

11. FINANCIAL INFORMATION

11.1 PROFORMA CONSOLIDATED INCOME STATEMENTS

The following is a summary of the proforma consolidated income statements of Sanichi for the past three (3) FYE 30 June 2005 and eight (8)-month periods ended 28 February 2005 and 2006 prepared based on the assumption that the Group has been in existence throughout the financial years/periods under review. The proforma consolidated income statements are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions set out in the Reporting Accountants' Letter on Proforma Consolidated Financial Information set out in Section 11.15 of this Prospectus.

	----- Proforma Group -----				
	----- FYE 30 June -----			Eight (8)-months period ended 28 February	
	2003 RM'000	2004 RM'000	2005 RM'000	2005 RM'000	2006 RM'000
				(unaudited) [#]	
Revenue	6,071	9,553	15,019	10,259	13,565
Gross profit	1,843	3,324	5,810	3,880	4,889
EBITDA	1,587	3,019	5,048	3,375	4,625
Depreciation	(610)	(972)	(1,166)	(708)	(1,025)
Interest expense	(129)	(221)	(402)	(229)	(488)
Interest income	-	-	28	19	22
PBT	848	1,826	3,508	2,457	3,134
Taxation	(42)	(219)	(469)	(509)	(691)
PAT	806	1,607	3,039	1,948	2,443
GP Margin (%)	30	35	39	38	36
PBT Margin (%)	14	19	23	24	23
PAT Margin (%)	13	17	20	19	18
No. of ordinary shares of RM0.10 each assumed to be in issue* ('000)	83,000	83,000	83,000	83,000	83,000
Gross EPS [^] (sen)	1.02	2.20	4.23	2.96	3.78
Net EPS [^] (sen)	0.97	1.94	3.66	2.35	2.94

Notes:

* Based on the number of Sanichi Shares in issue after the Acquisitions but before the Public Issue.

[^] The gross EPS is calculated based on PBT while the net EPS is calculated based on PAT and both are based on the number of Sanichi Shares assumed to be in issue, being 83,000,020 Sanichi Shares.

[#] The Proforma Consolidated Income Statement for the eight (8) month financial period ended 28 February 2005 is not audited and is included for comparison purpose only.

There were no exceptional or extraordinary items in the Relevant Financial Period under review. The auditors' reports on the financial statements of Sanichi, SPMSB and APSB for the Relevant Financial Period were not subject to any audit qualification.

11. FINANCIAL INFORMATION (Cont'd)**Basis of Preparation:**

- (i) The proforma consolidated financial information is prepared using the audited financial statements of Sanichi, SPMSB and APSB for the Relevant Financial Period.
- (ii) The proforma consolidated financial information has been prepared in accordance with approved accounting standards in Malaysia consistent with those previously adopted in the preparation of the audited financial statements of Sanichi, SPMSB and APSB as at 28 February 2006, and after incorporating adjustments that are appropriate for the preparation of the proforma consolidated financial information.

11.2 SEGMENTAL ANALYSIS**(a) Analysis of revenue**

	←----- Proforma Group ----->				
	←----- FYE 30 June ----->			Eight (8)-months period ended 28 February	
	2003	2004	2005	2005	2006
Revenue	RM'000	RM'000	RM'000	RM'000	RM'000
<i>By market</i>					
Local	4,615	6,789	9,027	6,156	8,827
Export	1,456	2,764	5,992	4,103	4,738
Total	6,071	9,553	15,019	10,259	13,565
<i>By product</i>					
APIM	1,144	3,774	7,975	5,656	7,596
CPIM	4,927	5,779	7,044	4,603	5,969
Total	6,071	9,553	15,019	10,259	13,565
<i>By company</i>					
Sanichi*	-	-	-	-	-
SPMSB	6,071	9,553	15,019	10,259	13,565
APSB^	-	-	-	-	-
Total	6,071	9,553	15,019	10,259	13,565

Notes:-

* Sanichi was incorporated on 5 August 2004 and was established to be the investment holding company of the Sanichi Group.

^ APSB was incorporated on 5 July 2004 and has yet to commence operations.

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11. FINANCIAL INFORMATION (Cont'd)

(b) Analysis of PBT

PBT/(LBT)	<----- Proforma Group ----->				
	<----- FYE 30 June ----->			Eight (8)-months period ended 28 February	
	2003	2004	2005	2005	2006
	RM'000	RM'000	RM'000	RM'000	RM'000
<i>By company</i>					
Sanichi*	-	-	(15)	(10)	(7)
SPMSB	848	1,826	3,527	2,470	3,142
APSB^	-	-	(4)	(3)	(1)
Total	848	1,826	3,508	2,457	3,134

Notes:-

* Sanichi was incorporated on 5 August 2004 and was established to be the investment holding company of the Sanichi Group.

^ APSB was incorporated on 5 July 2004 and has yet to commence operations.

Segmental analysis for PBT by products and by markets is not available as the breakdown of PBT by products and by markets is not readily available in SPMSB.

11.3 COMMENTARY ON THE PROFORMA CONSOLIDATED INCOME STATEMENTS

FYE 30 June 2003

Turnover for the FYE 30 June 2003 increased by approximately RM1.8 million or 43% as compared to the turnover for FYE 30 June 2002. During the financial year, SPMSB launched its new APIM, namely the RCM and the MPM. As a result, turnover for APIM increased by approximately RM970,000. Turnover for CPIM for the FYE 30 June 2003 increased by approximately RM868,000 or 21% as compared to the previous financial year. The increase in CPIM is mainly contributed by the increase in sales to existing and new customers in Singapore.

PBT for the FYE 30 June 2003 increased by approximately 27% was mainly due to the relatively fixed nature of administrative and general expenses incurred which did not increase at the same pace as the increase in turnover.

FYE 30 June 2004

Turnover for the FYE 30 June 2004 increased by approximately RM3.5 million or 57%, mainly due to the increase in sales of APIM by approximately RM2.6 million. Export sales increased by approximately RM1.3 million or 90% mainly due to the increase in sales to major customers in Singapore and entry into the Indonesian market. Local sales increased by approximately RM2.2 million or 47%, mainly due to orders secured from a new customer and increased sales to existing customers.

PBT for the FYE 30 June 2004 increased by approximately RM978,000 or 115% as compared to the previous financial year. The increment was mainly due to higher gross profit generated and relatively fixed nature of administrative expenses.

11. FINANCIAL INFORMATION (Cont'd)

FYE 30 June 2005

For the FYE 30 June 2005, turnover increased by approximately RM5.5 million or 57%, mainly due to the increase in sales of APIM of approximately RM4.2 million or 111% as compared to APIM sales for the FYE 30 June 2004. Sales of APIM increased mainly due to additional orders secured from new MNC customers. Total export sales for the year amounted to approximately RM6 million or 40% of total sales, mainly arising from sales to Japan, Singapore and France of approximately RM2.9 million, RM1.9 million and RM442,000 respectively.

PBT for the FYE 30 June 2005 increased by approximately RM1.7 million or 93% as compared to previous financial year. The increment was mainly due to increase of sales of higher profit margin products.

Eight (8)-month period ended 28 February 2006

For the eight (8)-month period ended 28 February 2006, SPMSB managed to record a turnover of approximately RM13.6 million, with sales of APIM of approximately RM7.6 million or 56% of the total sales for the period. Local sales increased by approximately RM2.6 million or 43% as compared to previous comparable period mainly due to orders of APIM increased from a new customer and existing MNC customers. Total export sales for the period increased by approximately RM636,000 as compared to the previous comparable period mainly due to orders secured from new and existing customers from France and Japan.

For the eight (8)-month period ended 28 February 2006, SPMSB achieved a PBT of approximately RM3.1 million. PBT increased by approximately RM677,000 or 28% as compared to the previous comparable period which is in line with increase of sales and relatively fixed nature of administrative expenses incurred during the financial period under review.

11.4 IMPACT OF FLUCTUATIONS IN FOREIGN CURRENCY EXCHANGE RATES AND INTEREST RATES ON OPERATING PROFITS

The Sanichi Group's sales are denominated in RM, USD and SGD while its purchases are mainly denominated in RM. However, the Group's current exposure to foreign currency exchange rate fluctuations is minimal as the majority of the Group's transactions are denominated in RM.

For the eight (8)-months period ended 28 February 2006, the impact of fluctuations in foreign currency exchange rates was minimal whereby realised net loss on foreign exchange only amounted to approximately RM53,000.

In view of the intention to expand its exports, the Group shall employ a number of risk management practices to ensure that the Group's foreign currency exchange exposure is within acceptable limits.

As at the Latest Practicable Date, the total borrowings of the Sanichi Group amounted to approximately RM12.122 million comprising bankers acceptances, hire-purchase and term loans, all of which are local borrowings and interest-bearing, as detailed in Section 11.8.3 of this Prospectus.

Any increase in interest rates will increase the burden of the Group with respect to interest payments and principal repayment of borrowings depending on the total outstanding loans at the point in time. To mitigate these risks, the Group will take prudent financial management in securing borrowings and making timely repayment of borrowings.

As at the Latest Practicable Date, the Group does not have any financial instruments for hedging purposes.

11. FINANCIAL INFORMATION (Cont'd)

11.5 TAX CONSIDERATION

The effective tax rate of 5%, 12% and 13% for the FYE 30 June 2003, 2004 and 2005 respectively and 22% for the eight (8)-months period ended 28 February 2006 was lower than the statutory tax rate mainly due to availability and the utilisation of reinvestment allowances to reduce the chargeable income.

11.6 TREND INFORMATION**Business and Financial Prospects**

The APIM market in the Asia Pacific region – namely Japan, Singapore, Thailand and Indonesia – suggests that the outlook for exports for APIMs to these countries is encouraging. APIM fabrication markets in these countries, with the exception of Japan, are very much in line with the current scenario prevailing in Malaysia where the consumption of plastic injection moulds were mainly driven by both the electronics and automotive industries. As the rise in both electronic and automotive industries in these countries take place, the consumption and demand for APIM is expected to rise accordingly.

Moving forward, the market demand for APIM is expected to expand faster. APIM are used for the fabrication of specific higher-end plastic parts and components where a higher degree of precision and accuracy, and advance technology is essential. Additionally, the need for faster, more effective and innovative manufacturing of plastic parts and components has become inevitable. It helps improve productivity by reducing cycle times, and improve the quality of moulds fabricated.

The plastic parts and components fabricated from APIM have higher aesthetic values, better and more detailed finishes, and better parts and components functional quality. As products gets smaller and smaller, and where how a product look now is as important if not most important becomes a reality in today's product trend, the high growth of APIM is expected to grow further moving forward.

(Source: Frost & Sullivan Report).

In view of the above and the Group's track record in designing and developing APIM, the Directors believe that the business and financial prospects of the Group for the near future are encouraging.

Production

Keeping to the Group's emphasis on APIM, production of APIM for the eight (8)-month period ended 28 February 2006 has reached 56% of total production for the period compared to the APIM production for the FYE 30 June 2005 whereby APIM accounted for 53% of total production.

Revenues

Even though the Group only ventured into APIM technology in 2002, the proportion of revenue from APIM have been increasing quickly whilst proportion of revenue from CPIM have been on a declining trend over the past three FYE 30 June 2005 and the eight (8)-month period ended 28 February 2006. As seen in the revenue analysis by products in Section 11.2 of this Prospectus, APIM has become the main contributor in terms of revenue since the FYE 30 June 2005. Moving forward, the management of Sanichi expects APIM products to account for the bulk of total revenue.

Inventory

The Group holds minimal inventories as moulds are designed, produced and sold upon securing orders from customers.

11. FINANCIAL INFORMATION *(Cont'd)*

Cost and selling prices

During the eight (8)-month period ended 28 February 2006, the prices of raw materials from suppliers comprising mould base and inserts in the form of steel and copper have been increasing gradually. In order to minimise cost increase, the Group is using substitute materials such as graphite in place of copper.

The selling prices of the Group's products during the eight (8)-month period ended 28 February 2006 have generally been maintained as the Group has been able to minimise cost increase by using substitute materials as described above.

State of the order book

The absence of long-term contractual agreements for the supply of moulds to customers is an industrial norm. Revenue derived from a particular customer may vary each year depending on the nature, value and timing of order received and undertaken by the Sanichi Group.

Despite the absence of long-term agreements with its customers, the Group has been successful in attracting repeat customers as well as new customers as evidenced by the revenue growth achieved since the FYE 30 June 2003. Over the years, the Group has earned the confidence and recognition of its customers due to its track record of delivering innovative products that are of high quality in a consistently prompt manner as well as satisfying the stringent quality demands imposed by customers.

11.7 FACTORS AFFECTING FINANCIAL PERFORMANCE, POSITION AND OPERATIONS

Save as disclosed in Sections 4 and 11 of this Prospectus, there are no known trends, demands, commitments, events or uncertainties that:

- (i) have had, or that the Group reasonably expects to have, a material favourable or unfavourable impact on the financial performance, position and operations of the Sanichi Group; and
- (ii) would cause the historical financial statements to be not necessarily indicative of future financial information.

11.8 LIQUIDITY AND CAPITAL RESOURCES

11.8.1 Working capital

The Group generally finances its growth and operations mainly through a combination of shareholders' equity, internally generated funds and banking facilities provided by financial institutions. The Group's principal uses of its working capital are to finance day-to-day operations such as purchases of raw materials from suppliers, payment of staff salaries and other operational expenses. The Group typically maintains a positive working capital balance.

As at the Latest Practicable Date, the Group's total cash assets amounted to approximately RM267,100. In addition, the total banking facilities available to the Group as at the Latest Practicable Date is approximately RM15.663 million of which RM12.122 million have been utilised. Further details of the Group's borrowings are set out in Section 11.8.3 of this Prospectus.

The Directors are of the opinion that, after taking into account the cash flow position of the Group, banking facilities available and the proceeds to be raised from the Public Issue, the Group will have adequate working capital for its present and foreseeable requirements for a period of twelve (12) months from the date of this Prospectus.

11. FINANCIAL INFORMATION (Cont'd)**11.8.2 Group Cash Flow Summary**

A summary of the Group's cash flow based on the proforma consolidated cash flow statement for the eight (8)-month period ended 28 February 2005 and 2006 is set out below:

	<----- Proforma Group ----->	
	Eight (8)-month period ended 28 February	
	2005	2006
	RM'000	RM'000
Net cash (for)/from operating activities	(696)	991
Net cash for investing activities	(710)	(704)
Net cash from financing activities	499	1,088
Net (decrease)/increase in cash and cash equivalents	(907)	1,375
Cash and cash equivalents at beginning of the financial period	144	(160)
Cash and cash equivalents at end of the financial period	(763)	1,215

Further details pertaining to the Group's cash flow are set out in Section 11.13 of this Prospectus.

11.8.3 Borrowings

As at the Latest Practicable Date, the total borrowings of the Sanichi Group amounted to approximately RM12.122 million comprising bankers acceptances, hire-purchase and term loans, all of which are local borrowings and interest-bearing, as detailed below:

Borrowings	Payable within twelve (12) months RM'000	Payable after twelve (12) months RM'000	Total outstanding RM'000
Bankers acceptances	6,109	-	6,109
Hire-purchase	834	493	1,327
Term loans	826	3,860	4,686
Total	7,769	4,353	12,122

There have been no default on payments of either interest and/or principal sums in respect of any borrowings throughout the past FYE 30 June 2005 and the subsequent financial period immediately preceding the Latest Practicable Date. The Group does not have any foreign borrowings.

Proforma Gearing Ratio

From the Reporting Accountants' Letter on Proforma Consolidated Financial Information set out in Section 11.15 of this Prospectus, the proforma gearing ratio of Sanichi for the financial years/periods under review is as follows:-

	<----- Proforma Group ----->				
	<----- FYE 30 June ----->			Eight (8)-months period ended 28 February	
	2003	2004	2005	2005	2006
	RM'000	RM'000	RM'000	RM'000	RM'000
Gearing ratio (times)	1.4	1.7	1.4	1.5	1.1

11. FINANCIAL INFORMATION (Cont'd)**11.9 MATERIAL LITIGATION, MATERIAL CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES****11.9.1 Material Litigation**

As at the Latest Practicable Date, the Company and its subsidiary companies are not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which may have a material effect on the financial performance and position of the Company and/or its subsidiary companies, and the Directors do not have any knowledge of any proceedings pending or threatened against the Company and/or its subsidiary companies or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of the Company and/or its subsidiary companies.

11.9.2 Material Capital Commitments

Save as disclosed below, as at the Latest Practicable Date, the Directors declare that there is no material capital commitment contracted or known to be contracted by the Group which, upon becoming enforceable, may have a material impact on the financial position or business of the Group:

Approved and contracted for

- Payment of the balance of the total acquisition price of machinery RM270,000

The aforesaid commitment shall be financed using bank borrowings.

11.9.3 Contingent Liabilities

As at the Latest Practicable Date, the Directors declare that there is no contingent liability which, upon becoming enforceable, may have a material impact on the profit or net assets value of the Group.

11.10 KEY FINANCIAL RATIOS**11.10.1 Trade Receivables**

	<----- Proforma Group ----->				
	<----- FYE 30 June ----->			Eight (8)-month period ended 28 February	
	2003	2004	2005	2005	2006
Trade receivables turnover ratio (times)	5.2	3.6	2.3	2.2	1.5
Trade receivables turnover period (days)	70	101	159	109	160

The high trade receivables' turnover period experienced by the Group is due to the nature of its sales process. Upon receiving a purchase order from a customer, the Group raises an invoice which is used by the customer to procure the necessary budget allocations. There is a lead time of up to a few months between the receipt of a purchase order by the Group and the delivery of moulds to customers (depending on complexity of mould ordered). In addition to the lead time, it is an industry norm that payment for moulds will only be made after products produced from the moulds have passed required testing which could take a few weeks. Notwithstanding the above, the Board is confident of the recoverability of its receivables, as evidenced by low records of allowances for doubtful debts in the financial years/period under review and do not foresee any material adverse impact on the Group's financial position.

11.10.2 Trade Payables

	<----- Proforma Group ----->				
	<----- FYE 30 June ----->			Eight (8)-month period ended 28 February	
	2003	2004	2005	2005	2006
Trade payables turnover ratio (times)	2.1	3.1	2.5	2.9	4.5
Trade payables turnover period (days)	174	118	146	83	53

The trade payables' turnover period for the financial years/period under review has been decreasing due to the Group's focus on improving adherence to trade credit terms.

11. FINANCIAL INFORMATION (Cont'd)**11.11 PROFORMA CONSOLIDATED BALANCE SHEETS**

The table below sets out a summary of the proforma consolidated balance sheets of the Sanichi Group as at 30 June 2005 and 28 February 2006 and is provided for illustrative purposes to show the effects of the Listing Exercise on the assumption that it had been completed on 30 June 2005 and 28 February 2006:

	<----- Proforma Group ----->	
	As at 30.6.2005	As at 28.2.2006
	RM'000	RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	13,605	13,516
Goodwill on consolidation	2,204	-
	15,809	13,516
CURRENT ASSETS		
Inventories	158	255
Trade receivables	6,401	8,888
Other receivables, deposits and prepayments	535	509
Amount owing by a director	6	-
Fixed deposits with licensed banks	382	1,139
Cash and bank balances	6,252	6,791
	13,734	17,582
CURRENT LIABILITIES		
Trade payables	1,333	1,132
Progress billings	87	89
Other payables and accruals	634	422
Amount owing to directors	20	-
Provision for taxation	101	527
Short term borrowings	3,259	5,111
	5,434	7,281
NET CURRENT ASSETS	8,300	10,301
	24,109	23,817
FINANCED BY:-		
Share capital	11,350	11,350
Share premium	11,110	11,110
Reserve on consolidation	-	247
Accumulated losses	(15)	(22)
SHAREHOLDERS' EQUITY	22,445	22,685
NON-CURRENT LIABILITIES		
Long term borrowings	1,340	706
Deferred taxation	324	426
	1,664	1,132
	24,109	23,817
No. of ordinary shares of RM0.10 each in issue ('000)	113,500	113,500
Proforma NTA	20,241	22,685
Proforma NTA per share (RM)	0.18	0.20

The proforma consolidated balance sheets of the Sanichi Group should be read in conjunction with the accompanying notes and assumptions set out in the Reporting Accountants' Letter on Proforma Consolidated Financial Information set out in Section 11.15 of this Prospectus.

11. FINANCIAL INFORMATION (Cont'd)**11.12 PROFORMA STATEMENT OF ASSETS AND LIABILITIES**

The table below sets out a summary of the proforma statement of assets and liabilities of the Sanichi Group as at 30 June 2005 and 28 February 2006 and is provided for illustrative purposes to show the effects of the Share Split and Acquisitions on the assumption that it had been completed on 30 June 2005 and 28 February 2006:

	<----- Proforma Group ----->	
	As at 30.6.2005	As at 28.2.2006
	RM'000	RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	9,605	9,516
Goodwill on consolidation	2,204	-
	11,809	9,516
CURRENT ASSETS		
Inventories	158	255
Trade receivables	6,401	8,888
Other receivables, deposits and prepayments	535	509
Amount owing by a director	6	-
Fixed deposits with licensed banks	382	1,139
Cash and bank balances	92	631
	7,574	11,422
CURRENT LIABILITIES		
Trade payables	1,333	1,132
Progress billings	87	89
Other payables and accruals	634	422
Amount owing to directors	20	-
Provision for taxation	101	527
Short term borrowings	3,758	5,531
Bank overdrafts	635	555
	6,568	8,256
NET CURRENT ASSETS	1,006	3,166
	12,815	12,682
FINANCED BY:-		
Share capital	8,300	8,300
Reserve on consolidation	-	247
Accumulated losses	(15)	(22)
SHAREHOLDERS' EQUITY	8,285	8,525
NON-CURRENT LIABILITIES		
Long term borrowings	4,206	3,731
Deferred taxation	324	426
	4,530	4,157
	12,815	12,682
No. of ordinary shares of RM0.10 each in issue ('000)	83,000	83,000
Proforma NTA	6,081	8,525
Proforma NTA per share (RM)	0.07	0.10

The proforma statement of assets and liabilities of the Sanichi Group should be read in conjunction with the accompanying notes and assumptions set out in the Reporting Accountants' Letter on Proforma Consolidated Financial Information set out in Section 11.15 of this Prospectus.

11. FINANCIAL INFORMATION (Cont'd)**11.13 PROFORMA CONSOLIDATED CASH FLOW STATEMENT**

The following proforma consolidated cash flow statement of Sanichi for the eight (8)-months period ended 28 February 2005 and 2006 is prepared based on the assumption that the Group has been in existence throughout the financial periods under review. The proforma consolidated cash flow statements are prepared for illustrative purposes before taking into account the proceeds from the Public Issue and should be read in conjunction with the accompanying notes and assumptions as set out in the Reporting Accountants' Letter on Proforma Consolidated Financial Information set out in Section 11.15 of this Prospectus.

	<----- Proforma Group ----->	
	Eight (8)-month period ended 28 February	
	*2005	2006
	RM'000	RM'000
	(Unaudited)	
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES		
PBT	2,457	3,134
<i>Adjustments for:</i>		
Allowance for doubtful debts	-	143
Depreciation of property, plant and equipment	708	1,025
Gain on foreign exchange - unrealised	-	(70)
Interest expenses	229	488
Interest income	(19)	(22)
Loss on disposal of plant and equipment	23	-
Operating profit before working capital changes	<u>3,398</u>	<u>4,698</u>
Decrease/(increase) in inventories	928	(97)
Increase in trade and other receivables	(3,746)	(2,535)
(Increase)/decrease in amount owing by a director	(144)	6
Increase/(decrease) in trade and other payables	524	(413)
(Decrease)/increase in progress billings	(1,315)	2
Decrease in amounts owing to directors	(2)	(20)
CASH (FOR)/FROM OPERATIONS	<u>(357)</u>	<u>1,641</u>
Interest paid	(229)	(488)
Income tax paid	(110)	(162)
NET CASH (FOR)/FROM OPERATING ACTIVITIES	<u>(696)</u>	<u>991</u>
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	19	22
Purchase of plant and equipment	(834)	(726)
Proceeds from disposal of plant and equipment	105	-
NET CASH FOR INVESTING ACTIVITIES	<u>(710)</u>	<u>(704)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown of bankers acceptances	1,243	1,695
Repayment of hire purchase obligation	(621)	(555)
Repayment of term loans	(123)	(52)
NET CASH FROM FINANCING ACTIVITIES	<u>499</u>	<u>1,088</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(907)	1,375
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	144	(160)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>(763)</u>	<u>1,215</u>

11. FINANCIAL INFORMATION (Cont'd)

Notes:

- * *The Proforma Consolidated Cash Flow Statement for the eight (8)-month period ended 28 February 2005 is not audited and is included for comparison purpose only.*

11.14 COMMENTARY ON THE PROFORMA CONSOLIDATED CASH FLOW STATEMENT

Net cash generated from operating activities

Net cash generated from the Group's operating activities for the eight (8)-months period ended 28 February 2006 amounted to approximately RM0.991 million which is mainly attributable to a PBT of approximately RM3.134 million, adjusted for the following:

- non-cash items of approximately RM1.098 million;
- working capital cash outflow of approximately RM3.057 million; and
- interest and tax payments of approximately RM0.488 million and RM0.162 million respectively.

Net cash used in investing activities

Net cash used in investing activities for the eight (8)-month period ended 28 February 2006 amounted to approximately RM0.704 million mainly due to purchases of plant and equipment.

Net cash generated from financing activities

Net cash generated from financing activities for the eight (8)-month period ended 28 February 2006 amounted to approximately RM1.088 million mainly from drawdown of bankers' acceptances.

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11. FINANCIAL INFORMATION (Cont'd)

11.15 REPORTING ACCOUNTANTS' LETTER ON PROFORMA CONSOLIDATED FINANCIAL INFORMATION

(Prepared for inclusion in this Prospectus)



24 JUL 2006

The Board of Directors
Sanichi Technology Berhad
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Horwath (AF No 1018)
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Dear Sirs,

**SANICHI TECHNOLOGY BERHAD ("SANICHI")
PROFORMA CONSOLIDATED FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS/PERIOD ENDED 30 JUNE 2003 to 2005 AND 28
FEBRUARY 2006**

This letter has been prepared for the inclusion in the Prospectus to be dated
15 AUG 2006 in connection with:-

- (a) public issue of 30,499,980 new ordinary shares of RM0.10 each in Sanichi at an issue price of RM0.52 per ordinary share;
- (b) listing of and quotation for the entire enlarged issued and paid-up share capital of Sanichi on the MESDAQ Market.

We have reviewed the proforma consolidated financial information of Sanichi and its subsidiaries ("Sanichi Group" or "the Proforma Group") for the financial years from 30 June 2003 to 2005 and eight (8) months financial period ended 28 February 2005 and 2006 (the "Relevant Financial Period"), together with the accompanying notes thereto, (initialled by us for the purpose of identification only) prepared for illustrative purposes only. Except for the eight (8) months financial period ended 28 February 2005, these proforma consolidated financial information are prepared based on the audited financial statements of Sanichi, SPMSB and APSB, on certain assumptions and after making certain adjustments to show what:-

- (a) the financial results of the Proforma Group for the Relevant Financial Period would have been if the Proforma Group structure as of the date of the Prospectus had been in existence throughout the Relevant Financial Period under review;
- (b) the financial position of the Proforma Group as at 30 June 2005 and 28 February 2006 would have been if the Proforma Group structure as of the date of the Prospectus had been in existence on 30 June 2005 and 28 February 2006; and
- (c) the cash flows of the Proforma Group for the eight (8) months financial period ended 28 February 2006 would have been if the Proforma Group structure as of the date of the Prospectus had been in existence throughout the eight (8) months financial period ended 28 February 2006.

The proforma consolidated financial information is the responsibility of the Directors of Sanichi. Our responsibility is merely to express an opinion on the proforma consolidated financial information based on our work.

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11. FINANCIAL INFORMATION (Cont'd)



In our opinion,

- (a) the proforma consolidated financial information has been properly prepared on the bases set out in the accompanying notes to the proforma financial information and such bases are consistent with the accounting policies of Sanichi Group;
- (b) the financial statements used in the preparation of the proforma consolidated financial information were prepared in accordance with applicable accounting standards in Malaysia; and
- (c) each material adjustment made to the information used in the preparation of the proforma consolidated financial information is appropriate for the purposes of preparing such proforma consolidated financial information.

We understand that this letter will be used solely for the purpose stated above, in connection with the aforementioned transactions. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully,

A handwritten signature in black ink that reads "Horwath".

Horwath
Firm No.: AF 1018
Chartered Accountants

A handwritten signature in black ink that reads "Wong Tak Keong".

Wong Tak Keong
Approval No: 1966/7/07 (J)
Partner

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11. FINANCIAL INFORMATION (Cont'd)

HORWATH (AF 1018)
Chartered Accountants

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SANICHI TECHNOLOGY BERHAD ("SANICHI") AND ITS SUBSIDIARIES ("SANICHI GROUP")**PROFORMA CONSOLIDATED FINANCIAL INFORMATION****1. PROFORMA GROUP AND BASIS OF PREPARATION****1.1 Proforma Group**

The proforma consolidated financial information of Sanichi Group, comprising the financial information of Sanichi, Sanichi Precision Mould Sdn. Bhd. ("SPMSB") and Asia Pinnacle Sdn. Bhd. ("APSB"), are presented for the purpose of illustration only.

The relevant financial period for the purpose of this report is as follows:-

Company	Relevant Financial Period
Sanichi	Financial period from 5 August 2004 (date of incorporation) to 30 June 2005 and financial period ended ("FPE") 28 February 2006.
SPMSB	Financial years ended ("FYE") 30 June 2003 to 2005 and FPE 28 February 2005 and 2006.
APSB	Financial period from 5 July 2004 (date of incorporation) to 30 June 2005 and FPE 28 February 2006.

The proforma consolidated financial information comprises the following:-

- Section 3 - Proforma Consolidated Income Statements for the Relevant Financial Period;
- Section 4 - Proforma Consolidated Balance Sheets as at 30 June 2005 and 28 February 2006;
- Section 5 - Proforma Statement of Assets and Liabilities; and
- Section 6 - Proforma Consolidated Cash Flow Statements for Eight (8) months financial periods ended 28 February 2005 and 2006.

11. FINANCIAL INFORMATION (Cont'd)

HORWATH (AF 1018) Chartered Accountants
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SANICHI TECHNOLOGY BERHAD ("SANICHI") AND ITS SUBSIDIARIES ("SANICHI GROUP")
PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)
1. PROFORMA GROUP AND BASIS OF PREPARATION (CONT'D)
1.1 Proforma Group (Cont'd)

The proforma consolidated financial information was prepared, together with the accompanying notes thereto, which have been prepared solely for illustrative purposes, to show the effects of the following schemes had the schemes been implemented and completed on that date:-

(1) Restructuring Scheme

Sanichi has undertaken an internal restructuring scheme comprising the following:-

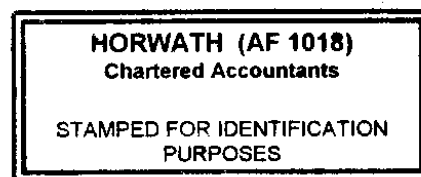
- (a) the share split entails the subdivision of every one (1) ordinary share of RM1.00 in Sanichi into ten (10) ordinary shares of RM0.10 each ("Share Split"). The share split was completed on 20 June 2006 ;
- (b) acquisition of the entire issued and paid-up share capital of Sanichi Precision Mould Sdn. Bhd. ("SPMSB") comprising 350,000 ordinary shares of RM1.00 each for a total purchase consideration of RM8,300,000 satisfied by the issuance of 83,000,000 new ordinary shares of RM0.10 each in Sanichi at an issue price of RM0.10 per share ("SPMSB Acquisition"). The SPMSB acquisition was completed on 20 June 2006; and
- (c) acquisition of the entire issued and paid-up share capital of Asia Pinnacle Sdn. Bhd. ("APSB") comprising 2 ordinary shares of RM1.00 each for a total purchase consideration of RM2 satisfied by cash. The APSB acquisition was completed on 20 June 2006.

(2) Listing Scheme

The listing scheme of Sanichi comprises the following:-

- (a) public issue of 30,499,980 new ordinary shares of RM0.10 each at an issue price of RM0.52 per ordinary share ("Public Issue") which will be allocated and allotted in the following manner:-
 - (i) 3,000,000 new ordinary shares of RM0.10 each for application by the Malaysian public;
 - (ii) 25,000,000 new ordinary shares of RM0.10 each for placement to identified investors; and
 - (iii) 2,499,980 new ordinary shares of RM0.10 each for application by eligible directors, employees and business associates of the Sanichi Group.

11. FINANCIAL INFORMATION (Cont'd)



SANICHI TECHNOLOGY BERHAD ("SANICHI") AND ITS SUBSIDIARIES ("SANICHI GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

1. PROFORMA GROUP AND BASIS OF PREPARATION (CONT'D)

1.1 Proforma Group (Cont'd)

(2) Listing Scheme (Cont'd)

- (b) admission to the official list of the MESDAQ Market and listing of and quotation for the entire enlarged issued and paid-up share capital of RM11,350,000 comprising 113,500,000 new ordinary shares of RM0.10 each on the MESDAQ Market.

1.2 Basis of Preparation

Except for the eight (8) months financial period ended 28 February 2005, the proforma consolidated financial information is prepared using the audited financial statements of Sanichi, SPMSB and APSB for the Relevant Financial Period which were reported without any qualification.

The proforma consolidated financial information has been prepared in accordance with approved accounting standards in Malaysia consistent with those previously adopted in the preparation of the audited financial statements of the Sanichi, SPMSB and APSB as at 28 February 2006, and after incorporating adjustments that are appropriate for the preparation of the proforma consolidated financial information.

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11. FINANCIAL INFORMATION (Cont'd)

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SANICHI TECHNOLOGY BERHAD ("SANICHI") AND ITS SUBSIDIARIES ("SANICHI GROUP")**PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****2. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted by Sanichi Group in the preparation of this report are as follows:-

(a) Financial Instruments

Financial instruments are recognised in the balance sheet when the Proforma Group has become a party to the contractual provision of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Proforma Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments recognised in the balance sheet are disclosed in the individual policy statement associated with each item.

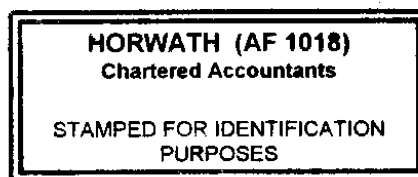
(b) Basis of Consolidation

A subsidiary is defined as an enterprise in which the parent company has the power, directly or indirectly to exercise control over the financial and operating policies so as to obtain benefits from its activities.

All subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of the subsidiaries acquired or disposed of are included from the date of acquisition up to the date of disposal. At the date of acquisition, the fair value of the subsidiaries' net assets is determined and these values are reflected in the consolidated financial statements.

Goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the separable net assets of the subsidiaries at the date of acquisition. Reserve on consolidation represents the excess of the Group's share of the fair values of the separable net assets of the subsidiaries at the date of acquisition over the fair value of the purchase consideration.

Intragroup transactions, balances and unrealised gains on transactions are eliminated, unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of the subsidiaries to ensure consistency of accounting policies with those of the Proforma Group.

11. FINANCIAL INFORMATION (Cont'd)**SANICHI TECHNOLOGY BERHAD ("SANICHI") AND ITS SUBSIDIARIES ("SANICHI GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(c) Property, Plant and Equipment**

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is stated at cost less impairment losses, if any, and is not depreciated.

Depreciation is calculated under the straight-line method to write off the cost of the assets over their estimated useful lives. The principal annual rates used for this purpose are:-

Leasehold land	Over the remaining lease period
Buildings	2%
Plant and machinery	15%
Furniture, fittings, office equipment, and motor vehicles	15% and 20%

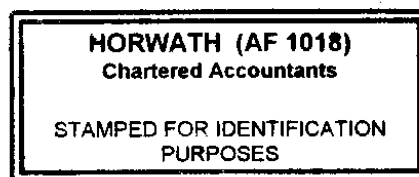
(d) Impairment of Assets

The carrying amounts of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at each balance sheet date for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts.

An impairment loss is charged to the income statement immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

11. FINANCIAL INFORMATION (Cont'd)



SANICHI TECHNOLOGY BERHAD ("SANICHI") AND ITS SUBSIDIARIES ("SANICHI GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Assets under Hire Purchase

Plant and equipment acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 2(c). Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are allocated to the income statement over the periods of the respective hire purchase agreements.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis and comprises the cost of material and incidentals incurred in bringing the inventories to their present location and condition. Cost of work-in-progress includes the cost of materials, labour and an appropriate proportion of production overheads.

In arriving at net realisable value, due allowance is made for all obsolete, damaged and slow moving items.

(g) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

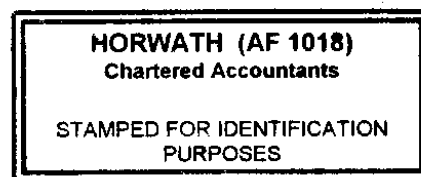
(h) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(i) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised as liabilities when declared before the balance sheet date. A dividend proposed or declared after the balance sheet date, but before the financial statements are authorised for issue, is not recognised as a liability at the balance sheet date but as an appropriation from retained earnings and treated as a separate component of equity. Upon the approval of the proposed dividend, it will be accounted for as a liability.

11. FINANCIAL INFORMATION (Cont'd)



SANICHI TECHNOLOGY BERHAD ("SANICHI") AND ITS SUBSIDIARIES ("SANICHI GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with licensed banks, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(k) Foreign Currency

Transactions in foreign currencies are converted into Ringgit Malaysia at the approximate rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated at the rates ruling as of that date. All exchange differences are taken to the income statement.

(l) Taxation

Taxation for the year/period comprises current and deferred tax.

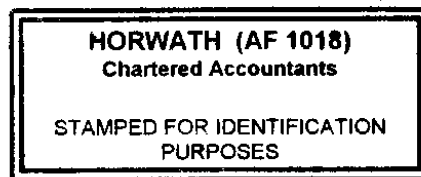
Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year/period and is measured using the tax rates that have enacted or substantially enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible differences, unused tax losses and unused tax credits can be utilised.

11. FINANCIAL INFORMATION (Cont'd)



SANICHI TECHNOLOGY BERHAD ("SANICHI") AND ITS SUBSIDIARIES ("SANICHI GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Taxation (Cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year/period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

(m) Employee Benefits

(i) Short-term benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Proforma Group.

(ii) Defined Contribution Plans

The Proforma Group's contributions to defined plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Proforma Group has no further liabilities in respect of the defined contribution plans.

(n) Revenue Recognition

Revenue are recognised upon delivery of goods and customers' acceptance, where applicable, net of returns and trade discounts.

11. FINANCIAL INFORMATION (Cont'd)

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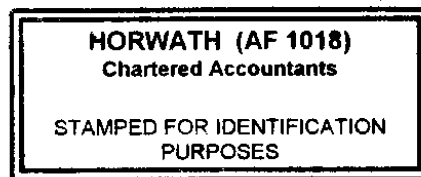
SANICHI TECHNOLOGY BERHAD ("SANICHI") AND ITS SUBSIDIARIES ("SANICHI GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. PROFORMA CONSOLIDATED INCOME STATEMENTS OF SANICHI GROUP

	Financial year ended 30 June			Eight (8) months financial period ended 28 February	
	2003 RM'000	2004 RM'000	2005 RM'000	*2005 RM'000 (Unaudited)	2006 RM'000
Revenue	6,071	9,553	15,019	10,259	13,565
Cost of sales	(4,228)	(6,229)	(9,209)	(6,379)	(8,676)
Gross profit ("GP")	1,843	3,324	5,810	3,880	4,889
Other income	-	-	372	31	116
	1,843	3,324	6,182	3,911	5,005
Operating overheads	(995)	(1,498)	(2,674)	(1,454)	(1,871)
Profit before taxation ("PBT")	848	1,826	3,508	2,457	3,134
Depreciation	610	972	1,166	708	1,025
Interest expenses	129	221	402	229	488
Interest income	-	-	(28)	(19)	(22)
Earnings before interest, depreciation and tax	1,587	3,019	5,048	3,375	4,625
Depreciation	(610)	(972)	(1,166)	(708)	(1,025)
Interest expenses	(129)	(221)	(402)	(229)	(488)
Interest income	-	-	28	19	22
PBT	848	1,826	3,508	2,457	3,134
Taxation	(42)	(219)	(469)	(509)	(691)
Profit after taxation ("PAT")	806	1,607	3,039	1,948	2,443
GP Margin (%)	30	35	39	38	36
PBT Margin (%)	14	19	23	24	23
PAT Margin (%)	13	17	20	19	18
Effective tax rate (%)	5	12	13	21	22
Interest coverage (times)	7.6	9.5	9.7	11.8	7.4
Trade receivables turnover ratio (times)	5.2	3.6	2.3	2.2	1.5
Trade payables turnover ratio (times)	2.1	3.1	2.5	2.9	4.5
Gearing ratio (times)	1.4	1.7	1.4	1.5	1.1
Number of ordinary shares of RM0.10 each assumed to be in issue # ('000)	83,000	83,000	83,000	83,000	83,000
Gross earnings per share (sen)	1.02	2.20	4.23	2.96	3.78
Net earnings per share (sen)	0.97	1.94	3.66	2.35	2.94

11. FINANCIAL INFORMATION (Cont'd)



SANICHI TECHNOLOGY BERHAD ("SANICHI") AND ITS SUBSIDIARIES ("SANICHI GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. PROFORMA CONSOLIDATED INCOME STATEMENTS OF SANICHI GROUP (CONT'D)

Notes:-

- (i) # - *Based on the number of Sanichi shares in issue after the Acquisitions but before the Public Issue.*
- (ii) * - *The Proforma Consolidated Income Statement for the eight (8) month period ended 28 February 2005 is not audited and is included for comparison purpose only.*
- (iii) *The gross earnings per share is calculated based on profit before taxation while the net earnings per share is calculated based on profit after taxation and both are based on the number of ordinary shares of Sanichi assumed to be in issue, being 83,000,020 ordinary shares of RM0.10 each*

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11. FINANCIAL INFORMATION (Cont'd)

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SANICHI TECHNOLOGY BERHAD ("SANICHI") AND ITS SUBSIDIARIES ("SANICHI GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

4. PROFORMA CONSOLIDATED BALANCE SHEETS OF SANICHI GROUP

	NOTE	Proforma Group As at 30.6.2005 RM'000	As at 28.2.2006 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	4.4	13,605	13,516
Goodwill on consolidation		2,204	-
		<u>15,809</u>	<u>13,516</u>
CURRENT ASSETS			
Inventories	4.5	158	255
Trade receivables	4.6	6,401	8,888
Other receivables, deposits and prepayments	4.7	535	509
Amount owing by a director	4.8	6	-
Fixed deposits with licensed banks	4.9	382	1,139
Cash and bank balances	4.10	6,252	6,791
		<u>13,734</u>	<u>17,582</u>
CURRENT LIABILITIES			
Trade payables	4.11	1,333	1,132
Progress billings		87	89
Other payables and accruals	4.12	634	422
Amounts owing to directors	4.8	20	-
Provision for taxation		101	527
Short term borrowings	4.13	3,259	5,111
		<u>5,434</u>	<u>7,281</u>
NET CURRENT ASSETS		<u>8,300</u>	<u>10,301</u>
		<u>24,109</u>	<u>23,817</u>
FINANCED BY:-			
Share capital	4.16	11,350	11,350
Share premium	4.17	11,110	11,110
Reserve on consolidation		-	247
Accumulated losses		(15)	(22)
SHAREHOLDERS' EQUITY		<u>22,445</u>	<u>22,685</u>
NON-CURRENT LIABILITIES			
Long term borrowings	4.18	1,340	706
Deferred taxation	4.19	324	426
		<u>1,664</u>	<u>1,132</u>
		<u>24,109</u>	<u>23,817</u>
<i>Number of ordinary shares of RM0.10 each in issue ('000)</i>		<u>113,500</u>	<u>113,500</u>
<i>Proforma Net tangible assets ("NTA")</i>		<u>20,241</u>	<u>22,685</u>
<i>Proforma NTA per ordinary share (RM)</i>		<u>0.18</u>	<u>0.20</u>

Notes:-

- (a) The Proforma Consolidated Balance Sheet of the Sanichi Group as at 28 February 2006 should be read in conjunction with the notes/details as set out in Note 4.4 to 4.19 of the Proforma Consolidated Financial Information below.
- (b) The Proforma Consolidated Balance Sheet of the Sanichi Group as at 30 June 2005, which incorporates the effects of Proforma I, II, III and IV is included for comparison purpose only.

11. FINANCIAL INFORMATION (Cont'd)

HORWATH (AF 1018)
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SANICHI TECHNOLOGY BERHAD ("SANICHI") AND ITS SUBSIDIARIES ("SANICHI GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

4. PROFORMA CONSOLIDATED BALANCE SHEETS OF SANICHI GROUP (CONT'D)

4.1 PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2005

	Audited as at 30.6.2005 RM'000	Proforma I RM'000	Proforma II RM'000	Proforma III RM'000	Proforma IV RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	-	-	9,605	9,605	13,605
Goodwill on consolidation	-	-	2,204	2,204	2,204
	-	-	11,809	11,809	15,809
CURRENT ASSETS					
Inventories	-	-	158	158	158
Trade receivables	-	-	6,401	6,401	6,401
Other receivables, deposits and prepayments	342	342	535	535	535
Amount owing by a director	-	-	6	6	6
Fixed deposits with licensed banks	-	-	382	382	382
Cash and bank balances	*	*	92	15,952	6,252
	342	342	7,574	23,434	13,734
CURRENT LIABILITIES					
Trade payables	-	-	1,333	1,333	1,333
Progress billings	-	-	87	87	87
Other payables and accruals	357	357	634	634	634
Amounts owing to directors	-	-	20	20	20
Provision for taxation	-	-	101	101	101
Short term borrowings	-	-	3,758	3,758	3,259
Bank overdrafts	-	-	635	635	-
	357	357	6,568	6,568	5,434
NET CURRENT (LIABILITIES)/ASSETS					
	(15)	(15)	1,006	16,866	8,300
	(15)	(15)	12,815	28,675	24,109
(REPRESENTED)/FINANCED BY:-					
Share capital	*	*	8,300	11,350	11,350
Share premium	-	-	-	12,810	11,110
Accumulated losses	(15)	(15)	(15)	(15)	(15)
SHAREHOLDERS' (EQUITY DEFICIT)/ EQUITY	(15)	(15)	8,285	24,145	22,445
NON-CURRENT LIABILITIES					
Long term borrowings	-	-	4,206	4,206	1,340
Deferred taxation	-	-	324	324	324
	-	-	4,530	4,530	1,664
	(15)	(15)	12,815	28,675	24,109
<i>Number of ordinary shares of RM0.10 each in issue ('000)</i>	^	#	83,000	113,500	113,500
<i>Proforma Net tangible liabilities ("NTL")/NTA</i>	(15)	(15)	6,081	21,941	20,241
<i>Proforma (NTL)/NTA per ordinary share (RM)</i>	(7,500)	(750)	0.07	0.19	0.18

* Represents RM2.00

^ Represents 2 shares

Represents 20 shares

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PURPOSES

SANICHI TECHNOLOGY BERHAD ("SANICHI") AND ITS SUBSIDIARIES ("SANICHI GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

4. PROFORMA CONSOLIDATED BALANCE SHEETS OF SANICHI GROUP (CONT'D)

4.2 PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 28 FEBRUARY 2006

	Audited as at 28.2.2006 RM'000	Proforma I RM'000	Proforma II RM'000	Proforma III RM'000	Proforma IV RM'000
NON-CURRENT ASSET					
Property, plant and equipment	-	-	9,516	9,516	13,516
CURRENT ASSETS					
Inventories	-	-	255	255	255
Trade receivables	-	-	8,888	8,888	8,888
Other receivables, deposits and prepayments	342	342	509	509	509
Fixed deposits with licensed banks	-	-	1,139	1,139	1,139
Cash and bank balances	*	*	631	16,491	6,791
	342	342	11,422	27,282	17,582
CURRENT LIABILITIES					
Trade payables	-	-	1,132	1,132	1,132
Progress billings	-	-	89	89	89
Other payables and accruals	364	364	422	422	422
Provision for taxation	-	-	527	527	527
Short term borrowings	-	-	5,531	5,531	5,111
Bank overdrafts	-	-	555	555	-
	364	364	8,256	8,256	7,281
NET CURRENT (LIABILITIES)/ASSETS	(22)	(22)	3,166	19,026	10,301
	(22)	(22)	12,682	28,542	23,817
(REPRESENTED)/FINANCED BY:-					
Share capital	*	*	8,300	11,350	11,350
Share premium	-	-	-	12,810	11,110
Reserve on consolidation	-	-	247	247	247
Accumulated losses	(22)	(22)	(22)	(22)	(22)
SHAREHOLDERS' (EQUITY DEFICIT)/ EQUITY	(22)	(22)	8,525	24,385	22,685
NON-CURRENT LIABILITIES					
Long term borrowings	-	-	3,731	3,731	706
Deferred taxation	-	-	426	426	426
	-	-	4,157	4,157	1,132
	(22)	(22)	12,682	28,542	23,817
<i>Number of ordinary shares of RM0.10 each in issue ('000)</i>	^	#	83,000	113,500	113,500
<i>Proforma (NTL)/NTA</i>	(22)	(22)	8,525	24,385	22,685
<i>Proforma (NTL)/NTA per ordinary share (RM)</i>	(11,000)	(1,100)	0.10	0.21	0.20

* Represents RM2.00

^ Represents 2 shares

Represents 20 shares