



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

**UNAUDITED 2ND QUARTER REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2007**

CONDENSED CONSOLIDATED INCOME STATEMENT

	Individual Period		Cumulative Period	
	Current quarter ended 30.06.2007 (RM'000)	Corresponding quarter ended 30.06.2006 (RM'000)	Current year-to-date ended 30.06.2007 (RM'000)	Corresponding year-to-date ended 30.06.2006 (RM'000)
1 Revenue	9,111	12,679	18,031	24,397
2 Cost of sales	(8,241)	(10,249)	(16,340)	(19,687)
3 Gross profit	870	2,430	1,691	4,710
4 Other income	243	170	577	382
5 Other expenses	(2,270)	(4,635)	(4,795)	(9,736)
6 Loss from operations	(1,157)	(2,035)	(2,527)	(4,644)
7 Finance cost, net	(407)	(464)	(787)	(870)
8 Loss before tax	(1,564)	(2,499)	(3,314)	(5,514)
9 Taxation	(108)	(396)	(238)	(581)
10 Loss for the period	<u>(1,672)</u>	<u>(2,895)</u>	<u>(3,552)</u>	<u>(6,095)</u>
Attributable to :				
Equity holders of the parent	(1,672)	(2,893)##	(3,552)	(6,160)
Minority Interest	-	(2)##	-	65
	<u>(1,672)</u>	<u>(2,895)##</u>	<u>(3,552)</u>	<u>(6,095)</u>
11 Losses per share attributable to equity holders of the parent:				
(i) Basic - based on ordinary shares (sen)	(2.85)	(4.93)##	(6.05)	(10.49)
(ii) Fully diluted - based on ordinary shares (sen)	<u>N/A*</u>	<u>N/A* ##</u>	<u>N/A*</u>	<u>N/A*</u>

* There is no diluted losses per share as the Company does not have any option scheme or convertible financial instruments as at the end of the respective financial period.

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2006 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 2007**

CONDENSED CONSOLIDATED BALANCE SHEET

	(UNAUDITED) As at 30.06.2007 (RM'000)	(AUDITED) As at 31.12.2006 (RM'000)
ASSETS		
Property, Plant and Equipment	41,090	45,513
Long Term Investments	117	117
Goodwill on Consolidation	-	-
Intangible Assets	65	65
	<u>41,272</u>	<u>45,695</u>
Current Assets		
Inventories	9,232	10,250
Trade Debtors	9,114	12,843
Other Debtors, Deposits and Prepayments	5,338	6,859
Cash and Bank Balances	1,673	231
	<u>25,357</u>	<u>30,183</u>
TOTAL ASSETS	<u><u>66,629</u></u>	<u><u>75,878</u></u>
EQUITY and LIABILITIES		
Equity Attributable to Equity Holders of the Parent		
Share Capital	58,726	58,726
Reserves		
Share Premium	10,042	10,042
Others	486	338
Retained Profits	(41,642)	(38,223)
	<u>27,612</u>	<u>30,883</u>
Minority Interest	-	133
Total Equity	<u>27,612</u>	<u>31,016</u>
Non-Current Liabilities		
Long Term Borrowings	4,470	4,790
Deferred Taxation	125	128
	<u>4,595</u>	<u>4,918</u>
Current Liabilities		
Trade Payables	9,154	9,672
Other Payables	2,015	8,662
Short Term Borrowings	22,951	21,093
Provision for Taxation	302	517
	<u>34,422</u>	<u>39,944</u>
Total Liabilities	<u>39,017</u>	<u>44,862</u>
TOTAL EQUITY and LIABILITIES	<u><u>66,629</u></u>	<u><u>75,878</u></u>
Net Assets Per Share (RM)	0.47	0.53
Net Tangible Assets Per Share (RM)	0.47	0.52

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2006 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 2007**

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Parent			Minority Interest RM	Total RM
	Share Capital RM	Non-Distributable Reserve RM	Retained Profits RM		
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
6-MONTH PERIOD ENDED 30 JUNE 2006					
Balance as at 1 January 2006 (restated)	58,726,357	10,706,414	1,843,378	611,490	71,887,639
Currency translation differences	-	93,773	-	-	93,773
Net loss for the period	-	-	(6,159,766)	103,805	(6,055,961)
Balance as at 30 June 2006	58,726,357	10,800,187	(4,316,388)	715,295	65,925,451

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2006 and the accompanying explanatory notes attached to the Interim Financial Statements)



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**UNAUDITED 2ND QUARTER REPORT ON CONSOLIDATED RESULTS
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CONDENSED CONSOLIDATED CASHFLOW STATEMENTS

	Current year-to-date ended 30.06.2007 (RM'000)	Corresponding year-to-date ended 30.06.2006 (RM'000)
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Loss before tax	(3,314)	(5,514)
Adjustment for :		
Amortisation and depreciation of property, plant and equipment	2,096	2,193
Non-cash items	571	568
Operating Loss Before Working Capital Changes	(647)	(2,753)
Changes in working capital :		
Net change in current assets	7,230	3,071
Net change in current liabilities	(7,168)	2,843
Net Cash From Operations	(585)	3,161
Income tax paid	(238)	(650)
Interest paid	(787)	(870)
Net Cash Generated From / (Used In) Operating Activities	(1,610)	1,641
CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES		
Equity investment	-	-
Other investment	1,514	(3,676)
Net Cash Generated From / (Used In) Investing Activities	1,514	(3,676)
CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES		
Share issued	-	-
Repayment of borrowings, net	1,538	676
Net Cash Generated From / (Used In) Financing Activities	1,538	676
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	1,442	(1,359)
EFFECT OF EXCHANGE RATE CHANGES	26	1
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	(3,371)	(2,977)
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	(1,903)	(4,335)
CASH AND CASH EQUIVALENTS CARRIED FORWARD CONSIST OF :		
Cash and bank balances	1,673	621
Fixed deposits with licensed banks	-	-
Less : Bank Overdraft	(3,576)	(4,956)
	(1,903)	(4,335)

(The Condensed Consolidated Cashflow Statements should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2006 and the accompanying explanatory notes attached to the Interim Financial Statements)



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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED
30 JUNE 2007**

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 2006. 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 2006.

A2. Audit Report

The audited financial statements of the Company for the preceding financial year ended 31 December 2006 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 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 2007**

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 30.06.2007 (RM'000)	Year-to-Date ended 30.06.2007 (RM'000)
Segment Revenue		
-- Malaysia	11,054	23,701
-- Other Countries	764	997
	11,818	24,698
Elimination of Inter-Segment Sales	(2,707)	(6,667)
Group Revenue	9,111	18,031
Segment Results		
-- Malaysia	(1,050)	(1,930)
-- Other Countries	(107)	(519)
	(1,157)	(2,449)
Elimination	-	(78)
Loss from Operations	(1,157)	(2,527)

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 28 August 2007.



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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED
30 JUNE 2007**

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 2007, the Company has given corporate guarantees amounting to RM10.7 million (as at 31 December 2006 : RM13.6 million) to financial institutions for credit facilities granted to certain subsidiary companies.

A13. Capital Commitments

As at 30 June 2007, the Group has no material capital commitments.



**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED
30 JUNE 2007**

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of Performance

The Group recorded a revenue of RM9.1 million in the current quarter, about 28% lower than that of RM12.7 million recorded in the corresponding quarter 2006. Although overseas sales of point-of-sale (POS) products had improved in the current quarter, overall revenue had declined due to lower kitchen projects secured, lower export lighting sales and primarily, the discontinued revenue contribution after the disposal of the subsidiary company in December 2006 ("UK subsidiary").

Revenue for the current year-to-date ("YTD") had also reduced by about 26% as compared to the corresponding YTD 2006, from RM24.4 million to RM18.0 million. The reduction was mainly caused by the discontinued revenue contribution from UK subsidiary, coupled with lower lighting and kitchen sales, although sales for POS products had improved.

Although revenue for both current quarter and YTD were lower as compared to the respective corresponding periods in 2006, loss before tax reduced by about 37%, from RM2.5 million in 2006 quarter to RM1.6 million in the current quarter, and about 40% from RM5.5 million in the corresponding YTD 2006 to RM3.3 million in current YTD. The lower losses were a result of earlier cost reduction measures that were implemented which involved the disposal of the UK subsidiary, relocation of the Hong Kong and China offices and rationalising the overall workforce in the Group.

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

	Current Quarter ended 30.06.2007 (RM'000)	Preceding Quarter ended 31.03.2007 (RM'000)
Revenue	9,111	8,920
Consolidated Loss Before Tax	(1,564)	(1,751)



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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED
30 JUNE 2007**

Revenue for the current quarter was RM9.1 million, which is slightly higher than that recorded in the preceding quarter. Although there were increases in sales of lighting products (both locally and export) and overseas POS products, the drop in kitchen sales and local POS sales have "even-off" the overall revenue achievement. Accordingly, loss before tax for the current quarter reduced marginally by 10% to RM1.6 million as compared to that of RM1.8 million in the preceding quarter.

B3. Prospects

Whilst streamlining and rationalising of the Group's resources are on-going, the Group continues to face challenging environment and efforts are being made to improve sales via increase in marketing activities, product innovation and achieving the desired production efficiency.



**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED
30 JUNE 2007**

B4. Profit Forecast

Not applicable as no profit forecast was published.

B5. Taxation

	Quarter ended 30.06.2007 (RM'000)	Year-to-Date ended 30.06.2007 (RM'000)
Current Taxation	108	238

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 2007 are as follows :-

	RM
At cost	19,800
At carrying value	5,400
At market value	2,400

B8. Status of Corporate Proposals

As at 28 August 2007, the Company had obtained the necessary approvals for its (i) Proposed Capital Reduction, (ii) Proposed Share Consolidation (iii) Proposed Rights Issue (iv) Proposed Exemption (v) Proposed Placement and (vi) Proposed increase in Authorised Share Capital ("Proposals"), except for the following :

- Ministry Of International Trade And Industries for the Proposals;
- High Court of Malaya for the Proposed Capital Reduction;
- Securities Commission for the Proposed Exemption; and
- Shareholders of the Company for the Proposals.



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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED
30 JUNE 2007**

An Extraordinary General Meeting of the Company has been scheduled to be held on 30 August 2007 to obtain its shareholders' approval for the Proposals.



**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED
 30 JUNE 2007**

B9. Group Borrowings and Debt Securities

	As at 30.06.2007 (RM'000)
a) Secured borrowings	26,854
Unsecured borrowings	567
	27,421
b) Short term	
- bank overdraft	3,576
- trade facilities	1,120
- hire purchase creditors	1,121
- term loans	17,134
	22,951
Long term	
- hire purchase creditors	2,929
- term loans	1,541
	4,470
Total Borrowings	27,421

B10. Off Balance Sheet Financial Instruments

There are no financial instruments with off balance sheet risk as at 28 August 2007.

B11. Material Litigation

There is no pending material litigation as at 28 August 2007.

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 2007**

B13. Earnings Per Share

	Quarter Ended		Year-to-Date Ended	
	30.06.2007	30.06.2006	30.06.2007	30.06.2006
Earnings				
Loss attributable to equity holders of the parent (RM'000)	(1,672)	(2,893)	(3,552)	(6,160)
a) Basic				
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
Basic losses per share attributable to equity holders of the parent (Sen)	(2.85)	(4.93)	(6.05)	(10.49)
b) Diluted				
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*
Fully diluted earnings / (losses) per share attributable to equity holders of the parent (Sen)	N/A*	N/A*	N/A*	N/A*

* *There is no diluted losses per share as the Company does not have any option scheme or convertible financial instruments as at the end of the respective financial period.*