

**NOTES TO THE QUARTERLY REPORT – 30 APRIL 2013**

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

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**A1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in compliance with MFRS 134 – Interim Financial Reporting, and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the ACE Market.

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 2013.

**A2. Auditors’ Report**

The auditors’ report on the audited annual financial statements for the financial year ended 31 January 2013 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 30 April 2013.

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**A8. Segmental Information**

Segment information is presented in respect of the Group's business segments which are based on internal reporting structure presented to the management of the Company.

|  | <b>Quarter<br/>ended<br/>30 Apr<br/>2013<br/>RM'000</b> | <b>Quarter<br/>ended<br/>30 Apr<br/>2012<br/>RM'000</b> |
|--|---|---|
| <b>Segment Revenue</b>                   |   |   |
| Manufacture of precision cleaning system | 252   | 659   |
| Trading of aluminium and machine parts   | 3,157   | 0   |
| Investment holding & others              | 0   | 0   |
|  | <u>3,409</u>  | <u>659</u>  |
| Elimination of inter-segment revenue     | 0   | 0   |
| <b>Total revenue</b>                     | <u>3,409</u>  | <u>659</u>  |
| <b>Segment Results</b>                   |   |   |
| Manufacture of precision cleaning system | (104)   | (960)   |
| Trading of aluminium and machine parts   | (55)  | 0   |
| Investment holding & others              | (368)   | 10  |
| Results from operations                  | <u>(527)</u>  | <u>(970)</u>  |
| Finance Cost                             | (84)  | (1)   |
| <b>Loss before taxation</b>              | <u>(611)</u>  | <u>(971)</u>  |

**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 except for the acquisition of 300,000 ordinary shares of RM1.00 each in Jiwa Holdings Sdn Bhd ("Jiwa") representing a 30% equity interest in Jiwa for a total cash consideration of RM3.75 million on 30 April 2013.

**A12. Contingent Liabilities**

As at 30 April 2013, the Company has no outstanding contingent liabilities.

**A13. Capital Commitments**

As at 30 April 2013, the Group did not have any capital commitments.

**NOTES TO THE QUARTERLY REPORT – 30 APRIL 2013**

**B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS**

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**B1. Review of Performance**

The turnover for the current quarter under review was RM3.409 million as compared to RM0.659 million in the corresponding period in year 2013. The turnover for the current quarter increased significantly when compared to the corresponding period in year 2013 due to sales contribution from trading of aluminium and machine parts sector during the current quarter.

The Group posted a loss before tax of RM0.611 million for the current quarter as compared to a loss before taxation of RM0.970 million in the corresponding period in year 2013.

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

|                      | <b>Current quarter<br/>ended 30-Apr-13<br/>RM'000</b> | <b>Preceding quarter<br/>ended 31-Jan-13<br/>RM'000</b> |
|----------------------|---|---|
| Turnover             | 3,409<br>=====  | 4,149<br>=====  |
| Loss before taxation | (611)<br>=====  | (5,019)<br>=====  |

The Group recorded a loss before taxation of RM0.611 million on a turnover of RM3.409 million for the current quarter under review compared to loss before taxation of RM5.019 million on a turnover of RM4.149 million for the immediate preceding quarter. The much lower loss before taxation for the current quarter was mainly due to tighter control over operating costs and no impairment losses recognised.

**B3. Commentary on Prospects**

As reported in the preceding quarter, the Company's long term strategy is to diversify its business to project management operations and interior design instead of cleaning system operations which have been adversely impacted by the global economic downturn.

The acquisition of a 30% equity interest in Jiwa Holdings Sdn Bhd, for that purpose, was completed on 30 April 2013. Jiwa Holdings Sdn Bhd is expected to contribute positively to the Company's future earnings and improve the financial position of the Group in the long term.

**B4. Variance of Actual Profit from Forecast Profit**

This is not applicable as no profit forecast was published.

**B5. Profits on Sale of Unquoted Investments and/or Properties**

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

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**B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS**

**B6. Quoted Securities**

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

**B7. Corporate Proposals**

(a) Status of Corporate Proposals

The resolutions in relation to the following corporate proposals previously announced were approved by the shareholders of the Company at the Extraordinary General Meeting on 28 February 2013:-

i) Proposed acquisition of 300,000 ordinary shares of RM1.00 each in Jiwa Holdings Sdn Bhd (“Jiwa”) (“Jiwa Shares”) representing a 30% equity interest in Jiwa by the Company for a total cash consideration of RM3.75 million (“**Proposed Acquisition**”);

ii) Proposed option to acquire an additional 210,000 Jiwa Shares representing a 21% equity interest in Jiwa for a total purchase consideration of RM2,625,000 via a mode of satisfaction to be determined (“**Proposed Option**”); and

iii) Proposed diversification of the principal activities of the Company and its subsidiaries to include project management, interior fit out, manufacturing and trading in wood furniture (“**Proposed Diversification**”).

The “Proposed Acquisition” was completed on 30 April 2013.

(b) Utilisation of proceeds from Rights Issue

The gross proceeds from the Rights Issue of RM 20.994 million are expected to be utilised as follows:

| <u>Purpose</u>                                      | <u>Proposed to be utilised</u> | <u>Actual Utilisation as at 30 Apr 2013</u> | <u>Intended timeframe for utilisation</u> | <u>(Deviation) / Unutilised</u> |          |
|---|--------------------------------|---|---|---------------------------------|----------|
|   | <u>RM'000</u>                  | <u>RM'000</u>                               |   | <u>RM'000</u>                   | <u>%</u> |
| i) Working capital requirements                     | 11,787                         | 11,787                                      | Within 24 mths                            | -                               |          |
| ii) Repayment of Advances                           | 2,607                          | 2,607                                       | Immediate                                 | -                               |          |
| iii) Overseas expansion                             | 6,000                          | 1,054                                       | Within 24 mths                            | 4,946                           | 82       |
| iv) Estimated expenses in relation to the Proposals | 600                            | 600   | Within 1 mth                              | -                               |          |
|   | <u>20,994</u>                  | <u>16,048</u>                               |   | <u>4,946</u>                    |          |

**B8. Off Balance Sheet Financial Instruments**

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

**B9. Material Litigation**

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

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**B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS**

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**B10. Earnings/(Loss) per Share**

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

|   | <b>Quarter Ended</b>   |                        | <b>Year to date</b>    |                        |
|---|------------------------|------------------------|------------------------|------------------------|
|   | <b>30 Apr<br/>2013</b> | <b>30 Apr<br/>2012</b> | <b>30 Apr<br/>2013</b> | <b>30 Apr<br/>2012</b> |
| Net loss for the financial period (RM'000)                                | (611)                  | (971)                  | (611)                  | (971)                  |
| Weighted average number of ordinary shares of 10 sen each in issue ('000) | 349,945                | 140,000                | 349,945                | 140,000                |
| Basic loss per ordinary share of 10 sen each(sen)                         | (0.17)                 | (0.69)                 | (0.17)                 | (0.69)                 |

**B11. Realised and Unrealised Accumulated Losses**

|   | <b>As at<br/>30 Apr<br/>2013<br/>RM'000</b> | <b>As at<br/>31 Jan<br/>2013<br/>RM'000</b> |
|---|---|---|
| Total accumulated losses of the Group                           |   |   |
| - Realised  | (19,167)                                    | (18,555)                                    |
| - Unrealised  | 0   | 0   |
| Total share of accumulated losses from associated companies     |   |   |
| - Realised  | (61)  | (61)  |
| - Unrealised  | 0   | 0   |
|   | <u>(19,228)</u>                             | <u>(18,616)</u>                             |
| Less: Consolidation adjustments                                 | <u>1,632</u>                                | <u>1,632</u>                                |
| Total accumulated losses as per Statement of Financial Position | <u>(17,596)</u>                             | <u>(16,984)</u>                             |

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

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**B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS**

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**B12. Notes to the Statements of Profit or Loss and Other Comprehensive Income**

|   | <b>Current quarter<br/>ended<br/>30 April 2013<br/>RM'000</b> | <b>Current year<br/>to date<br/>30 April 2013<br/>RM'000</b> |
|---|---|--|
| Interest expense                                  | 84  | 84   |
| Depreciation & amortisation                       | 166   | 166  |
| Gain on disposal of property, plant and equipment | (21)  | (21)   |

Other than as disclosed above, the Group does not have other material items that are recognised as profit or loss in the Statements of Profit or Loss and Other Comprehensive Income.

BY ORDER OF THE BOARD

Chua Wye Man  
Chairman / Executive Director  
21 June 2013