

**NOTES TO THE QUARTERLY REPORT – 30 APRIL 2014**

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

---

**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 2014.

**A2. Auditors’ Report**

The auditors’ report on the audited annual financial statements for the financial year ended 31 January 2014 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**

There was no dividend declared or paid by the Company during the quarter under review.

**NOTES TO THE QUARTERLY REPORT – 30 APRIL 2014**

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

**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>3 months ended 30 Apr 2014 RM'000</b>	<b>3 months ended 30 Apr 2013 RM'000</b>
<b>Segment Revenue</b>		
Manufacture of precision cleaning system	34	252
Trading of aluminium and machine parts	2,232	3,157
Investment holding & others	30	0
Project management services	639	0
Marketing	3	0
Manufacture of furniture	186	0
	<u>3,124</u>	<u>3,409</u>
Elimination of inter-segment revenue	575	0
<b>Total revenue</b>	<u>3,699</u>	<u>3,409</u>
<b>Segment Results</b>		
Manufacture of precision cleaning system	(99)	(104)
Trading of aluminium and machine parts	(266)	(55)
Investment holding & others	(163)	(368)
Project management services	(87)	0
Marketing	(12)	0
Manufacture of furniture	(466)	0
Results from operations	<u>(1,093)</u>	<u>(527)</u>
Finance Cost	(91)	(84)
<b>Loss before taxation</b>	<u>(1,184)</u>	<u>(611)</u>

**A9. Valuation of Property, Plant and Equipment**

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

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

There were no materials events since the end of the current quarter to the date of this announcement that have not been reflected in the interim financial statements.

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

**NOTES TO THE QUARTERLY REPORT – 30 APRIL 2014**

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

---

**A11. Changes in the Composition of the Group**

The Board of Directors of Company has on 14 February 2014 been notified that a representative of Jiwa Holdings Sdn Bhd has resigned from the board of Jiwa M&E Services Sdn Bhd with effect from 7 February 2014, thereby resulting in Jiwa Holdings Sdn Bhd ceasing control over the board and management of Jiwa M&E Services Sdn Bhd.

In view thereof, Jiwa M&E Services Sdn Bhd has become an associate of Jiwa Holdings Sdn Bhd with effect from 7 February 2014.

**A12. Contingent Liabilities**

A contract work undertaken by a subsidiary company of which the completion date based on the agreement was on 28 October 2012 and was further extended to 28 February 2013. The liquidated ascertained damages (“LAD”) calculated from 1 March 2013 at RM3,000 a day up to 31 January 2014 was RM1,011,000. However, there is no valid LAD claim from the customer.

The management represented that the work was completed in May 2013. However, the customer has withheld the issuance of certificate of practical completion pending rectification work.

**A13. Capital Commitments**

As at 30 April 2014, the Group did not have any capital commitments.

**NOTES TO THE QUARTERLY REPORT – 30 APRIL 2014**

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

---

**B1. Review of Performance**

The turnover for the current quarter under review was RM3.699 million as compared to RM3.409 million in the corresponding period in year 2014. The turnover for current quarter increased by 8.5% compared to the corresponding period in year 2014 is attributed to the consolidation of revenue from the Jiwa Group of companies.

The Group posted a loss before tax of RM1.184 million for the current quarter as compared to a loss before taxation of RM0.611 million in the corresponding period in year 2014.

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

	<b>Current quarter ended 30 Apr-14 RM'000</b>	<b>Preceding quarter ended 31 Jan-14 RM'000</b>
Turnover	3,699 =====	9,149 =====
Loss before taxation	(1,184) =====	(6,255) =====

Turnover for current quarter was RM3.699 million as compared to immediate preceding quarter of RM9.149 million. There was a decrease of RM5.45 million of turnover for the current quarter as compared to immediate preceding quarter. The decrease in turnover was due to lower sales in trading segment, project management services segment and provision of M&E services segment under Jiwa M&E Services Sdn.Bhd. which ceased to be a deemed subsidiary of Jiwa Holdings Sdn Bhd with effect from 7 February 2014.

The Group recorded a loss before taxation of RM1.184 million on a turnover of RM3.699 million for the current quarter under review compared to loss before taxation of RM6.255 million on a turnover of RM9.149 million for the immediate preceding quarter.

**B3. Commentary on Prospects**

As reported in the preceding quarter, the acquisition of a 30% equity interest in Jiwa Holdings Sdn Bhd in April 2013 is expected to contribute positively to the Group'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.

**NOTES TO THE QUARTERLY REPORT – 30 APRIL 2014**

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

**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 Company had on 17 April 2014 and 20 May 2014 announced that the Company proposes to undertake a renounceable rights issue of up to 524,902,678 new ordinary shares of RM0.05 each in Flonic (“Rights Shares”) together with up to 349,935,118 free detachable warrants (“Warrants”) at an issue price of RM0.07 per Rights Share on the basis of one (1) Rights Share for every one (1) existing ordinary share of RM0.05 each held in Flonic together with two (2) Warrants for every three (3) Rights Shares subscribed at an entitlement date to be determined later (“Proposed Rights Issue with Warrants”).

The listing application for the listing of and quotation for the Rights Shares and Warrants to be issued pursuant to the Proposed Rights Issue with Warrants has been submitted to Bursa Securities on 20 May 2014.

(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 31 Jan 2014</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	16,733	13,658	Within 24 mths	3,075	18.38
ii) Repayment of Advances	2,607	2,607		-	
iii) Overseas expansion	1,054	1,054		-	
iv) Estimated expenses in relation to the Proposals	600	600		-	
	<u>20,994</u>	<u>17,919</u>		<u>3,075</u>	

**NOTES TO THE QUARTERLY REPORT – 30 APRIL 2014**

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

---

(c) Utilisation of proceeds from Private Placement

The gross proceeds from the Private Placement of RM 2.975 million are expected to be utilised as follows:

<u>Purpose</u>	<u>Amount Allocated RM'000</u>	<u>Amount Utilised RM'000</u>	<u>%</u>
i) Repayment of Bank Borrowings	2,915	2,915	100
ii) Expenses in relation to Private Placement Exercise	60	60	100
	2,975	2,975	

**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.

**B10. 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 2014</b>	<b>30 Apr 2013</b>	<b>30 Apr 2014</b>	<b>30 Apr 2013</b>
Net loss for the financial period (RM'000)	(619)	(611)	(619)	(611)
Weighted average number of ordinary shares of 5 sen each (2014:10 sen) in issue ('000)	399,601	349,945	399,601	349,945
Basic loss per ordinary share of 5 sen each (sen) (2014:10 sen)	(0.15)	(0.17)	(0.15)	(0.17)

**NOTES TO THE QUARTERLY REPORT – 30 APRIL 2014**

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

**B11. Realised and Unrealised Accumulated Losses**

	<b>As at 30 Apr 2014 RM'000</b>	<b>As at 31 Jan 2014 RM'000</b>
Total accumulated losses of the Group		
- Realised	(7,590)	(6,971)
- Unrealised	0	0
	<u>(7,590)</u>	<u>(6,971)</u>
Total share of accumulated losses from associated companies		
- Realised	(61)	(61)
- Unrealised	0	0
	<u>(7,651)</u>	<u>(7,032)</u>
Less: Consolidation adjustments	1,632	1,632
Total accumulated losses as per Statement of Financial Position	<u>(6,019)</u>	<u>(5,400)</u>

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

	<b>Current quarter ended 30 Apr 2014 RM'000</b>	<b>Current year to date 30 Apr 2014 RM'000</b>
Interest expense	91	91
Depreciation & amortisation	237	237

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

Dato' Chua Wye Man  
 Executive Chairman