

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME FOR THE 2ND QUARTER ENDED 31 JULY 2014**

|   | <u>Individual Quarter</u><br>3 months ended |                  | <u>Cumulative Quarter</u><br>6 months ended |                  |
|---|---|------------------|---|------------------|
|   | 31-Jul-14<br>RM                             | 31-Jul-13<br>RM  | 31-Jul-14<br>RM                             | 31-Jul-13<br>RM  |
| Revenue   | 4,561,262                                   | 9,332,885        | 8,260,213                                   | 12,742,383       |
| Other operating income                                    | 264,819                                     | 107,302          | 297,134                                     | 147,803          |
| Operating expenses  | (4,697,622)                                 | (7,657,788)      | (9,521,481)                                 | (11,634,608)     |
| <b>Profit/(Loss) from operations</b>                      | <b>128,459</b>                              | <b>1,782,399</b> | <b>(964,134)</b>                            | <b>1,255,578</b> |
| Finance costs   | (135,321)                                   | (17,075)         | (226,599)                                   | (101,538)        |
| <b>(Loss)/Profit before taxation</b>                      | <b>(6,862)</b>                              | <b>1,765,324</b> | <b>(1,190,733)</b>                          | <b>1,154,040</b> |
| Income Tax  | -   | (170,000)        | 50,000                                      | (170,000)        |
| <b>(Loss)/Profit for the period</b>                       | <b>(6,862)</b>                              | <b>1,595,324</b> | <b>(1,140,733)</b>                          | <b>984,040</b>   |
| <b>Other comprehensive income:</b>                        |   |                  |   |                  |
| Share of associates' other comprehensive profit           | 110,371                                     | -                | 453,567                                     | -                |
| <b>Total comprehensive profit/(loss)</b>                  | <b>103,509</b>                              | <b>1,595,324</b> | <b>(687,166)</b>                            | <b>984,040</b>   |
| <b>Profit/(Loss) for the period attributable to :</b>     |   |                  |   |                  |
| Owners of the Parent                                      | 29,618                                      | (107,789)        | (589,106)                                   | (719,073)        |
| Non-Controlling Interest                                  | 73,891                                      | 1,703,113        | (98,060)                                    | 1,703,113        |
|   | <b>103,509</b>                              | <b>1,595,324</b> | <b>(687,166)</b>                            | <b>984,040</b>   |
| <b>Total comprehensive profit/(loss) attributable to:</b> |   |                  |   |                  |
| Owners of the Parent                                      | 29,618                                      | (107,789)        | (589,106)                                   | (719,073)        |
| Non-Controlling Interest                                  | 73,891                                      | 1,703,113        | (98,060)                                    | 1,703,113        |
|   | <b>103,509</b>                              | <b>1,595,324</b> | <b>(687,166)</b>                            | <b>984,040</b>   |
| Basic earning/(loss) per ordinary share (sen)             | 0.01  | (0.03)           | (0.15)                                      | (0.21)           |

(The unaudited condensed consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 January 2014 and the accompanying explanatory notes attached to this interim financial statements)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 JULY 2014**

|  | (Unaudited)<br>As at<br>31-Jul-14<br>RM | (Audited)<br>As at<br>31-Jan-14<br>RM |
|--|---|---------------------------------------|
| <b>ASSETS</b>  |   |                                       |
| <b>Non-Current Assets</b>  |   |                                       |
| Property, plant and equipment  | 6,996,860                               | 7,553,234                             |
| Investment in associated company   | 903,030                                 | -                                     |
| Goodwill on consolidation  | 3,124,277                               | 3,124,277                             |
| <b>Current Assets</b>  |   |                                       |
| Inventories  | 5,412,719                               | 5,972,867                             |
| Trade receivables  | 7,037,914                               | 11,048,241                            |
| Amount due from contract customers   | 2,886,789                               | 447,179                               |
| Other receivables, deposits and prepayment                                 | 810,975                                 | 267,274                               |
| Cash and bank balances   | 3,436,431                               | 5,041,341                             |
|  | <u>19,584,828</u>                       | <u>22,776,902</u>                     |
| <b>TOTAL ASSETS</b>  | <u>30,608,995</u>                       | <u>33,454,413</u>                     |
| <b>EQUITY AND LIABILITIES</b>  |   |                                       |
| Share capital  | 19,980,062                              | 19,980,062                            |
| Share premium  | 1,384,855                               | 1,384,855                             |
| Warrants reserve   | 547,433                                 | 547,433                               |
| Foreign exchange translation reserve                                       | 145,907                                 | 145,907                               |
| Merger deficit   | (2,575,050)                             | (2,575,050)                           |
| Accumulated Losses   | (5,989,457)                             | (5,400,351)                           |
| <b>Total equity attributable to the owners of the Company</b>              | <u>13,493,750</u>                       | <u>14,082,856</u>                     |
| <b>Non-controlling Interests</b>   | <u>2,898,753</u>                        | <u>3,971,008</u>                      |
| <b>Total Equity</b>  | <u>16,392,503</u>                       | <u>18,053,864</u>                     |
| <b>Non-current liabilities</b>   |   |                                       |
| Term loan  | 3,614,230                               | 3,791,210                             |
| Hire-purchase payables   | 522,839                                 | 554,098                               |
| Deferred tax liabilities   | 78,313                                  | 101,497                               |
| <b>Current Liabilities</b>   |   |                                       |
| Trade payables   | 3,781,728                               | 5,867,534                             |
| Amount due to contract customers   | 2,467,429                               | 783,594                               |
| Other payables and accruals  | 1,308,464                               | 1,313,964                             |
| Amount owing to an associated company                                      | 164,544                                 | 14,871                                |
| Hire-purchase payables   | 95,305                                  | 124,312                               |
| Term loan  | 292,135                                 | 251,337                               |
| Bank overdraft   | 881,450                                 | 917,295                               |
| Current tax liabilities  | 1,010,055                               | 1,680,837                             |
|  | <u>10,001,110</u>                       | <u>10,953,744</u>                     |
| <b>Total Liabilities</b>   | <u>14,216,492</u>                       | <u>15,400,549</u>                     |
| <b>TOTAL EQUITY AND LIABILITIES</b>  | <u>30,608,995</u>                       | <u>33,454,413</u>                     |
| NTA per share attributable to equity holders of the Company<br>-basic (RM) | 0.03                                    | 0.04                                  |

(The unaudited condensed consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 January 2014 and the accompanying explanatory notes attached to this interim financial statements)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE PERIOD ENDED 31 JULY 2014**

|  | <b>Cumulative<br/>6 months ended<br/>31-Jul-14<br/>RM</b> | <b>Cumulative<br/>6 months ended<br/>31-Jul-13<br/>RM</b> |
|--|---|---|
| <b>Cash Flows From Operating Activities</b>                                      |   |   |
| (Loss)/Profit before taxation  | (1,190,733)   | 1,154,040   |
| Adjustments for :-   |   |   |
| Depreciation   | 472,939   | 435,593   |
| Interest expense   | 226,599   | 101,538   |
| Gain on disposal of property, plant and equipment                                | -   | (20,573)  |
| <i>Operating (loss)/profit before working capital changes</i>                    | <u>(491,195)</u>  | <u>1,670,598</u>  |
| Decrease in inventories  | 560,148   | 494,740   |
| Increase in receivables  | (1,714,531)   | (2,414,917)   |
| Increase/(Decrease) in payables  | <u>1,226,268</u>  | <u>(227,379)</u>  |
| Cash absorbed by operations  | (419,310)   | (476,958)   |
| Interest paid  | (77,877)  | (7,008)   |
| Tax paid   | (231,413)   | (81,713)  |
| <i>Net cash used in operating activities</i>                                     | <u>(728,600)</u>  | <u>(565,679)</u>  |
| <b>Cash Flows From Investing Activities</b>                                      |   |   |
| Net cash outflow from acquisition of a subsidiary company                        | -   | (3,292,650)   |
| Short term deposits  | -   | (3,763,263)   |
| Deemed disposal of a subsidiary company  | (736,910)   | -   |
| Purchase of property, plant and equipment  | (17,934)  | (14,523)  |
| Proceeds from disposal of property, plant and equipment                          | -   | 42,700  |
| <i>Net cash used in investing activities</i>                                     | <u>(754,844)</u>  | <u>(7,027,736)</u>  |
| <b>Cash Flows From Financing Activities</b>                                      |   |   |
| Drawdown from term loan  | -   | 3,750,000   |
| Repayment of term loan   | (136,182)   | -   |
| Interest paid  | (148,722)   | (94,530)  |
| Advances from an associated company  | 259,549   | -   |
| Repayment of hire purchase creditors   | <u>(60,266)</u>   | <u>(30,402)</u>   |
| <i>Net cash (used in)/generated from financing activities</i>                    | <u>(85,621)</u>   | <u>3,625,068</u>  |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS<br/>DURING THE FINANCIAL PERIOD</b> | <b>(1,569,065)</b>  | <b>(3,968,347)</b>  |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE<br/>FINANCIAL PERIOD</b>        | <b>4,124,046</b>  | <b>5,249,069</b>  |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE<br/>FINANCIAL PERIOD</b>          | <b><u>2,554,981</u></b>                                   | <b><u>1,280,722</u></b>                                   |
| <b>CASH AND CASH EQUIVALENTS</b>   |   |   |
| Cash and bank balances   | 3,436,431   | 1,280,722   |
| Bank Overdraft   | (881,450)   | -   |
|  | <u>2,554,981</u>  | <u>1,280,722</u>  |

(The unaudited condensed consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 January 2014 and the accompanying explanatory notes attached to this interim financial statements)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 JULY 2014

|   | Attributable to Owners of the Parent |                  |                                   |                                      |                  |                    |                    |  |                          |                   |
|---|--------------------------------------|------------------|-----------------------------------|--------------------------------------|------------------|--------------------|--------------------|--|--------------------------|-------------------|
|   | Share Capital                        | Share Premium    | Non-Distributable Capital Reserve | Foreign exchange translation reserve | Warrants Reserve | Accumulated losses | Merger Deficit     | Total equity Attributable to the Parent's Equity Holders | Non-Controlling Interest | Total Equity      |
|   | RM                                   | RM               | RM                                | RM                                   | RM               | RM                 | RM                 | RM   | RM                       | RM                |
| <b>Balance at 1 February 2014</b>                                       | 19,980,062                           | 1,384,855        | -                                 | 145,907                              | 547,433          | (5,400,351)        | (2,575,050)        | 14,082,856   | 3,971,008                | 18,053,864        |
| Total comprehensive loss for the period                                 | -                                    | -                | -                                 | -                                    | -                | (589,106)          | -                  | (589,106)  | (98,060)                 | (687,166)         |
| Deemed disposal of a subsidiary company                                 | -                                    | -                | -                                 | -                                    | -                | -                  | -                  | -  | (974,195)                | (974,195)         |
| <b>Balance at 31 July 2014</b>  | <u>19,980,062</u>                    | <u>1,384,855</u> | <u>-</u>                          | <u>145,907</u>                       | <u>547,433</u>   | <u>(5,989,457)</u> | <u>(2,575,050)</u> | <u>13,493,750</u>  | <u>2,898,753</u>         | <u>16,392,503</u> |
| <b>Balance at 1 February 2013</b>                                       | 34,994,493                           | 95,991           | -                                 | 145,907                              | 611,490          | (16,984,228)       | (2,575,050)        | 16,288,603   | -                        | 16,288,603        |
| Loss after taxation, representing total comprehensive loss for the year | -                                    | -                | -                                 | -                                    | -                | (5,913,369)        | -                  | (5,913,369)  | 2,576,864                | (3,336,505)       |
| NCI Share of acquiree's net identifiable assets                         | -                                    | -                | -                                 | -                                    | -                | -                  | -                  | -  | 1,334,144                | 1,334,144         |
| Subscription of shares in subsidiary company by NCI                     | -                                    | -                | -                                 | -                                    | -                | -                  | -                  | -  | 240,000                  | 240,000           |
| Dividend paid   | -                                    | -                | -                                 | -                                    | -                | -                  | -                  | -  | (180,000)                | (180,000)         |
| Issuance of ordinary shares pursuant to subscription of warrants        | 733,091                              | -                | -                                 | -                                    | -                | -                  | -                  | 733,091  | -                        | 733,091           |
| Private placement of new ordinary shares                                | 1,749,724                            | 1,224,807        | -                                 | -                                    | -                | -                  | -                  | 2,974,531  | -                        | 2,974,531         |
| Exercised of Warrants   | (17,497,246)                         | 64,057           | -                                 | -                                    | (64,057)         | -                  | -                  | -  | -                        | -                 |
| Par value reduction   | -                                    | -                | 17,497,246                        | -                                    | -                | -                  | -                  | -  | -                        | -                 |
| Elimination of accumulated losses                                       | -                                    | -                | (17,497,246)                      | -                                    | -                | 17,497,246         | -                  | -  | -                        | -                 |
| <b>Balance at 31 January 2014</b>                                       | <u>19,980,062</u>                    | <u>1,384,855</u> | <u>-</u>                          | <u>145,907</u>                       | <u>547,433</u>   | <u>(5,400,351)</u> | <u>(2,575,050)</u> | <u>14,082,856</u>  | <u>3,971,008</u>         | <u>18,053,864</u> |

(The unaudited condensed consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 January 2014 and the accompanying explanatory notes attached to this interim financial statements )

**FLONIC HI-TEC BHD.**  
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**NOTES TO THE QUARTERLY REPORT – 31 July 2014**

**A. EXPLANATORY NOTES AS PER MFRS 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 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.

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**NOTES TO THE QUARTERLY REPORT – 31 July 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>6 months<br/>ended<br/>31 Jul 2014<br/>RM'000</b> | <b>6 months<br/>ended<br/>31 Jul 2013<br/>RM'000</b> |
|--|--|--|
| <b>Segment Revenue</b>                   |  |  |
| Manufacture of precision cleaning system | 36   | 1,070  |
| Trading of aluminium and machine parts   | 5,714  | 6,660  |
| Investment holding & others              | 67   | 37   |
| Project management services              | 1,878  | 3,701  |
| Marketing                                | 3  | 0  |
| Manufacture of furniture                 | 185  | 873  |
| Provision of M&E services                | 0  | 1,326  |
|  | <u>7,883</u>   | <u>13,667</u>  |
| Elimination of inter-segment revenue     | 377  | (925)  |
| <b>Total revenue</b>                     | <u>8,260</u>   | <u>12,742</u>  |
| <b>Segment Results</b>                   |  |  |
| Manufacture of precision cleaning system | (207)  | (311)  |
| Trading of aluminium and machine parts   | (23)   | (504)  |
| Investment holding & others              | (239)  | (469)  |
| Project management services              | 380  | 1,363  |
| Marketing                                | (14)   | 0  |
| Manufacture of furniture                 | (861)  | 877  |
| Provision of M&E services                | 0  | 299  |
|  | <u>(964)</u>   | <u>1,255</u>   |
| Results from operations                  | (964)  | 1,255  |
| Finance Cost                             | (227)  | (101)  |
| <b>Loss before taxation</b>              | <u>(1,191)</u>                                       | <u>1,154</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.

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**NOTES TO THE QUARTERLY REPORT – 31 July 2014**

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

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**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**

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 31 July 2014, the Group did not have any capital commitments.

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**NOTES TO THE QUARTERLY REPORT – 31 July 2014**

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

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**B1. Review of Performance**

The turnover for the current quarter under review was RM4.561 million as compared to RM9.333 million in the corresponding period last year. The turnover for current quarter decreased significantly due to Jiwa M&E Services Sdn Bhd becoming an associate of Jiwa Holdings Sdn Bhd with effect from 7 February 2014 and lower turnover in project management services segment.

The Group posted a loss before tax of RM0.007 million for the current quarter as compared to a profit before taxation of RM1.765 million in the corresponding period last year.

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

|                      | <b>Current quarter<br/>ended 31 July-14<br/>RM'000</b> | <b>Preceding quarter<br/>ended 30 Apr-14<br/>RM'000</b> |
|----------------------|--|---|
| Turnover             | 4,561<br>=====   | 3,699<br>=====  |
| Loss before taxation | (7)<br>=====   | (1,184)<br>=====  |

Turnover for current quarter was RM4.561 million as compared to immediate preceding quarter of RM3.699 million. There was a increase of RM0.862 million of turnover for the current quarter as compared to immediate preceding quarter. The increase in turnover was due to increase sales in trading segment and project management services segment.

The Group recorded a loss before taxation of RM0.007 million on a turnover of RM4.561 million for the current quarter under review compared to loss before taxation of RM1.184 million on a turnover of RM3.699 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.



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**NOTES TO THE QUARTERLY REPORT – 31 July 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, 20 May 2014, 17 July 2014, 14 August 2014 and 29 August 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").

Bursa Securities had, vide its letter dated 16 July 2014, approved the Proposed Rights Issue with Warrants.

The resolution for the Proposed Rights Issue with Warrants was duly approved by the shareholders of the Company at the Extraordinary General Meeting held on 29 August 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><br>RM'000 | <u>Actual Utilisation as at 31 Jul 2014</u><br>RM'000 | <u>Intended timeframe for utilisation</u> | <u>(Deviation) / Unutilised</u><br>RM'000 | <u>%</u> |
|---|--|---|---|---|----------|
| i) Working capital requirements                     | 16,733                                   | 13,297  | Within 24 mths                            | 3,436                                     | 20.53    |
| 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>17,558</u>   |   | <u>3,436</u>                              |          |

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

**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. Earning/(Loss) per Share**

The basic earning/(loss) per share was calculated by dividing the net profit/(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>31 Jul</b>        | <b>31 Jul</b> | <b>31 Jul</b>       | <b>31 Jul</b> |
|  | <b>2014</b>          | <b>2013</b>   | <b>2014</b>         | <b>2013</b>   |
| Net profit/(loss) for the financial period (RM'000)                                    | 30                   | (108)         | (589)               | (719)         |
| 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 earning/(loss) per ordinary share of 5 sen each (sen) (2014:10 sen)              | 0.01                 | (0.03)        | (0.15)              | (0.21)        |

**B11. Realised and Unrealised Accumulated Losses**

|  | <b>As at</b>   | <b>As at</b>   |
|--|----------------|----------------|
|  | <b>31 Jul</b>  | <b>31 Jan</b>  |
|  | <b>2014</b>    | <b>2014</b>    |
|  | <b>RM'000</b>  | <b>RM'000</b>  |
| Total accumulated losses of the Group                            |                |                |
| - Realised   | (7,560)        | (6,971)        |
| - Unrealised   | 0              | 0              |
|  | <u>(7,560)</u> | <u>(6,971)</u> |
| Total share of accumulated losses from associated companies      |                |                |
| - Realised   | (61)           | (61)           |
| - Unrealised   | 0              | 0              |
|  | <u>(7,621)</u> | <u>(7,032)</u> |
| Less: Consolidation adjustments                                  | 1,632          | 1,632          |
| Total accumulated losses as per Statements of Financial Position | <u>(5,989)</u> | <u>(5,400)</u> |

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

**NOTES TO THE QUARTERLY REPORT – 31 July 2014**  
**A. EXPLANATORY NOTES AS PER MFRS 134 - INTERIM FINANCIAL REPORTING**

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

|                             | <b>Current quarter<br/>ended<br/>31 Jul 2014<br/>RM'000</b> | <b>Current year<br/>to date<br/>31 Jul 2014<br/>RM'000</b> |
|-----------------------------|---|--|
| Interest expense            | 135   | 227  |
| Depreciation & amortisation | 236   | 473  |

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  
Chairman / Executive Director  
25 September 2014