

NOTES TO THE QUARTERLY REPORT – 30 APRIL 2015

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 2015.

A2. Auditors’ Report

The auditors’ report on the audited annual financial statements for the financial year ended 31 January 2015 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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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.

	3 months ended 30 Apr 2015	3 months ended 30 Apr 2014
	RM'000	RM'000
Segment Revenue		
Manufacture of precision cleaning system	0	34
Trading of aluminium and machine parts	3,623	2,232
Investment holding & others	1	30
Project management services	1,090	639
Marketing	0	3
Manufacture of furniture	20	186
	<u>4,734</u>	<u>3,124</u>
Elimination of inter-segment revenue	(681)	575
Total revenue	<u>4,053</u>	<u>3,699</u>
Segment Results		
Manufacture of precision cleaning system	(31)	(99)
Trading of aluminium and machine parts	50	(266)
Investment holding & others	33	(163)
Project management services	169	(87)
Marketing	(1)	(12)
Manufacture of furniture	(317)	(466)
	<u>(97)</u>	<u>(1,093)</u>
Results from operations	118	343
Share of results in associated company	(71)	(91)
Finance Cost	(71)	(91)
Loss before taxation	<u>(50)</u>	<u>(841)</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

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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 30 April 2015 was RM2,373,000. 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 2015, the Group did not have any capital commitments.

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B1. Review of Performance

The turnover for the current quarter under review was RM4.053 million as compared to RM3.699 million in the corresponding period last year. The turnover for current quarter increased by 9.6% compared to the corresponding period last year due to increase sales in trading segment and project management services segment.

The Group posted a loss before tax of RM50,430 for the current quarter as compared to a loss before taxation of RM0.841 million in the corresponding period last year.

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

	Current quarter ended 30 Apr-15 RM'000	Preceding quarter ended 31 Jan-15 RM'000
Turnover	4,053 =====	3,557 =====
Loss before taxation	(50) =====	(6,746) =====

Turnover for current quarter was RM4.053 million as compared to immediate preceding quarter of RM3.557 million. There was an increase of RM0.496 million in turnover for the current quarter as compared to immediate preceding quarter. The increase in turnover was due to increase sales in trading segment.

The Group recorded a loss before taxation of RM50,430 on a turnover of RM4.053 million for the current quarter under review compared to loss before taxation of RM6.746 million on a turnover of RM3.557 million for the immediate preceding quarter.

B3. Commentary on Prospects

The Management continues to work hard to secure a few major projects to ensure the future viability of the Group. We are also hopeful that the outcome from some other projects that we have been pursuing will be favourable to our Group.

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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B6. **Borrowings and Debt Securities**

The Group's borrowing as at 30 April 2015 are as follows:-

	Group RM'000
<u>Short-term Borrowings</u>	
<u>Secured</u>	
- Term Loan	303
- Bank overdraft	970
	<u>1,273</u>
<u>Unsecured</u>	
- Hire purchase and lease creditors	133
	<u>1,406</u>
<u>Long-term Borrowings</u>	
<u>Secured</u>	
- Term Loan	3,400
<u>Unsecured</u>	
- Hire purchase and lease creditors	395
	<u>3,795</u>
	<u>5,201</u>

B7. **Corporate Proposals**

(a) Status of Corporate Proposals

There were no corporate proposals announced during the current quarter under review.

(b) Status of utilisation of Right Issue Proceeds

The utilisation of proceeds as at 30 April 2015.

<u>Purpose</u>	<u>Proposed to be utilised RM'000</u>	<u>Actual Utilisation as at 30 April 2015 RM'000</u>	<u>Intended timeframe for utilisation</u>	<u>(Deviation) / Unutilised RM'000</u>	<u>%</u>
i) Acquisition of 21% equity interest in Jiwa	2,625	2,625	Within 3 months	-	-
ii) Working capital and capital expenditure	24,737	1,343	Within 24 months	23,394	95
iii) Expenses for the Rights Issue with Warrants	600	529	Within 1 month	71	12
	<u>27,962</u>	<u>4,497</u>		<u>23,465</u>	

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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.

	Quarter Ended		Year to date	
	30 Apr 2015	30 Apr 2014	30 Apr 2015	30 Apr 2014
Net loss for the financial period (RM'000)	(1)	(619)	(1)	(619)
Weighted average number of ordinary shares of 5 sen each (2015:5 sen) in issue ('000)	799,059	399,601	799,059	399,601
Basic loss per ordinary share of 5 sen each (sen) (2015:10 sen)	(0.00)	(0.15)	(0.00)	(0.15)

B11. Realised and Unrealised Accumulated Losses

	As at 30 Apr 2015 RM'000	As at 31 Jan 2015 RM'000
Total accumulated losses of the Group		
- Realised	(12,460)	(12,459)
- Unrealised	17	17
	<u>(12,443)</u>	<u>(12,442)</u>
Total share of accumulated losses from associated companies		
- Realised	(45)	(45)
- Unrealised	0	0
	<u>(12,488)</u>	<u>(12,487)</u>
Less: Consolidated adjustments	(1,737)	(1,737)
Total accumulated losses as per Statements of Financial Position	<u>(14,225)</u>	<u>(14,224)</u>

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

	Current quarter ended 30 Apr 2015 RM'000	Current year to date 30 Apr 2015 RM'000
Interest expense	71	71
Depreciation & amortisation	181	181
Interest income	(196)	(196)
Recoverable of impairment loss on receivables	(200)	(200)

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

Executive Chairman
Dato' Chua Wye Man