

FLONIC HI-TEC BHD.
(Company No : 655665-T)
Incorporated in Malaysia

NOTES TO THE QUARTERLY REPORT – 31 JULY 2011
A. EXPLANATORY NOTES AS PER FRS 134 - INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in compliance with FRS134 – Interim Financial Reporting, and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the ACE Market.

Except for the changes from the adoption of new Financial Reporting Standards (“FRSs”) applicable to the Group, the accounting policies and method of computation adopted for the interim financial statements were consistent with those adopted for the audited financial statements for the year ended 31 January 2011.

A2. Auditors’ Report

The auditors’ report on the audited annual financial statements for the financial year ended 31 January 2011 was not subject to any qualification.

A3. Seasonal or Cyclical Factors

The operations of the Group were not affected by any seasonal or cyclical factors.

A4. Unusual Items

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, which are unusual by reason of their nature, size or incidence.

A5. Changes in Estimates

There were no changes in the estimates of amounts reported that have a material effect on the results in the current quarter under review.

A6. Issuance and Repayment of Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities in the current quarter under review.

A7. Dividend Paid

No dividend was declared or paid in the current quarter ended 31 July 2011.

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A. EXPLANATORY NOTES AS PER FRS 134 - INTERIM FINANCIAL REPORTING

A8. Segmental Information

Financial data by geographical segment for the Group by customers' location :

	<u>Malaysia</u> RM'000	<u>Asia</u> RM'000	<u>Total</u> RM'000
Revenue	3,175	3,274	6,449
	=====	=====	=====
Result - Profit from operations	45	47	92
	=====	=====	
Finance cost			(8)
Share of loss in associate			-
Profit before taxation			84
Taxation			0
Profit after taxation			84

A9. Valuation of Property, Plant and Equipment

The property, plant and equipment of the Group have not been revalued for the current quarter under review.

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

There were no material events subsequent to the end of the current quarter under review that have not been reflected in the financial statements.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter under review.

A12. Contingent Liabilities

As at 31 July 2011, the Company has no outstanding contingent liabilities.

A13. Capital Commitments

As at 31 July 2011, the Group did not have any capital commitments.

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NOTES TO THE QUARTERLY REPORT – 30 JULY 2011

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

B1. Review of Performance

For the period ended 31 July 2011, the Group incurred a profit before taxation of RM0.084 million compared to loss before taxation of RM2.6 million for the corresponding financial year ended 31 July 2010.

Turnover for the period ended 31 July 2011 was RM6.4 million compared to the turnover of RM3.6 million for the financial year ended 31 July 2010.

B2. Material Changes in Quarterly Results Compared to the Results of the Preceding Quarter

	Current quarter ended 31/07/2011 RM'000	Preceding quarter ended 30/04/2011 RM'000
Turnover	1,600 =====	4,849 =====
Profit before taxation	27 =====	57 =====

The Group recorded a pre-tax profit of RM0.027 million on turnover of RM1.600 million for the current quarter under review compared to pre-tax profit of RM0.057 million on turnover of RM4.849 million for the immediate preceding quarter.

B3. Commentary on Prospects

Based on works on hand and expected orders, the directors expect the prospect for the financial year ended 31 January 2012 to be improved barring unforeseen circumstances.

B4. Variance of Actual Profit from Forecast Profit

This is not applicable as no profit forecast was published.

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B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

B5. Income Tax Expense

	<u>Individual Quarter</u>		<u>Cumulative Year-to-Date</u>	
	ended 31/07/2011 RM	ended 31/07/2010 RM	ended 31/07/2011 RM	Ended 31/07/2010 RM
Income tax				
Overprovision in prior year	-	-	-	22,257

B6. Profits on Sale of Unquoted Investments and/or Properties

There were no disposals of unquoted investments or properties during the current quarter under review.

B7. Quoted Securities

There were no purchases or disposal of quoted and marketable securities during the current quarter under review.

B8. Hire Purchase Liabilities

As at 31 July 2011, the Group's hire purchases liabilities, which are all denominated in Ringgit Malaysia, were as follows:

	RM
Unsecured –	
Hire purchase creditors –	
Repayable within one year	104,912
Repayable after one year	265
	<hr/>
	105,177
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B9. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at the date of this report.

B10. Material Litigation

There were no pending material litigation at the date of this report.

B11. Earnings per Share

The basic earnings per share was calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period.

	Individual Quarter ended <u>31.07.2011</u>	Cumulative year to date Ended <u>31.07.2011</u>
Net profit for the financial period (RM)	27,274	84,591
Weighted average number of ordinary Shares of 10 sen each in issue	140,000,000	140,000,000
Basic profit per ordinary share of 10 sen (sen)	0.02	0.06

B12. Realised and Unrealised Accumulated Losses

	As at 31.07.2011	As at 30.04.2011
Total accumulated losses of the Company and its subsidiaries - Realised	(9,329,428)	(9,356,702)
Total share of accumulated losses from associated companies - Realised	(61,676)	(61,676)
	<u>(9,391,104)</u>	<u>(9,418,378)</u>
Less: Consolidation adjustments	1,632,488	1,632,488
Total Group accumulated losses as per Consolidated financial statement	<u>(7,758,616)</u>	<u>(7,785,890)</u>

BY ORDER OF THE BOARD

Yen Yoon Fah
Executive Chairman
29 September 2011