



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

**UNAUDITED 1ST QUARTER REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2007**

CONDENSED CONSOLIDATED INCOME STATEMENT

	Individual Period		Cumulative Period	
	Current quarter ended 31.03.2007 (RM'000)	Corresponding quarter ended 31.03.2006 (RM'000)	Current year-to-date ended 31.03.2007 (RM'000)	Corresponding year-to-date ended 31.03.2006 (RM'000)
1 Revenue	8,920	11,718	8,920	11,718
2 Cost of sales	(8,099)	(9,439)	(8,099)	(9,439)
3 Gross profit	821	2,279	821	2,279
4 Other income	334	212	334	212
5 Other expenses	(2,526)	(5,100)	(2,526)	(5,100)
6 Loss from operations	(1,371)	(2,609)	(1,371)	(2,609)
7 Finance cost, net	(380)	(405)	(380)	(405)
8 Loss before tax	(1,751)	(3,014)	(1,751)	(3,014)
9 Taxation	(130)	(186)	(130)	(186)
10 Loss for the period	(1,881)	(3,200)	(1,881)	(3,200)
Attributable to :				
Equity holders of the parent	(1,881)	(3,266)##	(1,881)	(3,266)
Minority Interest	-	66	-	66
	(1,881)	(3,200)##	(1,881)	(3,200)
¹¹ Losses per share attributable to equity holders of the parent:				
(i) Basic - based on ordinary shares (sen)	(3.20)	(5.56)##	(3.20)	(5.56)
(ii) Fully diluted - based on ordinary shares (sen)	N/A*	N/A^##	N/A*	N/A^

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

^ For the corresponding period in year 2006, the effect on the basic losses per share arose from the assumed Employee Share Option Scheme is anti-dilutive. Accordingly, diluted losses per share was not presented.

(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 1ST QUARTER REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2007**

CONDENSED CONSOLIDATED BALANCE SHEET

	(UNAUDITED) As at 31.03.2007 (RM'000)	(AUDITED) As at 31.12.2006 (RM'000)
ASSETS		
Property, Plant and Equipment	43,441	45,513
Long Term Investments	117	117
Goodwill on Consolidation	-	-
Intangible Assets	65	65
	<u>43,623</u>	<u>45,695</u>
Current Assets		
Inventories	9,100	10,250
Trade Debtors	9,876	12,843
Other Debtors, Deposits and Prepayments	4,497	6,859
Cash and Bank Balances	639	231
	<u>24,112</u>	<u>30,183</u>
TOTAL ASSETS	<u>67,735</u>	<u>75,878</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	535	338
Retained Profits	(39,970)	(38,223)
	<u>29,333</u>	<u>30,883</u>
Minority Interest	-	133
Total Equity	<u>29,333</u>	<u>31,016</u>
Non-Current Liabilities		
Long Term Borrowings	4,993	4,790
Deferred Taxation	125	128
	<u>5,118</u>	<u>4,918</u>
Current Liabilities		
Trade Payables	10,268	9,672
Other Payables	4,130	8,662
Short Term Borrowings	18,583	21,093
Provision for Taxation	303	517
	<u>33,284</u>	<u>39,944</u>
Total Liabilities	<u>38,402</u>	<u>44,862</u>
TOTAL EQUITY and LIABILITIES	<u>67,735</u>	<u>75,878</u>
Net Assets Per Share (RM)	0.50	0.53
Net Tangible Assets Per Share (RM)	0.50	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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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		
3-MONTH PERIOD ENDED 31 MARCH 2007					
Balance as at 1 January 2007	58,726,357	10,380,339	(38,223,249)	133,145	31,016,592
Currency translation differences	-	197,573	-	-	197,573
Acquisition of minority interest	-	-	133,145	(133,145)	-
Deconsolidation of subsidiary company	-	-	(77,806)	-	(77,806)
Net loss for the period	-	-	(1,802,537)	-	(1,802,537)
Balance as at 31 March 2007	58,726,357	10,577,912	(39,970,447)	-	29,333,822
3-MONTH PERIOD ENDED 31 MARCH 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	-	(4,506)	-	-	(4,506)
Net loss for the period	-	-	(3,266,012)	56,681	(3,209,331)
Balance as at 31 March 2006	58,726,357	10,701,908	(1,422,634)	668,171	68,673,802

(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 1ST QUARTER REPORT ON CONSOLIDATED RESULTS
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CONDENSED CONSOLIDATED CASHFLOW STATEMENTS

	Current year-to-date ended 31.03.2007 (RM'000)	Corresponding year-to-date ended 31.03.2006 (RM'000)
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Loss before tax	(1,751)	(3,014)
Adjustment for :		
Amortisation and depreciation of property, plant and equipment	978	1,118
Non-cash items	73	260
Operating Loss Before Working Capital Changes	(700)	(1,636)
Changes in working capital :		
Net change in current assets	7,455	7,428
Net change in current liabilities	(4,020)	(1,595)
Net Cash From Operations	2,735	4,197
Income tax paid	(130)	(267)
Interest expenses	-	(405)
Net Cash Generated From / (Used In) Operating Activities	2,605	3,525
CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES		
Equity investment	-	-
Other investment	108	(321)
Net Cash Generated From / (Used In) Investing Activities	108	(321)
CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES		
Share issued	-	-
Repayment of borrowings, net	(1,656)	(1,924)
Net Cash Generated From / (Used In) Financing Activities	(1,656)	(1,924)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	1,057	1,280
EFFECT OF EXCHANGE RATE CHANGES	-	(48)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	(3,371)	(2,977)
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	(2,314)	(1,745)
CASH AND CASH EQUIVALENTS CARRIED FORWARD CONSIST OF :		
Cash and bank balances	639	1,773
Fixed deposits with licensed banks	-	-
Less : Bank Overdraft	(2,953)	(3,518)
	(2,314)	(1,745)

(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 FIRST QUARTER ENDED
31 MARCH 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 FIRST QUARTER ENDED
31 MARCH 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 and Year-to-Date ended 31.03.2007 (RM'000)
Segment Revenue	
-- Malaysia	10,378
-- Other Countries	2,379
	12,757
Elimination of Inter-Segment Sales	(3,837)
Group Revenue	8,920
Segment Results	
-- Malaysia	(958)
-- Other Countries	(413)
	(1,371)
Elimination	-
Loss from Operations	(1,371)

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

On 27 April 2007, the Company announced that the relevant applications pertaining to the following exercises have been submitted to the respective authorities :-

- i) Proposed Capital Reduction;
- ii) Proposed Share Consolidation;
- iii) Proposed Rights Issue;
- iv) Proposed Exemption From Obligation to Undertake a Mandatory Offer;
- v) Proposed Private Placement; and
- vi) Proposed Increase in Authorised Share Capital.
(collectively known as "Proposals")



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Subsequently on 3 May 2007, the Company announced that the Securities Commission has informed that the Proposed Exemption From Obligation to Undertake a Mandatory Offer will only be considered after certain conditions have been met.

There were no other material events in the interval between the end of the current financial quarter and 28 May 2007.



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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. The following changes in the composition of the Group occurred during the current financial quarter but are not expected to have a material effect on the Group :-

- i) Acquisition of the remaining 25% equity interest in Acumen Design & Development Solutions Limited (formerly Frontline Display International (Asia) Limited) on 26 January 2007. The acquisition forms part of the terms of the disposal of Frontline Display Holdings Limited, which was completed in December 2006; and
- ii) Voluntary dissolution of Futumeds (S) Pte. Ltd. on 28 February 2007.

A12. Changes in Contingent Liabilities or Contingent Assets

As at 31 March 2007, the Company has given corporate guarantees amounting to RM11.7 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 31 March 2007, the Group has no material capital commitments.



**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED
31 MARCH 2007**

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of Performance

The Group recorded a revenue of RM8.9 million in the current quarter, about 24% lower than that recorded in the 2006 corresponding quarter of RM11.7 million. Although sales of point-of-sale (POS) products had improved in the current quarter, overall revenue had generally declined due to lower export lighting sales, completion of an earlier kitchen project and primarily, the discontinuation of revenue contribution from the subsidiary company disposed of in December 2006 ("UK subsidiary").

Although revenue was lower, loss before tax managed to be mitigated by about 42%, from RM3.01 million in 2006 quarter to RM1.75 million in the current quarter, as various cost reduction measures 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 31.03.2007 (RM'000)	Preceding Quarter ended 31.12.2006* (RM'000)
Revenue	8,920	14,603
Consolidated Loss Before Tax	(1,751)	(32,300)

* Adjusted based on audited financial statements for the financial year ended 31 December 2006.

Revenue dropped from RM14.6 million in the preceding quarter to RM8.9 million in the current quarter, mainly due to the discontinuation of revenue contribution from the UK subsidiary, as well as the lower sales for lighting and POS products.

Whilst the loss before tax of RM1.75 million in the current quarter was due to a higher drop in revenue than the decrease in the cost of sales, the loss before tax of RM32.3 million incurred in the preceding quarter included certain one-off provisions for impairment losses etc., under various subsidiary companies, as well as the loss on disposal of the UK subsidiary, collectively amounting to about RM30.7 million.

B3. Prospects



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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED
31 MARCH 2007**

Upon the completion of the Proposals, the Group hopes to strengthen its financial position, enabling it then to improve its sales and performance going forward.

B4. Profit Forecast

Not applicable as no profit forecast was published.



**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED
31 MARCH 2007**

B5. Taxation

	Quarter and Year-to-Date ended 31.03.2007 (RM'000)
Current Taxation:	130

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 31 March 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 May 2007, the Company has yet to receive decisions from the relevant authorities in respect of the Proposals, as disclosed in Note A10 above.

B9. Group Borrowings and Debt Securities

	As at 31.03.2007 (RM'000)
a) Secured borrowings	23,016
Unsecured borrowings	560
	23,576
b) Short term	



**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED
31 MARCH 2007**

- bank overdraft	2,953
- trade facilities	1,557
- hire purchase creditors	1,139
- term loans	12,934
	18,583
Long term	
- hire purchase creditors	3,354
- term loans	1,639
	4,993
Total Borrowings	23,576

B10. Off Balance Sheet Financial Instruments

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

B11. Material Litigation

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

B12. Dividends

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

B13. Earnings Per Share

Earnings

Loss attributable to equity holders of the parent (RM'000)

a) Basic

Issued ordinary shares at the beginning of the period ('000)

Effect of shares issued ('000)

Weighted average number of ordinary shares ('000)

Basic losses per share attributable to equity holders of the parent (Sen)

Quarter and Year-to-Date Ended	
31.03.2007	31.03.2006
(1,881)	(3,266)
58,726	58,726
-	-
58,726	58,726
(3.20)	(5.56)



**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED
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b) Diluted

Weighted average number of ordinary shares ('000)
Effect of share options ('000)
Weighted average number of ordinary shares (diluted) ('000)
**Fully diluted earnings / (losses) per share attributable to
equity holders of the parent (Sen)**

	N/A*	N/A^
	N/A*	N/A^
	N/A*	N/A^
	N/A*	N/A^

* *There is no diluted losses per share as the Employee Share Option Scheme of the Company has expired and the Company does not have any convertible financial instruments as at the end of the current year-to-date.*

^ *For the corresponding periods in year 2006, the effect on the basic losses per share arose from the assumed Employee Share Option Scheme is anti-dilutive. Accordingly, diluted losses per share was not presented.*