | N/A*       |
| <b>Fully diluted earnings / (losses) per share attributable to equity holders of the parent (Sen)</b> | N/A*          | N/A*       | N/A*               | N/A*       |

\*

*Fully diluted EPS is not calculated as the impact is anti-dilutive*