THIS ABRIDGED PROSPECTUS ("AP") IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have sold/transferred all your ordinary shares in Sanichi Technology Berhad ("**STB**"), you should at once hand this AP together with the Notice of Provisional Allotment ("**NPA**") and the Rights Subscription Form ("**RSF**") to the agent through whom you effected the sale/transfer for onward transmission to the purchaser/transferee. All enquiries concerning the Rights Issue with Warrants (as defined herein), which is the subject of this AP should be addressed to our Share Registrar, namely ShareWorks Sdn Bhd at 10-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur.

This AP, together with the NPA and the RSF (collectively referred to as the "**Documents**") are only despatched to our Entitled Shareholders (as defined herein), who have a registered address in Malaysia in the records of Bursa Malaysia Depository Sdn Bhd ("**Bursa Depository**") or who have provided our Share Registrar with a registered address in Malaysia in writing not later than 5.00 p.m. on 19 February 2013. The Documents are not intended to be (and will not be) issued, circulated or distributed, and the Rights Issue with Warrants will not be made or offered or deemed to be made or offered for purchase or subscription, in any countries or jurisdictions other than Malaysia or to persons who are or may be subject to the laws of any countries or jurisdictions other than the laws of Malaysia. The Rights Issue with Warrants to which this AP relates is only available to persons receiving the Documents electronically or otherwise within Malaysia. No action has been or will be taken to ensure that the Rights Issue with Warrants and the Documents comply with the laws of any countries or jurisdictions other than the laws of Malaysia. It shall be the sole responsibility of our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) who are or may be subject to the laws of any countries or jurisdictions other than the laws of Malaysia to consult their legal or other professional advisers as to whether the acceptance or renunciation of all or any part of the Rights Shares (as defined herein) with Warrants B (as defined herein) to be issued under the Rights Issue with Warrants would result in the contravention of any laws of such countries or jurisdictions. Such shareholders should note the additional terms and restrictions as set out in Section 11 of this AP. Neither STB, Public Investment Bank Berhad ("**PIVB**") nor any other advisers to the Rights Issue with Warrants shall accept any responsibility or liability in the event that any acceptance or sale/transfer of the provisional allotment of the Rights Shares with Warrants B made by our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) shall become illegal, unenforceable, voidable or void in any countries or jurisdictions in which our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are residents.

A copy of this AP has been registered with the Securities Commission Malaysia ("**SC**"). A copy of the Documents has also been lodged with the Registrar of Companies who takes no responsibility for its contents.

Our shareholders have approved, amongst others, the Rights Issue with Warrants at the Extraordinary General Meeting held on 21 November 2012. Bursa Malaysia Securities Berhad ("**Bursa Securities**") has also granted its approval for, amongst others, the admission of the Warrants B to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares, Warrants B and the new ordinary shares to be issued arising from the full exercise of the Warrants B on the ACE Market of Bursa Securities on 25 October 2012. However, this is not an indication that Bursa Securities recommends the Rights Issue with Warrants. The official listing of and quotation for the said securities will commence after, amongst others, receipt of confirmation from Bursa Depository that all the Central Depository System accounts of our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

The registration of this AP should not be taken to indicate that the SC recommends the Rights Issue with Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in this AP. The SC has not, in any way, considered the merits of the securities being offered for investment. Admission of the Warrants B to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares, Warrants B and the new ordinary shares to be issued arising from the full exercise of the Warrants B on the ACE Market of Bursa Securities are in no way reflective of the merits of the Rights Issue with Warrants.

Our Directors have seen and approved all the documentation relating to the Rights Issue with Warrants. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make the statements in the Documents false or misleading.

THERE ARE CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER. PLEASE REFER TO THE "RISK FACTORS" AS SET OUT IN SECTION 7 OF THIS AP.

PIVB, being our Adviser for the Rights Issue with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.

STB

SANICHI TECHNOLOGY BERHAD

(Company No. 661826-K)
(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 120,970,000 NEW ORDINARY SHARES OF RM0.10 EACH IN STB ("RIGHTS SHARES") TOGETHER WITH UP TO 60,485,000 FREE WARRANTS ("WARRANT(S) B") AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE ON THE BASIS OF TWO (2) RIGHTS SHARES TOGETHER WITH ONE (1) FREE WARRANT B FOR EVERY TWO (2) EXISTING ORDINARY SHARES OF RM0.10 EACH HELD AT 5.00 P.M. ON 19 FEBRUARY 2013, BASED ON A MINIMUM SUBSCRIPTION LEVEL OF 65,000,000 RIGHTS SHARES TOGETHER WITH 32,500,000 FREE WARRANTS B

Adviser

PUBLIC INVESTMENT BANK BERHAD (20027-W)
(A Participating Organisation of Bursa Malaysia Securities Berhad)
(Wholly-Owned Subsidiary of Public Bank Berhad)

IMPORTANT RELEVANT DATES AND TIME

Entitlement date	:	Tuesday, 19 February 2013 at 5.00 p.m.
Last date and time for:		
Sale of provisional allotment of rights	:	Tuesday, 26 February 2013 at 5.00 p.m.
Transfer of provisional allotment of rights	:	Friday, 1 March 2013 at 4.00 p.m.
Acceptance and payment	:	Wednesday, 6 March 2013 at 5.00 p.m.*
Excess application and payment	:	Wednesday, 6 March 2013 at 5.00 p.m.*

* *or such later date and time as our Board of Directors may decide and announce not less than two (2) Market Days before the stipulated date and time.*

This AP is dated 19 February 2013

BURSA SECURITIES HAS APPROVED, AMONGST OTHERS, THE ADMISSION OF THE WARRANTS B TO THE OFFICIAL LIST OF BURSA SECURITIES AND THE LISTING OF AND QUOTATION FOR THE RIGHTS SHARES, WARRANTS B AND THE NEW ORDINARY SHARES TO BE ISSUED ARISING FROM THE FULL EXERCISE OF THE WARRANTS B ON THE ACE MARKET OF BURSA SECURITIES AND THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT BURSA SECURITIES RECOMMENDS THE RIGHTS ISSUE WITH WARRANTS.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THESE DOCUMENTS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS AP.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE AND MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS AP ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT, 2007 ("CMSA").

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

DEFINITIONS

Except where the context otherwise requires or where otherwise defined herein, the following words and abbreviations shall apply throughout this AP and shall have the following meanings:

ACE LR	:	ACE Market Listing Requirements of Bursa Securities
Act	:	Companies Act, 1965
Adviser or PIVB	:	Public Investment Bank Berhad (20027-W)
AP	:	This abridged prospectus dated 19 February 2013
APSB	:	Asia Pinnacle Sdn Bhd (658396-A), our wholly-owned subsidiary
Asset Disposal Programme	:	Disposal of property under an asset disposal programme pursuant to the Debt Restructuring
BNM	:	Bank Negara Malaysia
Board	:	Board of Directors of our Company
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
CDS	:	Central Depository System
CMSA	:	Capital Markets and Services Act, 2007
Code	:	Malaysian Code on Take-Overs and Mergers, 2010
Corporate Exercises	:	The Share Premium Reduction, the Par Value Reduction and Consolidation, the Increase in Authorised Share Capital, the M&A Amendments, the Restricted Issue with Warrants, the Debt Restructuring, the Rights Issue with Warrants and the Exemption, collectively
Court	:	High Court of Malaya
Cut-off Date	:	The pre-determined cut-off date of 31 December 2011 for the purpose to determine the indebtedness of the Scheme Creditors pursuant to the Debt Restructuring including the differences that may be claimed by the Scheme Creditors and admitted by the Scheme Companies
Dato' Dr. Pang	:	Dato' Dr. Pang Chow Huat, the Managing Director and a shareholder of our Company
Debt Restructuring	:	Restructuring of debts owing to certain financial institutions and trade and other creditors of the Scheme Companies pursuant to Section 176 of the Act
Deed Poll for Warrants A	:	The deed poll constituting the Warrants A executed by our Company pursuant to the Restricted Issue with Warrants
Deed Poll for Warrants B	:	The deed poll constituting the Warrants B executed by our Company pursuant to the Rights Issue with Warrants

Director(s)	:	Director(s) of our Company and pursuant to Rule 10.02 of the ACE LR, director(s) shall have the meaning given in Section 2(1) of the CMSA and include any person who is or was within the preeding six (6) months of the date on which the terms of the transaction were agreed upon: (i) a director of the listed corporation, its subsidiary or holding company; or (ii) a chief executive of the listed corporation, its subsidiary or holding company
Documents	:	AP, NPA and RSF, collectively
E&E	:	Electronics and electrical
EGM	:	Extraordinary General Meeting
Entitled Shareholders	:	Our shareholders whose names appear on the Record of Depositors on the Entitlement Date, who shall be entitled to participate in the Rights Issue with Warrants
Entitlement Date	:	5.00 p.m. on 19 February 2013, being the date and time on which our shareholders must be registered on the Record of Depositors in order to participate in the Rights Issue with Warrants
EPS	:	Earnings per share
Exemption	:	Exemption to Protev Asia and its PACs under Practice Note 9, Paragraph 16.1 of the Code from the obligation to undertake a mandatory take-over offer to acquire all the remaining STB Shares not already held by Protev Asia and its PACs upon completion of the Restricted Issue with Warrants as prescribed under Part III of the Code
FPE	:	Financial period ended
FYE	:	Financial year ended/ending
Hire Purchase Creditor under Scheme C	:	The scheme comprised of debts of RM200,000 and above owing to a financial institution which is secured by machinery and motor vehicles purchased by our Group and financed by such creditor
ICULS	:	Four per cent (4%), five (5)-year, irredeemable convertible unsecured loan stocks to be issued as partial settlement to the Scheme Creditors (Scheme B: Unsecured Creditors) pursuant to the Debt Restructuring, which will constitute the same series of irredeemable convertible unsecured loan stocks under the Trust Deed
Increase in Authorised Share Capital	:	Increase in authorised share capital of our Company from RM25,000,000 comprising 250,000,000 ordinary shares of RM0.10 each to RM100,000,000 comprising 1,000,000,000 ordinary shares of RM0.10 each
LAT	:	Loss after taxation
LBT	:	Loss before taxation
LPD	:	The latest practicable date prior to the despatch of this AP, being 25 January 2013
LPS	:	Loss per share

M&A	:	Memorandum of Association of our Company
M&A Amendments	:	Amendments to the M&A of our Company to facilitate the increase in the authorised share capital of our Company pursuant to the Increase in Authorised Share Capital
Major Shareholder(s)	:	Any person who has an interest or interests in one or more voting shares in a corporation and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is ten per cent (10%) or more of the aggregate of the nominal amounts of all the voting shares in the corporation or, five per cent (5%) or more of the aggregate of the nominal amounts of all the voting shares in the corporation where such person is the largest shareholder of the corporation, as defined in Chapter 1 of the ACE LR For the purpose of this definition, "interest in shares" shall have the meaning given in Section 6A of the Act
Market Day(s)	:	Any day between Monday and Friday (inclusive) which is not a public holiday and on which Bursa Securities is open for trading in securities
Maximum Scenario	:	A scenario that assumes all our Entitled Shareholders fully subscribe for their respective entitlements under the Rights Issue with Warrants, based on their respective shareholdings as at the Entitlement Date and none of the Warrants A is exercised
Minimum Scenario	:	A scenario that assumes the Rights Issue with Warrants will be subscribed based on the Minimum Subscription Level
Minimum Subscription Level	:	Representing the scenario where it is assumed that the Rights Issue with Warrants will be undertaken on a minimum subscription level basis via the issuance of 65,000,000 Rights Shares together with 32,500,000 free Warrants B
NA	:	Net assets
NPA	:	Notice of Provisional Allotment in relation to the Rights Issue with Warrants
Official List	:	A list specifying all securities which have been admitted for listing on Bursa Securities and not removed
PAC(s)	:	Person(s) acting in concert with Protev Asia (in accordance with Section 216 of the CMSA) for the Exemption, namely Herbert Tucakovic and Thomas Tucakovic, collectively
Par Value Reduction and Consolidation	:	Reduction of the issued and paid-up share capital of our Company pursuant to Section 64(1) of the Act, involving the cancellation of RM0.08 of the par value of each ordinary share of RM0.10 each in our Company and thereafter the consolidation of five (5) ordinary shares of RM0.02 each into one (1) new STB Share of RM0.10 each
PAT	:	Profit after taxation
PBT	:	Profit before taxation
PROTEV	:	Projektarbelt Technische Beratung Venretung International GmbH (HRB 4524)

Protev Asia	:	Protev Asia Limited *(formerly known as Oceanaire International Limited)* (1690818), our immediate holding company
Provisional Rights Shares with Warrants B	:	Rights Shares with Warrants B provisionally allotted to our Entitled Shareholders pursuant to the Rights Issue with Warrants
Record of Depositors	:	A record of security holders established and maintained by Bursa Depository
Restricted Issue Shares	:	STB Shares with free Warrants A issued to Protev Asia pursuant to the Restricted Issue with Warrants
Restricted Issue with Warrants	:	Restricted issue of 85,000,000 Restricted Issue Shares together with 42,500,000 free Warrants A to Protev Asia at an issue price of RM0.10 per Restricted Issue Share on the basis of one (1) free Warrant A for every two (2) Restricted Issue Shares subscribed by Protev Asia
RHB Islamic	:	RHB Islamic Bank Berhad (680329-V)
Rights Issue with Warrants	:	Renounceable rights issue of up to 120,970,000 Rights Shares together with up to 60,485,000 free Warrants B at an issue price of RM0.10 per Rights Share on the basis of two (2) Rights Shares together with one (1) free Warrant B for every two (2) existing STB Shares held on the Entitlement Date based on the Minimum Subscription Level
Rights Shares	:	New STB Shares with free Warrants B to be issued pursuant to the Rights Issue with Warrants
RM and sen	:	Ringgit Malaysia and sen, respectively
RSF	:	Rights Subscription Form in relation to the Rights Issue with Warrants
SC	:	Securities Commission Malaysia
Scheme Companies	:	Companies within our Group that will undertake the Scheme of Arrangement with their respective Scheme Creditors pursuant to Section 176 of the Act, namely SPMSB, APSB and our Company, collectively
Scheme Creditor(s)	:	Secured and unsecured financial institutions and trade and other creditors of the Scheme Companies undertaking the Scheme of Arrangement
Scheme of Arrangement	:	Scheme of arrangement and compromise in respect of the amounts owing to the Scheme Creditors aggregating approximately RM30.44 million as at the Cut-off Date undertaken by the Scheme Companies
Secured Creditors under Scheme A	:	The scheme comprised of debts owing to financial institutions which are fully secured by the assets of our Group or by corporate guarantee of our Company (excluding upliftment of fixed deposit for the sum of RM500,000 pledged as security for the secured debts)
Settlement Shares	:	New STB Shares to be issued to the Scheme Creditor (Scheme D: Unsecured Islamic Loan Creditor) pursuant to the Debt Restructuring
Share Premium Reduction	:	Reduction of up to RM10,586,318 from the share premium account of our Company pursuant to Sections 60(2) and 64(1) of the Act to set-off the accumulated losses of our Company
SICDA	:	Securities Industry (Central Depositories) Act, 1991
SPMSB	:	Sanichi Precision Mould Sdn Bhd (506330-A), our wholly-owned subsidiary

DEFINITIONS *(Cont'd)*

STB or our Company	:	Sanichi Technology Berhad (661826-K)
STB Group or our Group	:	Our Company and our subsidiaries, collectively
STB Share(s) or Share(s)	:	Ordinary share(s) of RM0.10 each in our Company
Substantial Shareholder(s)	:	Any person who has an interest or interests in one or more voting shares in our Company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is not less than five per cent (5%) of the aggregate of the nominal amounts of all the voting shares in our Company, as defined in Section 69D of the Act
Trust Deed	:	The document constituting the ICULS executed between our Company and the Trustee who acts for the benefit of the holders of the ICULS to be issued as partial settlement to the Scheme Creditors (Scheme B: Unsecured Creditors) pursuant to the Debt Restructuring
Trustee	:	TMF Trustees Malaysia Berhad (610812-W), the trustee appointed by our Company in accordance with the Trust Deed
Undertaking	:	The written irrevocable undertaking letters dated 3 August 2012 and 11 January 2013 provided by Protev Asia that it will subscribe for 65,000,000 Rights Shares together with 32,500,000 free Warrants B pursuant to the Rights Issue with Warrants to achieve the Minimum Subscription Level
Unsecured Creditors under Scheme B	:	The scheme comprised of debts owing to financial institutions and trade and other creditors which are not secured by any assets of our Group
Unsecured Islamic Loan Creditor under Scheme D	:	The scheme comprised of syariah compliant debt owing to an Islamic financial institution which is not secured by any assets of our Group
USA	:	United States of America
USD	:	United States Dollar
VWAMP	:	Volume weighted average market price
Warrants A	:	Warrants issued for free to Protev Asia pursuant to the Restricted Issue with Warrants, which shall constitute the same series of warrants under the Deed Poll for Warrants A and not listed on the ACE Market of Bursa Securities
Warrants B	:	Warrants to be issued for free pursuant to the Rights Issue with Warrants, which shall constitute the same series of warrants under the Deed Poll for Warrants B and will be listed on the ACE Market of Bursa Securities

All references to "our Company" or "the Company" in this AP are made to STB. References to "our Group" or "the STB Group" or "the Group" are to our Company and our subsidiaries, collectively. References to "we", "us", "our" and "ourselves" are to our Company and save where the context otherwise requires, shall include our subsidiaries. All references to "you" in this AP are to our Entitled Shareholders.

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

Any reference in this AP to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of a day in this AP shall be a reference to Malaysian time, unless otherwise specified.

Any discrepancy in the tables between the amounts listed and the totals in this AP are due to rounding.

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CORPORATE DIRECTORY

SANICHI TECHNOLOGY BERHAD
(Company No. 661826-K)
(Incorporated in Malaysia under the Companies Act, 1965)

BOARD OF DIRECTORS

Name	Address	Designation	Profession	Nationality
Tan Sri Dato' Sri Abdul Halil Bin Abd Mutalif	No. 147, Jalan Seraya Kampung Melayu 68000 Ampang Selangor Darul Ehsan	Chairman/ Independent Non-Executive Director	Company Director	Malaysian
Dato' Dr. Pang Chow Huat	44, Jalan Indah 2/3 Taman Bukit Indah 81200 Johor Bahru Johor Darul Takzim	Managing Director	Company Director	Malaysian
Dato' Sri Ahmad Said Bin Hamdan	No. 3, Jalan Pekaka 8/15F Seksyen 8, Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	Executive Director	Company Director	Malaysian
Dato' Abd Halim Bin Abd Hamid	No. 157, Jalan Titi Hj Idris Pekan Langgar 06500 Alor Setar Kedah Darul Aman	Independent Non-Executive Director	Company Director	Malaysian
Ong Tee Kein	B-5-9, Block B, 5th Floor, Unit 9 Megan Avenue II No. 12, Jalan Yap Kwan Seng 50450 Kuala Lumpur	Independent Non-Executive Director	Company Director	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Tan Sri Dato' Sri Abdul Halil Bin Abd Mutalif	Chairman of the Audit Committee	Chairman/Independent Non-Executive Director
Dato' Abd Halim Bin Abd Hamid	Member of the Audit Committee	Independent Non-Executive Director
Ong Tee Kein	Member of the Audit Committee	Independent Non-Executive Director

CORPORATE DIRECTORY *(Cont'd)*

COMPANY SECRETARY	:	Foo Siew Loon (MAICSA 7006874) Level 33A, Menara 1MK Kompleks 1 Mont' Kiara No. 1, Jalan Kiara, Mont' Kiara 50480 Kuala Lumpur Tel: 603 – 6201 8080 Fax: 603 – 6203 7888
REGISTERED OFFICE	:	Level 33A, Menara 1MK Kompleks 1 Mont' Kiara No. 1, Jalan Kiara, Mont' Kiara 50480 Kuala Lumpur Tel: 603 – 6201 8080 Fax: 603 – 6203 7888
HEAD OFFICE	:	PLO 135, Jalan Cyber 5 Kawasan Perindustrian Senai Fasa 3 81400 Senai Johor Darul Takzim Tel: 607 – 598 8866 Fax: 607 – 598 2886 Website: www.sanichimould.com
AUDITORS AND REPORTING ACCOUNTANTS	:	Hasnan THL Wong & Partners (AF 0942) Chartered Accountants 10, Lorong Universiti B Section 16 46350 Petaling Jaya Selangor Darul Ehsan Tel: 603 – 7956 5333 Fax: 603 –7958 6833
DUE DILIGENCE SOLICITORS	:	Iza Ng Yeoh & Kit Suite 13.08, 13th Floor, Plaza 138 No. 138, Jalan Ampang 50450 Kuala Lumpur Tel: 603 – 2182 8138 Fax: 603 – 2182 8148
PRINCIPAL BANKER	:	United Overseas Bank (Malaysia) Bhd (271809-K) 2, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel: 607 – 219 6300 Fax: 607 – 226 3318
SHARE REGISTRAR	:	ShareWorks Sdn Bhd (229948-U) 10-1, Jalan Sri Hartamas 8 Sri Hartamas 50480 Kuala Lumpur Tel: 603 – 6201 1120 Fax: 603 – 6201 3121

CORPORATE DIRECTORY ***(Cont'd)***

ADVISER	:	Public Investment Bank Berhad (20027-W) 25th Floor, Menara Public Bank 146, Jalan Ampang 50450 Kuala Lumpur Tel: 603 – 2166 9382 Fax: 603 – 2166 9386
STOCK EXCHANGE LISTED AND LISTING SOUGHT	:	ACE Market of Bursa Securities

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SANICHI TECHNOLOGY BERHAD
(Company No. 661826-K)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

Level 33A, Menara 1MK
Kompleks 1 Mont' Kiara
No. 1, Jalan Kiara, Mont' Kiara
50480 Kuala Lumpur

19 February 2013

Board of Directors:

Tan Sri Dato' Sri Abdul Halil Bin Abd Mutalif *(Chairman/Independent Non-Executive Director)*
Dato' Dr. Pang Chow Huat *(Managing Director)*
Dato' Sri Ahmad Said Bin Hamdan *(Executive Director)*
Dato' Abd Halim Bin Abd Hamid *(Independent Non-Executive Director)*
Ong Tee Kein *(Independent Non-Executive Director)*

To: Our Entitled Shareholders

Dear Sir/Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 120,970,000 RIGHTS SHARES TOGETHER WITH UP TO 60,485,000 FREE WARRANTS B AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE ON THE BASIS OF TWO (2) RIGHTS SHARES TOGETHER WITH ONE (1) FREE WARRANT B FOR EVERY TWO (2) EXISTING ORDINARY SHARES OF RM0.10 EACH HELD AT 5.00 P.M. ON 19 FEBRUARY 2013, BASED ON A MINIMUM SUBSCRIPTION LEVEL OF 65,000,000 RIGHTS SHARES TOGETHER WITH 32,500,000 FREE WARRANTS B

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1. INTRODUCTION

Our Board is pleased to inform you that our shareholders had approved, amongst others, the Rights Issue with Warrants at our Company's EGM held on 21 November 2012.

At the same EGM, our shareholders had also approved the Share Premium Reduction, the Par Value Reduction and Consolidation, the Increase in Authorised Share Capital, the M&A Amendments, the Restricted Issue with Warrants, the Debt Restructuring and the Exemption.

The Rights Issue with Warrants and the Debt Restructuring are inter-conditional upon each other.

A certified true extract of the resolution pertaining to the Rights Issue with Warrants passed at the said EGM is attached in Appendix I of this AP.

On 29 June 2012, PIVB, had on our behalf, announced that the Controller of Foreign Exchange of BNM had, vide its letter dated 27 June 2012, approved, amongst others, the issuance of the Warrants B pursuant to the Rights Issue with Warrants to our non-resident Entitled Shareholders. The approval of BNM is not subject to any condition.

On 25 October 2012, PIVB, had on our behalf, announced that Bursa Securities had vide its letter dated 25 October 2012, granted its approval for, amongst others, the admission of the Warrants B to the Official List and the listing of and quotation for the Rights Shares, the Warrants B and the new STB Shares to be issued pursuant to the full exercise of the Warrants B on the ACE Market of Bursa Securities.

The approval granted by Bursa Securities is subject to, amongst others, the following conditions:

Conditions imposed		**Status of compliance**
(a)	STB and PIVB must fully comply with the relevant provisions under the ACE LR pertaining to the implementation of the Rights Issue with Warrants.	To be met
(b)	STB and PIVB to inform Bursa Securities upon the completion of the Rights Issue with Warrants.	To be met
(c)	STB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue with Warrants is completed.	To be met
(d)	Payment of additional listing fees. STB is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of the Warrants B as at the end of each quarter together with a detailed computation of listing fees payable.	To be met

The official listing of and quotation for the Rights Shares, the Warrants B and the new STB Shares to be issued arising from the full exercise of the Warrants B will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS accounts of our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

On 26 November 2012, PIVB, had on our behalf, announced that the SC had vide its letter dated 23 November 2012, approved the exemption to Protev Asia and its PACs under Practice Note 9, Paragraph 16.1 of the Code from the obligation to undertake a mandatory take-over offer to acquire all the remaining STB Shares not already held by Protev Asia and its PACs upon completion of the Restricted Issue with Warrants.

On 7 December 2012, PIVB, had on our behalf, announced that the Court had, on even date, granted an order confirming the reduction of our Company's share capital in relation to the Share Premium Reduction and the Par Value Reduction and Consolidation pursuant to Sections 60(2) and 64(1) of the Act ("**Court Order**").

On 10 December 2012, PIVB, had on our behalf, announced that the entitlement date for the Par Value Reduction and Consolidation has been fixed at 5.00 p.m. on 24 December 2012.

On 24 December 2012, PIVB, had on our behalf, announced that the sealed copy of the Court Order granted by the Court dated 7 December 2012 had been duly lodged with the Companies Commission of Malaysia. Consequently, the reduction of the par value of the ordinary shares of STB from RM0.10 to RM0.02 each and thereafter the consolidation of five (5) ordinary shares of RM0.02 each into one (1) STB Share has become effective on 24 December 2012. Pursuant to the Par Value Reduction and Consolidation, the new issued and paid-up share capital of our Company of RM3,597,000 comprising 35,970,000 STB Shares were listed and quoted on the ACE Market of Bursa Securities on 26 December 2012. With this, the Par Value Reduction and Consolidation is deemed completed.

On 28 December 2012, the Restricted Issue with Warrants was completed following the listing of and quotation for the 85,000,000 Restricted Issue Shares on the ACE Market of Bursa Securities.

On 31 January 2013, PIVB, had on our behalf, announced that the Entitlement Date, which our shareholders must be registered on the Record of Depositors in order to participate in the Rights Issue with Warrants, has been fixed at 5.00 p.m. on 19 February 2013.

No person is authorised to give any information or to make any representation not contained herein in connection with the Rights Issue with Warrants, and if given or made, such information or representation must not be relied upon as having been authorised by us or PIVB.

IF YOU ARE IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE WITH WARRANTS

2.1 Introduction

In accordance with the terms of the Rights Issue with Warrants as approved by the relevant authorities and our shareholders at the EGM on 21 November 2012 and subject to the terms of the Documents, our Company will provisionally allot up to 120,970,000 Rights Shares together with up to 60,485,000 free Warrants B at an issue price of RM0.10 per Rights Share on the basis of two (2) Rights Shares together with one (1) free Warrant B for every two (2) existing STB Shares held on the Entitlement Date based on the Minimum Subscription Level.

The Rights Issue with Warrants will be undertaken on the Minimum Subscription Level which was determined by our Board after taking into consideration, amongst others, the funding requirements of our Group and the ability of our Company to raise financing, given the past adverse financial performance of our Group.

In view of the Undertaking procured from Protev Asia and that the Rights Issue with Warrants will be implemented on the Minimum Subscription Level, underwriting arrangement is not required for the Rights Issue with Warrants.

As an Entitled Shareholder, you will find enclosed with this AP:

(i) the NPA in respect of the number of Rights Shares with Warrants B provisionally allotted to you, for which you are entitled to subscribe under the terms of the Rights Issue with Warrants; and

(ii) the RSF which is to be used for the acceptance of the Rights Shares with Warrants B provisionally allotted to you, and for the application of any Rights Shares with Warrants B pursuant to the excess Rights Shares with Warrants B application, should you wish to do so.

You can fully or partially subscribe and/or renounce your entitlements for the Rights Shares with Warrants B provisionally allotted to you. However, the Rights Shares and the free Warrants B cannot be renounced separately. Should you renounce all of your Rights Shares entitlements under the Rights Issue with Warrants, you shall not be entitled to any of the free Warrants B, and if you accept only part of your Rights Shares entitlements under the Rights Issue with Warrants, you shall be entitled to the free Warrants B in the proportion of your acceptance of the Rights Shares entitlements.

In addition to taking up your respective entitlements under the Rights Issue with Warrants, you may also apply for the excess Rights Shares with Warrants B under the excess Rights Shares with Warrants B application. It is the intention of our Board to allot the excess Rights Shares with Warrants B, if any, in a fair and equitable manner as further set out in Section 11.3 of this AP.

The Rights Shares with Warrants B which are renounced, not validly taken up or are not allotted for any reason whatsoever, will first be made available for the excess Rights Shares with Warrants B application by our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable).

Fractional entitlements under the Rights Issue with Warrants, if any, will be disregarded and dealt with in such manner as our Board in its absolute discretion deems fit and expedient in the best interest of our Company.

Any dealing in our Company's securities will be subject to, amongst others, the provision of the SICDA, the Rules of Bursa Depository and any other relevant legislation. The Rights Shares with Warrants B will be credited directly into the respective CDS accounts of our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) who have successfully subscribe for such Rights Shares with Warrants B. No physical share and warrant certificates will be issued.

The Rights Shares and Warrants B to be issued pursuant to the Rights Issue with Warrants will be listed and quoted on the ACE Market of Bursa Securities within two (2) Market Days upon the receipt of the application for quotation of the Rights Shares and the Warrants B by Bursa Securities as specified under the ACE LR.

The Warrants B will be detached from the Rights Shares immediately upon issuance and traded separately on the ACE Market of Bursa Securities. The Warrants B will be issued together with the Rights Shares to our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) who have successfully subscribed for such Rights Shares at no cost. Successful applicants who subscribe for two (2) Rights Shares will be entitled to one (1) free Warrant B. The Warrants B are exercisable into new STB Shares at an exercise price of RM0.10 per Warrant B for one (1) new STB Share.

Our Company shall despatch notices of allotment to the successful applicants within eight (8) Market Days from the last date for acceptance and payment for the Rights Shares with Warrants B or such other period as may be prescribed by Bursa Securities.

2.2 Basis of determining the issue price of the Rights Shares and the exercise price of the Warrants B

The issue price of RM0.10 per Rights Share and the exercise price of RM0.10 per Warrant B for one (1) new STB Share were arrived at after taking into consideration the following:

(i) the five (5)-day VWAMP of the STB Shares of RM0.116 up to and including 14 May 2012 (being the last Market Day prior to the announcement of the Corporate Exercises); and

(ii) the minimum issue price allowable under the Act which is not less than the par value of the STB Shares of RM0.10 each after the Par Value Reduction and Consolidation.

For illustrative purpose, the issue price of RM0.10 per Rights Share and the exercise price of RM0.10 per Warrant B represent:

(i) a discount of approximately 44.13% to the theoretical ex-rights price of the STB Shares of approximately RM0.179, which is computed based on the adjusted five (5)-day VWAMP of the STB Shares of RM0.58 (after the Par Value Reduction and Consolidation) up to and including 14 May 2012 (being the last Market Day prior to the announcement of the Corporate Exercises); and

(ii) a discount of approximately 24.24% to the theoretical ex-rights price of the STB Shares of approximately RM0.132, which is computed based on the five (5)-day VWAMP of the STB Shares of RM0.18 up to and including the LPD.

Our Board is of the view that the basis for the discount and for attaching the Warrants B to the Rights Shares is to provide our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) with an attractive opportunity to subscribe for their entitlements to enable them to have a greater participation in the equity of our Company.

2.3 Ranking of the Rights Shares and the new STB Shares to be issued arising from the full exercise of the Warrants B

The Rights Shares and the new STB Shares to be issued arising from the full exercise of the Warrants B shall, upon allotment and issuance, rank *pari passu* in all respects with the existing STB Shares except that these securities will not be entitled to any dividends, rights, allotments and/or other distributions, that may be declared, made or paid, the entitlement date of which precedes the date of allotment and issuance of the Rights Shares or the new STB Shares to be issued arising from the full exercise of the Warrants B.

2.4 Principal terms of the Warrants B

The subscribers of the Rights Shares will be entitled to the Warrants B on the basis of one (1) free Warrant B for every two (2) Rights Shares subscribed for under the Rights Issue with Warrants.

The principal terms of the Warrants B are set out as follows:

Issuer	:	STB
Number of Warrants B	:	Up to 60,485,000 Warrants B to be issued pursuant to the Rights Issue with Warrants.
Number of new STB Shares to be issued upon the full exercise of the Warrants B	:	Up to 60,485,000 new STB Shares will be issued upon the full exercise of up to 60,485,000 Warrants B on the basis of one (1) new STB Share for every one (1) Warrant B exercised.
Form	:	The Warrants B will be issued for free in registered form and constituted by the Deed Poll for Warrants B.
Issue Date	:	The date of issue of the Warrants B.
Issue Price	:	The Warrants B are to be issued for free to our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) who subscribe to the Rights Shares.
Exercise Price	:	The exercise price of the Warrants B is RM0.10 per Warrant B for one (1) new STB Share. The exercise price and the number of outstanding Warrants B shall however be subject to the adjustments under certain circumstances in accordance with the provisions of the Deed Poll for Warrants B during the Exercise Period.
Exercise Period	:	The Warrants B may be exercised at any time during the tenure of the Warrants B of five (5) years commencing on and including the Issue Date and expiring on the last Market Day preceding the fifth (5^{th}) anniversary of the Issue Date. Any Warrants B not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose.
Expiry Date	:	The Market Day falling immediately before the fifth (5^{th}) anniversary of the Issue Date.
Board Lot	:	The Warrants B are tradable upon listing in board lots of one hundred (100) units or such other number of units as may be prescribed by Bursa Securities.

Subscription Rights	: Each Warrant B entitles the registered holder to subscribe for one (1) new STB Share at any time during the Exercise Period at the Exercise Price which shall be subject to the adjustments under certain circumstances in accordance with the provisions of the Deed Poll for Warrants B during the Exercise Period.
Rights of Warrants B	: The Warrants B holders are not entitled to any voting right or to participate in any distribution and/or offer of further securities in our Company until and unless such Warrants B holders exercise their Warrants B for new STB Shares.
Status of new STB Shares arising from the full exercise of the Warrants B	: The new STB Shares to be allotted and issued upon the full exercise of the Warrants B will rank *pari passu* in all respects with the existing STB Shares except that such new STB Shares will not be entitled to any dividends, rights, allotment and/or distributions declared, the entitlement date of which precedes the date of allotment and issuance of such new STB Shares.
Listing	: Bursa Securities had on 25 October 2012, granted its approval for the admission of the Warrants B to the Official List and the listing of and quotation for the Warrants B as well as the listing of and quotation for the new STB Shares arising from the full exercise of the Warrants B on the ACE Market of Bursa Securities.
Deed Poll	: The Warrants B will be constituted by the Deed Poll for Warrants B.
Governing Law	: The Warrants B and the Deed Poll for Warrants B shall be governed by the laws and regulations of Malaysia.
Rights in the event of winding-up, liquidation, compromise and/or arrangement	: If a resolution is passed for a members' voluntary winding-up of STB or where there is a compromise and/or arrangement, then: (a) if such winding-up, compromise or arrangement has been approved by the Warrants B holders, or some person designated by them for such purpose by special resolution, the terms of such winding-up, compromise and/or arrangement shall be binding on all the Warrants B holders; and (b) in any other case, every Warrants B holder shall be entitled within six (6) weeks after the passing of such resolution for a members' voluntary winding-up of our Company or the granting of court order approving the compromise and/or arrangement, to elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise and/or arrangement exercised the Warrants B. All Warrants B which have not been exercised within six (6) weeks of the passing of such resolution or granting of the Court Order, shall lapse and the Warrants B shall cease to be valid for any purpose. If our Company is wound up (other than by way of a members' voluntary winding-up), all Warrants B which have not been exercised prior to the date of commencement of the winding-up shall cease to be valid for any purpose.

Adjustment to the Exercise Price and/or the number of Warrants B held by Warrants B holders in the event of alteration to the share capital	:	Subject to the provisions of the Deed Poll for Warrants B, the Exercise Price and/or the number of Warrants B held by each Warrants B holder shall be adjusted by our Board in consultation with the adviser and if deemed necessary, certification of the external auditors or an investment bank appointed by our Company, in the event of alteration to the share capital of our Company in accordance with the provisions as set out in the Deed Poll for Warrants B.

3. OTHER CORPORATE EXERCISES

Save for the Rights Issue with Warrants and the corporate exercises as set out in Section 1 of this AP, there is no other corporate exercise that has been approved by the relevant regulatory authorities but not yet implemented as at the LPD.

4. SHAREHOLDER'S UNDERTAKING AND UNDERWRITING ARRANGEMENT

Our Board had procured the Undertaking from Protev Asia to subscribe for 65,000,000 Rights Shares together with 32,500,000 free Warrants B to achieve the Minimum Subscription Level. Protev Asia will subscribe for the aforesaid Rights Shares with Warrants B pursuant to the Rights Issue with Warrants.

The shareholding and the Rights Shares with Warrants B entitlement of Protev Asia pursuant to the Rights Issue with Warrants based on the Minimum Scenario and the Maximum Scenario are illustrated in the table below:

	As at the LPD		Minimum Scenario		Maximum Scenario	
Shareholder	**No. of STB Shares held '000**	**Direct equity interest in STB % (1)**	**No. of Rights Shares undertaken to be subscribed '000**	**Entitled Rights Shares % (2)**	**No. of Rights Shares entitlement '000**	**Entitled Rights Shares % (3)**
Protev Asia	65,000	53.73	65,000	100.00	65,000	53.73

Notes:

(1) Based on the issued and paid-up share capital of our Company as at the LPD.

(2) Based on the minimum subscription level of 65,000,000 Rights Shares together with 32,500,000 free Warrants B pursuant to the Undertaking.

(3) Based on the Maximum Scenario that assumes all our Entitled Shareholders fully subscribe to their respective entitlements for the Rights Shares with Warrants B under the Rights Issue with Warrants.

Arising from the obligation of the abovementioned Undertaking, Protev Asia has confirmed vide its letters dated 3 August 2012 and 11 January 2013 and PIVB has verified that Protev Asia has sufficient financial resources to subscribe for 65,000,000 Rights Shares together with 32,500,000 free Warrants B in order to achieve the Minimum Subscription Level under the Rights Issue with Warrants.

In view of the Undertaking procured by Protev Asia and that the Rights Issue with Warrants will be undertaken on the Minimum Subscription Level, underwriting arrangement is not required for the Rights Issue with Warrants.

Notwithstanding the above, in the event that the Minimum Subscription Level is not achieved, our Company will not proceed with the implementation of the Rights Issue with Warrants. All application monies received pursuant to the Rights Issue with Warrants will be refunded to our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) who have subscribed for the Rights Shares with Warrants B without interest, or with interest if the application monies are not refunded within fourteen (14) days after our Company becomes liable to repay, in accordance with the provisions of Section 243(2) of the CMSA.

In addition, in the event that the Minimum Subscription Level is not achieved, our Company will not proceed with the implementation of the Debt Restructuring as the Debt Restructuring and the Rights Issue with Warrants are inter-conditional upon each other. If the Debt Restructuring is not implemented, the financial conditions of our Group would not be addressed as our Group's existing borrowings and the amounts due to trade and other creditors will not be settled/addressed. These liabilities are due and payable and if not regularised would have adverse consequences to our Group as a going concern. Therefore, the Corporate Exercises are critical and necessary to addresss the financial conditions of our Group.

Save as disclosed above, as at the LPD, our Company does not have any other alternative plans in the event the Minimum Subscription Level is not achieved.

4.1 Implications of the Code

As at the LPD, Protev Asia held 65,000,000 STB Shares, representing approximately 53.73% of the issued and paid-up share capital of our Company.

The subscription of the Rights Shares with Warrants B by Protev Asia pursuant to the Undertaking is not expected to trigger the mandatory take-over offer obligation under Part III of the Code.

Protev Asia has confirmed that in subscribing for 65,000,000 Rights Shares together with 32,500,000 free Warrants B to achieve the Minimum Subscription Level pursuant to the Rights Issue with Warrants, Protev Asia and/or its PACs, if any, will take into consideration the implications of the Code and fulfill its obligations under the Code, if any.

5. UTILISATION OF PROCEEDS

Based on the issue price of RM0.10 per Rights Share, the Rights Issue with Warrants is expected to raise minimum gross proceeds of RM6.50 million (assuming under the Minimum Scenario) and up to a maximum of approximately RM12.10 million (assuming under the Maximum Scenario), which shall be utilised in the following manner:

Details of utilisation	Minimum Scenario RM	%	Maximum Scenario RM	%	Timeframe for utilisation from date of receipt
Repayment to the Secured Creditors and/or Hire Purchase Creditor	- (1)	-	5,597,000 (2)	46	Within three (3) months
Working capital (3)	6,500,000	100	6,500,000	54	Within eighteen (18) months
	6,500,000	**100**	**12,097,000**	**100**	

Notes:

(1) *Under the Minimum Scenario, the amounts due to the Secured Creditors and Hire Purchase Creditor would be termed-out and repayable over sixty (60) equal monthly instalments via future cash flows to be generated by our Group from our operations.*

(2) *Under the Maximum Scenario, as part of the Debt Restructuring, the amount of approximately RM5.60 million will be used to accelerate the repayment to the termed-out loans due to the Secured Creditors under Scheme A and Hire Purchase Creditor under Scheme C on a proportionate basis based on the outstanding liabilities owing to them. The estimated annual interest savings arising from the repayment made to the Secured Creditors and/or Hire Purchase Creditor pursuant to the Debt Restructuring based on the average interest rate of 9.23% per annum, is approximately RM0.52 million per annum. As at 31 December 2012, the total outstanding borrowings of our Group are approximately RM31.57 million.*

(3) *The proceeds of RM6.50 million will be utilised for our Group's working capital requirements, including operational expenses. The table below shows the breakdown of the estimated working capital to be incurred:*

Utilisation of proceeds	***Estimated amount RM***
Purchase of raw materials	*4,000,000*
Factory overheads:	
Water, electricity and utilities (production)	*900,000*
Logistic and handling costs	*200,000*
Sundries expenses	*400,000*
	1,500,000
Administration expenses:	
Water, electricity and utilities (office)	*200,000*
Financial costs	*700,000*
Professional fees	*100,000*
	1,000,000
Total	***6,500,000***

The above breakdown of the working capital is indicative in value and subject to revision from time to time by our Board in its absolute discretion.

Pending utilisation of the proceeds from the Rights Issue with Warrants for the above purposes, the proceeds will be placed in deposits with financial institutions or short-term money market instruments. The interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as additional working capital of our Group.

The quantum of proceeds to be received by our Company pursuant to the full exercise of the Warrants B (at the exercise price of RM0.10 per Warrant B for one (1) new STB Share) of up to approximately RM6.05 million in the future, will be used for working capital requirements of our Group. However, the actual quantum of proceeds from the exercise of the Warrants B would depend upon the actual number of Warrants B exercised during the exercise period of the Warrants B.

Our Company will commence utilising the proceeds raised from the full exercise of the Warrants B at the appropriate time, depending on *inter-alia*, the cash flow position as well as the funding requirements of our Group. The intended timeframe for full utilisation of the proceeds is up to one (1) year from the date of receipt of such proceeds. The Warrants B can be exercisable into new STB Shares during the five (5)-year tenure of the Warrants B.

6. RATIONALE FOR THE RIGHTS ISSUE WITH WARRANTS

After due consideration of the various options available, our Board, save and except for Dato' Dr. Pang, who is deemed interested in the Rights Issue with Warrants and the Debt Restructuring, is of the view that the Rights Issue with Warrants is currently the most appropriate avenue to raise funds premised on the following reasons:

(i) it enables our Company to be recapitalised after the Share Premium Reduction and the Par Value Reduction and Consolidation;

(ii) it raises funds for our Group's working capital requirements without incurring interest cost as compared to other means of financing, such as bank borrowings, and to strengthen our Company's eventual capital base;

(iii) it enables our Group to raise funds primarily as part settlement of the debts owing to the Secured Creditors and/or Hire Purchase Creditor thereby averting the threats of legal action and preserving the going concern of our Group;

(iv) it provides an opportunity for our existing shareholders to further participate in the equity of our Company as our prospects and future growth would be enhanced by the equity participation of Protev Asia in our Company;

(v) the issuance of the free Warrants B provides incentives to our Entitled Shareholders to subscribe for their entitlements of the Rights Shares with Warrants B. Hence, providing them with potential capital appreciation arising from the exercise of the Warrants B in the future and the opportunity to increase their equity participation in our Company at a predetermined exercise price over the tenure of the Warrants B, depending on, amongst others, the future performance of our Group and the new STB Shares; and

(vi) our Company can raise additional interest free funds for working capital purposes when the Warrants B are exercised in the future.

7. RISK FACTORS

In addition to the other information contained herein, you should carefully consider the following risk factors (which may not be exhaustive) before making your decision on whether to subscribe for your entitlements to the Rights Shares with Warrants B.

7.1 Risks relating to the operations and business of our Group

7.1.1 Business risks

Our Company is principally involved in the investment holding and provision of management services. The principal activities of our subsidiaries are design and fabrication of precision moulds and tooling for the plastic injection manufacturing industry.

The business operations of our Group are subject to certain risks inherent in the manufacturing industry including, but are not limited to, injection moulding, automotive and E&E industries. These include, amongst others, availability and fluctuations in cost of raw materials, rising cost of overheads, availability of skilled labour, changes in general economic, political, monetary and business conditions, changes in technology and changes in the legal, taxation and environmental framework within which the industry operates.

Although we seek to limit these risks through, *inter-alia*, practicing prudent management policies, stay abreast with the development, trends and directions of the industry, technology and our customers' future plans, maintaining long-term relationship with our suppliers and customers, reducing reliance by purchasing from a few suppliers and supplying to a mix of customers, and continuous review of our processes and operations to improve efficiency and quality. However, there is no assurance that any changes to the said risk factors will not have a material adverse effect on our Group's businesses and financial performance.

7.1.2 Competition

Our Group operates in a highly competitive environment in the E&E and automotive industries due to rapid changes in technology, product design and increasing demands from customers for technological innovations in advanced products such as plasma audiovisual, entertainment and mobile telecommunication devices as well as automotive design, engineering and manufacturing of additional technical features. Rapid changes in technology and customer preferences coupled with the challenges to achieve targeted levels of prices and maintain product quality have created a tough operating environment for our ability to increase our market share in view of inherent risks associated with the precision moulds and tooling industry.

Our future success will depend significantly upon, amongst others, our ability to respond to changing market demands, knowing the needs of our customers, be innovative and response to the changing dynamics of the market place. Our Group believes that with our research and development capabilities, facilities and skilled workforce as well as close relationships with our customers mainly multinational companies will enable us to remain competitive and stay ahead of our competitors.

However, despite the measures taken by our Group, there is no assurance that our Group will be able to maintain or increase our market share in the future amongst competition from existing players and/or potential new entrants to the industry.

7.1.3 Dependence on key personnel

Our Group believes that our continued success will depend, to a large extent, upon the abilities and continued efforts of our existing Directors and senior management, who are crucial in managing our Group, sourcing for potential business opportunities to increase market share and identifying and training key personnel for business continuity planning. The loss of any of our Group's Directors or key members of the senior management team could affect our Group's financial and operational performance.

Our Board recognises the importance of our Group's ability to attract and retain professionally trained senior management and experienced skilled personnel. Thus, we have in place an appropriate human resource strategy and succession plan that includes competitive and performance-based remuneration packages, training and personnel development programmes, conducive working environment and opportunity for career growth. However, there is no assurance that these measures will always be successful or relevant in retaining key personnel or ensuring a smooth transition should changes occur without materially impacting our Group's operations and financial performance.

7.1.4 Insurance coverage

Our Group's manufacturing facilities located in Bangkok, Thailand and Senai, Johor are subject to risks that it may be damaged or destroyed due to natural or unnatural causes which when occurred will have an adverse impact on our Group in addition to affecting our reputation.

Our management seeks to mitigate such risks by ensuring that adequate and appropriate insurance coverage are undertaken with reputable insurers to cover perils such as fire, business interruptions, consequential loss resulting from disruption to production such as fire and third party liability.

Our management will seek the assistance of casualty risks professionals to identify, evaluate and institute appropriate control measures to minimise the impact on the occurance of certain perils and to insure the risks such that the amount of cover is adequate.

Notwithstanding that, there is no assurance that all the perils are identified and the appropriate type of insurance cover is made or if made, the sum insured is adequate to cover the perils and should an unlikely event occurs, the financial performance and operations of our Group will be adversely affected.

7.1.5 Interest rate and liquidity risks

Interest rate exposure and the resultant interest rate risk arise from our Group's interest-bearing debts. Our Group manages our interest rate exposure by maintaining a mix of fixed and variable rate borrowings where possible.

Upon completion of the Debt Restructuring, a portion of our indebtedness will be settled, thereby reducing our interest and debt servicing burden. The remaining debts with variable interest rate will be subject to factors beyond the control of our Group. The remaining debts will also require timely servicing when due primarily from the cash flows to be generated from our operations. Our management has in place processes to closely monitor the cash flows requirements of our operations as well as to ensure that sufficient funds are being allocated to service the remaining debts and trade and other payables when due.

However, there is no assurance that any adverse movement in interest rate would not impact on the financial and operational performance of our Group and that our Group will be able to generate sufficient cash flows to meet all our commitments.

7.1.6 Credit risks

Our Group's exposure to credit risks arises mainly from sales made on credit terms to our customers. For other financial assets, our Group minimises credit risks by dealing with counterparties of high credit rating, reputation and track record. Our Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit exposure. It is our Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures and our management will monitor the outstanding receivables on an on going basis to ensure that collections are timely. Our management will not accept a new order from a customer with significant outstanding balance due where collection is challenging.

In addition, our management ensures that the products are made in accordance with the specifications approved by our customers supported by purchase orders to avert dispute and our production personnel are made aware of the specifications and tailor the production process to achieve the desired output specified by our customers. Documentation for the delivery of finished products are secured and properly recorded.

Notwithstanding that, there is no assurance that despite measures undertaken by our management, the risk of non-payment by our customers would still exist and should any receivables become non-recoverable, it would have an adverse impact on our financial performance.

7.1.7 Foreign exchange fluctuation risk

Our export sales are mainly denominated in USD, whilst our purchases are mainly denominated in RM. In addition, our operations in Thailand use Thai Baht for its sales locally and defraying operating expenses. Hence, our Group is exposed to fluctuation of foreign exchange rates whereby the:

(i) trade receivables denominated in USD will need to be exchanged for RM which could result in either a gain or loss on exchange when there is a difference between the exchange rate used to book the sales transaction and when payment is received from our customers in USD exchanged for RM; and

(ii) operations in Thailand are mainly transacted and recorded in Thai Baht, as the functional currency has to be translated in RM, being the presentation currency, on consolidation of these operations for Group accounts purposes.

Any adverse movement of exchange rates will have an impact on the financial performance and the reserves position of our Group. Our management strives to mitigate such exchange rate movement by, amongst others, closely monitoring the movement of exchange rates. Despite such measure, there is no assurance that any adverse movement in the exchange rate will not have an impact on the financial performance and reserves of our Group.

7.1.8 Licensing risks

Our Group's operations are administered by jurisdiction of the relevant authorities in Malaysia and Thailand with respect to licensing and regulatory matters such as manufacturing and export licenses. The exportation of our products to certain countries is subject to meeting customs' clearance requirements which relate to the exportation of these finished products.

Our management has always worked to ensure that the entire regulatory framework is complied with. However, no assurance can be given that any future changes to the present regulations or introduction of new regulations by the relevant authorities will not have a material impact on our operations and financial performance.

7.2 Risks relating to our industry

7.2.1 Political, economic and regulatory considerations

Our operations and financial performance may be adversely affected by unfavourable political, economic, monetary and regulatory developments. Political and economic uncertainties include, but are not limited to, risks of war, expropriation, nationalisation, re-negotiation or nullification of existing contracts, changes in interest rates and methods of taxation and currency exchange controls.

Nevertheless, our Board believes that by leveraging on our industry experience in terms of monitoring of our business operations, we would be able to adapt to the changing political, economic and regulatory environment. However, there is no assurance that adverse political, economic, monetary and regulatory factors will not materially affect our Group's operations and financial performance.

7.2.2 Cyclical nature of the E&E industry

Some of our products are sold to players in the E&E industry whereby this industry is subject to distinct cyclical changes in demand conditions where downturn can be experienced, driven by factors such as demand volatility, consumers change in preference of an electronic product and excessive build-up of inventories which, to a large extent, beyond our control. Depending on the severity of the downturn, our business and financial performance may be adversely affected, amongst others, resulting in lower utilisation of our production capacity, lower demand of our products and services, staff force not deployed effectively to achieve the desired productivity level and price discounting could result to maintain market share leading to compression of profit margin.

Recognising such vagaries in the E&E industry, our Group had diversified to produce products for the automotive industry where on a relative basis, competition is less intense and barrier of entry is higher as compared to the E&E industry. In addition, our management monitors the development of these two industries, stays close to our existing and potential customers and strives to be responsive to changes and positioned our Group to stay ahead of our competitors.

Notwithstanding that, there is no assurance that any downturn of the industries where we operate in will not have any adverse impact on our operations and financial performance in the future.

7.2.3 Cyclical nature of the automotive industry

Our sales are cyclical and subject to constant renewal of the automotive product offering through frequent launches of new models of vehicles. The automotive industry is also subject to constant changes in the demand for automotive products in both local and foreign markets. Such demand can possibly derive from the introduction of effective measures implemented by the government to stimulate demand as well as the ability of the customers to buy and their ability to obtain financing for the purchase of the vehicles.

Our Group is confident that with the technical expertise from Protev Asia in terms of latest technology in design, precision engineering and best practices in production and quality assurance, we would be able to mitigate the risks associated with the automotive industry globally.

Notwithstanding that, there is no assurance that any changes to the abovementioned factors will not have a material adverse effect on our Group's operations and financial performance.

7.3 Risks relating to the Rights Issue with Warrants

7.3.1 Investment risks

The market price of the STB Shares will be influenced by, amongst others, prevailing market sentiments, volatility of the stock market, the prospects and operating results of our Group and the future outlook of the E&E and automotive industries. Therefore, the future liquidity and trading volume of our Shares is unknown at this stage.

The issue price of RM0.10 per Rights Share and the exercise price of RM0.10 per Warrant B were arrived at, after taking into consideration, amongst others, the five (5)-day VWAMP of the STB Shares of RM0.116 up to and including 14 May 2012 (being the last Market Day prior to the announcement of the Corporate Exercises) and the minimum issue price allowable under the Act which is not less than the par value of the STB Shares of RM0.10 each after the Par Value Reduction and Consolidation.

The market price of the Warrants B, like all listed securities traded on Bursa Securities, being new securities to be issued by our Company is subject to, *inter-alia*, price discovery by investors, fluctuations in tandem with the overall outlook of the stock market in Malaysia and globally, and will be influenced by, amongst others, the market price, potential payments of dividends and volatility of the STB Shares, and the remaining exercise period of the Warrants B.

Notwithstanding that, there is no assurance that the market price of our Shares (together with the Rights Shares and any new STB Shares to be issued arising from the exercise of the Warrants B), upon or subsequent to the listing of and quotation for the Rights Shares and the Warrants B, will remain at or above the issue price of the Rights Shares. Also, there is no assurance that the exercise price of the Warrants B will be in-the-money during the tenure of the exercise period of the Warrants B.

7.3.2 Factors affecting the Warrants B

There is no prior market for the Warrants B, and as such there is no assurance that an active market for the Warrants B will develop upon its listing on the ACE Market of Bursa Securities, or if developed, that such a market may not be sustained or adequately liquid during the tenure of the Warrants B.

Our Company believes that a variety of factors could cause the price of the Warrants B to fluctuate, including but not limited to trades of substantial amount of the Warrants B on Bursa Securities in the future, fluctuation in the price of the underlying STB Shares, announcements of corporate developments relating to our Group's business and the future financial performance of our Group.

The future price performance of the Warrants B will also depend on various external factors, such as the prospects of the E&E and automotive industries in which our Group operates, the economic, monetary and political conditions of Malaysia and Thailand, outlook of interest rates, the investors' sentiments and liquidity in the local stock market as well as the performance of regional and world bourses.

Notwithstanding the above, it should be noted that our Group's financial performance is not dependent on the price performance of the STB Shares and the Warrants B.

7.3.3 Delay or failure in the implementation of the Rights Issue with Warrants

The Rights Issue with Warrants is exposed to the risk that it may be aborted or delayed on the occurrence of any one or more of the following events:

(i) force majeure events or events/circumstances, which are beyond the control of our Group, arising prior to the implementation of the Rights Issue with Warrants; and

(ii) Protev Asia, who has provided the Undertaking as set out in Section 4 of this AP, may not fulfill or be able to fulfill its obligation.

In the event of failure in the implementation of the Rights Issue with Warrants, all application monies received pursuant to the Rights Issue with Warrants will be refunded to our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) who have subscribed for the Rights Shares with Warrants B without interest, or with interest if the application monies are not refunded within fourteen (14) days after our Company becomes liable to repay, in accordance with the provisions of Section 243(2) of the CMSA.

Notwithstanding the above, our Company will exercise our best endeavour to ensure the successful implementation of the Rights Issue with Warrants. However, there can be no assurance that the abovementioned events will not cause a delay in or failure of the Rights Issue with Warrants.

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8. EFFECTS OF THE CORPORATE EXERCISES

8.1 Issued and paid-up share capital

The proforma effects of the Corporate Exercises on our Company's issued and paid-up share capital are as follows:

		Minimum Scenario		**Maximum Scenario**	
	Par value RM	**No. of STB Shares**	**Share capital RM**	**No. of STB Shares**	**Share capital RM**
Authorised share capital					
As at the LPD	0.10	1,000,000,000	100,000,000	1,000,000,000	100,000,000
Issued and paid-up share capital					
As at the LPD	0.10	120,970,000	12,097,000	120,970,000	12,097,000
To be issued pursuant to the Debt Restructuring	0.10	8,766,320	876,632	8,766,320	876,632
	0.10	129,736,320	12,973,632	129,736,320	12,973,632
To be issued pursuant to the Rights Issue with Warrants	0.10	65,000,000 (1)	6,500,000 (1)	120,970,000 (2)	12,097,000 (2)
	0.10	194,736,320	19,473,632	250,706,320	25,070,632
To be issued pursuant to the full conversion of the ICULS (3)	0.10	46,236,560	4,623,656	46,236,560	4,623,656
	0.10	240,972,880	24,097,288	296,942,880	29,694,288
To be issued pursuant to the full exercise of the Warrants A and the Warrants B (4)	0.10	75,000,000	7,500,000	102,985,000	10,298,500
Enlarged issued and paid-up share capital	0.10	315,972,880	31,597,288	399,927,880	39,992,788

Notes:

(1) *It is assumed that all our Entitled Shareholders do not subscribe to their respective entitlements for the Rights Shares with Warrants B under the Rights Issue with Warrants except by Protev Asia who has provided the Undertaking to subscribe for 65,000,000 Rights Shares together with 32,500,000 Warrants B to achieve the Minimum Subscription Level.*

(2) *It is assumed that all our Entitled Shareholders fully subscribe to their respective entitlements for the Rights Shares with Warrants B under the Rights Issue with Warrants.*

(3) *It is assumed that all registered holders of the ICULS have exercised their rights to require Dato' Dr. Pang and/or his nominee(s) to purchase all the ICULS held by them and the ICULS are fully converted into new STB Shares by Dato' Dr. Pang and/or his nominee(s).*

(4) *It is assumed that all the Warrants A and the Warrants B issued/to be issued pursuant to the Restricted Issue with Warrants and the Rights Issue with Warrants, respectively are fully exercised.*

8.2 NA and gearing

The proforma effects of the Corporate Exercises on our Group's NA and gearing based on our Company's audited consolidated financial statements as at 30 June 2012 are as follows:

Minimum Scenario

	Audited as at 30 June 2012 RM'000	(I) * After the Share Premium Reduction RM'000	(II) * After (I) and the Par Value Reduction and Consolidation RM'000	(III) ** After (II) and the Restricted Issue with Warrants RM'000	(IV) After (III) and the Debt Restructuring RM'000	(V) After (IV) and the Rights Issue with Warrants RM'000	(VI) After (V) and assuming full conversion of the ICULS RM'000	(VII) After (VI) and assuming full exercise of the Warrants A and the Warrants B RM'000
Share capital	17,985	17,985	3,597	12,097	12,974	19,474	24,098	31,598
Share premium	10,586	-	-	-	-	-	-	3,750[(9)]
Revaluation reserve	7,245[(1)]	7,245	7,245	7,245	6,790[(4)]	6,790	6,790	6,790
ICULS	-	-	-	-	3,458[(5)]	3,458	-	-
Exchange reserve	(90)	(90)	(90)	(90)	(90)	(90)	(90)	(90)
Warrant reserve	-	-	-	2,125[(2)]	2,125	3,750[(8)]	3,750	-
(Accumulated losses)/Retained earnings	(24,632)	(14,046)	342	(2,783)[(3)]	3,423[(6)]	1,798	1,798	1,798
Equity attributable to shareholders of our Company	11,094	11,094	11,094	18,594	28,680	35,180	36,346	43,846
Par value per STB Share (RM)	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
No. of STB Shares in issue ('000)	179,850	179,850	35,970	120,970	129,736	194,736	240,973	315,973
NA per STB Share (RM)	0.06	0.06	0.31	0.15	0.22	0.18	0.15	0.14
Borrowings (RM'000)	27,691	27,691	27,691	27,691	17,337[(7)]	17,337	15,782	15,782
Gearing ratio (times)	2.50	2.50	2.50	1.49	0.60	0.49	0.43	0.36

Notes:

(1) *Leasehold lands and building of our Group have been revalued on 4 November 2011 by an independent valuer and the machineries of our Group have been revalued on 31 March 2012 by a machinery expert.*

(2) *After issuance of 42,500,000 free Warrants A based on the fair value of RM0.05 per Warrant A.*

(3) *After deducting the estimated expenses amounting to RM1 million in relation to the Corporate Exercises.*

(4) *In accordance to the Asset Disposal Programme, the leasehold land and building are disposed, hence the revaluation reserve related to the said land and building is reversed to accumulated losses.*

(5) *The fair value of the equity component of the ICULS, excluding the liability component and including the deferred tax asset arising on the liability component.*

(6) *After the loss on disposal of the leasehold land and building amounting to RM2,499,000 and the waiver of debts of RM8,250,000.*

(7) *Inclusive of Scheme Creditors and liability component of ICULS, net of the nominal value of ICULS issued of RM4,623,656, the issuance of 8,766,320 Settlement Shares by our Company, the proceeds from the disposal of leasehold land and building of RM2,150,000, upliftment of pledged fixed deposit of RM500,000 and the waiver of debts of RM8,250,000.*

(8) *After issuance of 32,500,000 free Warrants B based on the fair value of RM0.05 per Warrant B.*

(9) *The transfer of warrants reserve to share premium account of RM3,750,000 upon full exercise of the aggregated 75,000,000 Warrants A and Warrants B.*

* *The Court had, on 7 December 2012, granted an order confirming the reduction of our Company's share capital in relation to the Share Premium Reduction and the Par Value Reduction and Consolidation pursuant to Sections 60(2) and 64(1) of the Act. On 10 December 2012, our Company had announced that the entitlement date for the Par Value Reduction and Consolidation has been fixed at 5.00 p.m. on 24 December 2012.*

** *The Restricted Issue with Warrants was completed on 28 December 2012.*

Maximum Scenario

	Audited as at 30 June 2012 RM'000	(I) * After the Share Premium Reduction RM'000	(II) * After (I) and the Par Value Reduction and Consolidation RM'000	(III) ** After (II) and the Restricted Issue with Warrants RM'000	(IV) After (III) and the Debt Restructuring RM'000	(V) After (IV) and the Rights Issue with Warrants RM'000	(VI) After (V) and assuming full conversion of the ICULS RM'000	(VII) After (VI) and assuming full exercise of the Warrants A and the Warrants B RM'000
Share capital	17,985	17,985	3,597	12,097	12,974	25,071	29,695	39,994
Share premium	10,586	-	-	-	-	-	-	5,149[9]
Revaluation reserve	7,245[1]	7,245	7,245	7,245	6,790[4]	6,790	6,790	6,790
ICULS	-	-	-	-	3,458[5]	3,458	-	-
Exchange reserve	(90)	(90)	(90)	(90)	(90)	(90)	(90)	(90)
Warrant reserve	-	-	-	2,125[2]	2,125	5,149[8]	5,149	-
(Accumulated losses)/Retained earnings	(24,632)	(14,046)	342	(2,783)[3]	3,423[6]	399	399	399
Equity attributable to shareholders of our Company	11,094	11,094	11,094	18,594	28,680	40,777	41,943	52,242
Par value per STB Share (RM)	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
No. of STB Shares in issue ('000)	179,850	179,850	35,970	120,970	129,736	250,706	296,943	399,928
NA per STB Share (RM)	0.06	0.06	0.31	0.15	0.22	0.16	0.14	0.13
Borrowings (RM'000)	27,691	27,691	27,691	27,691	17,337[7]	11,740	10,185	10,185
Gearing ratio (times)	2.50	2.50	2.50	1.49	0.60	0.29	0.24	0.19

Notes:

(1) *Leasehold lands and building of our Group have been revalued on 4 November 2011 by an independent valuer and the machineries of our Group have been revalued on 31 March 2012 by a machinery expert.*

(2) *After issuance of 42,500,000 free Warrants A based on the fair value of RM0.05 per Warrant A.*

(3) *After deducting the estimated expenses amounting to RM1 million in relation to the Corporate Exercises.*

(4) *In accordance to the Asset Disposal Programme, the leasehold land and building are disposed, hence the revaluation reserve related to the said land and building is reversed to accumulated losses.*

(5) *The fair value of the equity component of the ICULS, excluding the liability component and including the deferred tax asset arising on the liability component.*

(6) *After the loss on disposal of the leasehold land and building amounting to RM2,499,000 and the waiver of debts of RM8,250,000.*

(7) *Inclusive of Scheme Creditors and liability component of ICULS, net of the nominal value of ICULS issued of RM4,623,656, the issuance of 8,766,320 Settlement Shares by our Company, the proceeds from the disposal of leasehold land and building of RM2,150,000, upliftment of pledged fixed deposit of RM500,000 and the waiver of debts of RM8,250,000.*

(8) *After issuance of 60,485,000 free Warrants B based on the fair value of RM0.05 per Warrant B.*

(9) *The transfer of warrants reserve to share premium account of RM5,149,000 upon full exercise of the aggregated 102,985,000 Warrants A and Warrants B.*

* *The Court had, on 7 December 2012, granted an order confirming the reduction of our Company's share capital in relation to the Share Premium Reduction and the Par Value Reduction and Consolidation pursuant to Sections 60(2) and 64(1) of the Act. On 10 December 2012, our Company had announced that the entitlement date for the Par Value Reduction and Consolidation has been fixed at 5.00 p.m. on 24 December 2012.*

** *The Restricted Issue with Warrants was completed on 28 December 2012.*

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8.3 Earnings and EPS

The Corporate Exercises are not expected to have any material effect on the earnings of our Group for the FYE 30 June 2013 as the Corporate Exercises are expected to be completed by the first (1st) quarter of 2013.

Upon completion, our Board expects the Corporate Exercises to contribute positively to the future earnings of our Group. On a standalone basis, the Corporate Exercises are expected to result in annual interest savings of approximately RM0.85 million (under the Minimum Scenario) and approximately RM1.30 million (under the Maximum Scenario) based on an average interest rate of 9.23% per annum beside the improved cash flows as a result of reduced debt servicing obligations of our Group. In addition, our Group would benefit from the one-time write back of certain of the debts to be forgiven by the Scheme Creditors estimated to be approximately RM8.25 million as at the Cut-off Date pursuant to the Debt Restructuring.

Moving forward, our Group's future earnings would depend on, amongst others, the return generated from the utilisation of the proceeds from the Restricted Issue with Warrants and the Rights Issue with Warrants and the proceeds from the exercise of the Warrants A and the Warrants B, if any.

Nonetheless, upon completion of the Corporate Exercises and on a standalone basis, the EPS of our Group would be diluted as a result of the increase in the number of STB Shares in issue arising from, amongst others, the Debt Restructuring and the Rights Issue with Warrants, and the full conversion of the ICULS and/or the full exercise of the Warrants A and the Warrants B into new STB Shares. However, the extent of dilution to the EPS is dependent on, amongst others, the actual number of the STB Shares to be issued and the future earnings of our Group.

8.4 Adjustment to the Warrants A

No adjustment will be made to either the exercise price and/or the number of Warrants A as a result of the Rights Issue with Warrants in accordance with the provisions of the Deed Poll for Warrants A.

9. INDUSTRY OVERVIEW AND OUTLOOK AND FUTURE PROSPECTS OF OUR GROUP

9.1 Overview and outlook of the global economy

The world economic environment remained challenging in the third quarter of 2012. Growth in the advanced economies was uneven with the US economy experiencing an improvement while several other major advanced economies continued to experience weak growth, constrained by fiscal adjustments, sluggish labour markets and impaired financial intermediation. In Asia, economic activity moderated as spillover effects of the external uncertainties on domestic demand became more apparent. A number of countries implemented policy measures to support economic growth.

Conditions in the international financial markets improved following policy actions in the crisis-affected economies to ease uncertainties in the market. At the beginning of the third quarter, volatility in the financial markets receded from its peak as the outcome of the European Summit in June provided clearer policy directions on the future of the currency union. In addition, central banks in the euro area, USA and Japan undertook further unconventional monetary easing, relieving some pressures in financial markets. Nevertheless, there were periods of heightened volatility in the financial markets as developments in the euro area led to a temporary rise in risk aversion. These events include the USD125 billion funding request by the Spanish government to recapitalise the banking sector, causing yields on the Spanish 10-year sovereign bond to increase to a record high of around 7.5%. Market sentiments deteriorated further following the downgrades of sovereigns and banks by several credit ratings agencies such as the Spanish sovereign rating downgrade by Fitch and the downgrade of banks in Germany and Austria by Moody's.

In November, volatility in the financial markets rose as delays over the release of the next tranche of financial aid to Greece led to renewed uncertainty. In the US, investors refocused their attention to the impending fiscal cliff issue after the presidential election.

(Source: Bank Negara Malaysia, Economic and Financial Developments in the Malaysian Economy in the Third Quarter of 2012)

Global economic conditions remained subdued in the third quarter of 2012. Major advanced economies in the euro area registered weak growth impacted by fiscal problems, tight monetary conditions and high unemployment. The recovery in Japan slowed down significantly as export growth continued to be weak. However, the USA economy improved backed by higher consumer confidence and favourable housing market conditions. Growth in the emerging economies, though moderating, remained stable amid uncertainties in global demand.

On the supply side, manufacturing activity moderated further on account of weak demand from Europe and China. This was reflected in the lower Institute for Supply Management manufacturing index of 50.3 percentage points (Q2 2012: 52.7 percentage points). However, the non-manufacturing index improved slightly to 53.8 percentage points (Q2 2012: 53.1 percentage points). Retail sales posted a stronger-than-expected growth of 4.8% (Q2 2012: 4.7%) primarily contributed by improvements in consumer spending, particularly auto sales.

The global economy remains vulnerable to downside risks and is expected to register a slower growth of 3.3% in 2012 (2011: 3.8%). The slowdown in global growth reflects persistent concerns on the unresolved euro area crisis, fears of the USA fiscal cliff, and probability of a hard landing in some emerging economies. However, the decision of the European Central Bank to purchase unlimited sovereign bonds under the Outright Monetary Transactions programme, the ratification of the European Stability Mechanism Treaty in September, and policy measures by emerging economies are expected to improve market confidence.

(Source: Malaysian Economy, Third Quarter 2012, Ministry of Finance, Malaysia)

9.2 Overview and outlook of the Malaysian economy

The Malaysian economy continued to record a strong growth of 5.2% in the third quarter of 2012 (Q2 2012: 5.6%) despite slowing external demand. During the first nine months of 2012, the economy grew 5.3% surpassing the targeted growth of 4.5-5.0% for 2012. The strong performance was driven by robust domestic economic activity, particularly the private investment and consumption. On the supply side, all sectors continued to record positive growth except mining.

The services sector recorded a stronger growth of 7% (Q2 2012: 6.6%) boosted by the finance and insurance, real estate and business services as well as communication subsectors. The construction sector continued to register a strong growth of 18.3% (Q2 2012: 22.2%) supported by expansion in civil engineering and residential works. Despite lower exports of electric and electronic (E&E) products, the manufacturing sector expanded 3.3% (Q2 2012: 5.6%) supported by higher growth in construction-related and transport equipment subsectors. The agriculture sector rebounded 0.5% (Q2 2012: -4.7%) contributed by increased output of food crop and livestock subsectors and recovery in production of palm oil. Meanwhile, growth of the mining sector contracted 1.2% (Q2 2012: 2.3%) on account of lower production of natural gas.

On the domestic front, the Malaysian economy is expected to sustain its growth momentum in the final quarter of 2012. This was reflected by the Leading Index which grew at an average 2% from April 2012 to September 2012. On the demand side, growth momentum of private investment is expected to accelerate while private consumption remains resilient. On the supply side, growth will be supported by strong expansion in the services and construction sectors.

(Source: Malaysian Economy, Third Quarter 2012, Ministry of Finance, Malaysia)

The Malaysian economy is expected to strengthen further and projected to grow at a faster rate of 4.5% - 5.5% in 2013. Growth will be supported by improving exports and strong domestic demand on the assumption that global growth will pick up, especially during the second half of 2013. The growth projection is premised upon the expectation of an improvement in the resolution of the debt crisis in the euro area and stronger growth momentum in the economies of Malaysia's major trading partners. Domestic demand is expected to maintain its strong momentum driven by robust private investment and strong private consumption. Private sector activity will be supported by an accommodative monetary policy in an environment of low inflation coupled with a robust financial sector. Recovery in the external sector, particularly increasing external demand from regional economies and major trading partners will further provide the impetus for a private-led growth. The overall public expenditure is expected to increase, led by higher Non-Financial Public Enterprises' (NFPEs) capital investment which will further augment growth. Thus, nominal gross national income per capital is expected to increase 6.4% to RM32,947 (2012: 4.4%; RM30,956). In terms of purchasing power parity, per capita income is expected to grow 4.4% to reach USD16,368 (2012: 3.2%; USD15,676).

Given that domestic economic activity is expected to strengthen further in 2013, inflation is estimated to increase moderately, partly mitigated by further capacity expansion in the economy. The key supply side factors that will influence inflation, namely prices of energy and food commodities are expected to ease during the first half of 2013, but are likely to trend up during the second half on the assumption that global growth continues to pick up pace. Hence, for 2013, the average inflation rate is estimated to be between 2% to 3%.

(Source: Economic Report 2012/2013, Ministry of Finance, Malaysia)

9.3 Overview and outlook of the Malaysian manufacturing industry

Value-added of the manufacturing sector expanded 3.3% during the quarter (Q2 2012: 5.6%). Output increased 3.5% (Q2 2012: 5.8%) supported by continued strong expansion of domestic-oriented industries. Sales of manufacturing products grew 3% to RM155.5 billion during the same period (Q2 2012: 6.8%; RM157.1 billion) while the overall capacity utilisation rate was sustained at 81.9% (Q2 2012: 82.8%).

Exports of manufactured goods moderated 2.3% to RM131.1 billion (Q2 2012: 5.2%; RM131.4 billion), in line with slowing global external demand from major trade partners, particularly China, the European Union, Japan and Singapore. Nevertheless, growth was supported by exports of non-E&E products which expanded 6% to RM71 billion (Q2 2012: 12.2%; RM73.2 billion).

(Source: Malaysian Economy, Third Quarter 2012, Ministry of Finance, Malaysia)

Value-added of the manufacturing sector expanded 5% during the first half of 2012 (January – June 2011: 4.1%). Output of the sector rose 5.2% during the first seven months of 2012 (January – July 2011: 3.6%) in line with the increase in sales value of manufactured products by 6.5% to RM363.1 billion (January – July 2011: 10.6%; RM341 billion). Output from domestic-oriented industries continued to expand 8.6% (January – July 2011: 6.5%) while export-oriented industries grew 4.1% (January – July 2011: 2.8%). The sector continued to attract domestic and foreign investments, with approved investments totalling RM56.1 billion in 2011. Average wage per employee was higher at RM2,455 while productivity increased 4.6% during the first seven months of 2012 (January – July 2011: RM2,299; -2%). Meanwhile, the capacity utilisation rate remained strong during the second quarter of 2012 at 82.8% (Q1 2012: 82.3%) despite continued expansion in capacity on account of new investments. In line with the overall economic outlook, value-added of the manufacturing sector is expected to grow 4.2% in 2012 (2011: 4.7%).

(Source: Economic Report 2012/2013, Ministry of Finance, Malaysia)

The sales value of the manufacturing sector in December 2012 posted a growth of 6.0% (RM2.9 billion) to record RM51.9 billion as compared to RM48.9 billion reported a year ago. Meanwhile, month-on-month basis, the sales value also increased by 1.9% (RM0.9 billion) as compared with the preceding month.

On a seasonally adjusted month-on-month, the sales value in December 2012 decreased by 1.7% as compared with the preceding month.

The year-on-year improvement in the sales value during the current month as compared with the corresponding month of the previous year was attributed to the higher sales in 59 of 116 industries (50.9%) surveyed. Meanwhile, the sales value also rose month-on-month due to the increases in 56 of 116 industries (48.3%).

(Source: Monthly Manufacturing Statistics Malaysia December 2012, Department of Statistics, Malaysia)

9.4 Overview and outlook of the Malaysian automotive industry

The Total Industry Volume ("**TIV**") for 2012 surged to a historical high of 627,753 units which is an all time record achievement for the industry. It had overtaken the previous record of 605,156 units achieved in 2010. It had also outperformed the Malaysian Automotive Association ("**MAA**") TIV forecast of 615,000 units.

Compared to 2011, the registration of new motor vehicles for 2012 jumped substantially by 27,630 units to register a growth of 4.6%.

On a quarterly basis, the TIV for the first (1st) quarter of 2012 was much lower than the first (1st) quarter of 2011. While the TIV for the second (2nd) to fourth (4th) quarter of 2012 were consistently higher than the corresponding period of 2011.

Production of new vehicles in year 2012 recorded an increase of 36,105 units or 6.8% to reach a total of 569,620 units compared to 533,515 units in 2011.

The increase in production volume was in tandem with the strong growth in sales for 2012.

MAA's industry forecast of TIV for 2013 is shown in the table below:

Market segment	**2013 (Forecast)**	**2012 (Actual)**	**Variance**	
			Units	**%**
Passenger vehicles	563,000	552,189	10,811	2.0
Commercial vehicles	77,000	75,564	1,436	2.0
Total vehicles	640,000	627,753	12,247	2.0

MAA's next four (4) years indicative forecast of the TIV for 2014 up to 2017 is shown in the table below:

Year	**2014**	**2015**	**2016**	**2017**
Passenger vehicles	575,040	587,700	601,000	615,300
Commercial vehicles	78,400	80,100	82,000	84,000
TIV	653,440	667,800	683,000	699,300
Growth	2.1%	2.2%	2.3%	2.4%

(Source: Market Review for 2012 and Outlook for 2013, Malaysian Automotive Association)

9.5 Overview and outlook of the Malaysian E&E industry

Output of E&E rebounded 1.6% during the first seven months of 2012 (January – July 2011: -4.8%) mainly driven by the higher production of semiconductor devices (14.5%) as well as audio, visual and communication apparatus (6%). The improved performance of E&E was partly due to chip vendors and storage producers taking advantage of stable prices and supply of parts to replenish inventories as well as the launching of new products which was delayed by massive floods in Thailand during the fourth quarter of 2011.

Despite the slowdown in global demand, E&E manufacturers continued to invest in new technology and product development to upscale the value chain. Approved capital spending in the E&E subsector amounted to RM1.72 billion in 46 projects, of which RM1.35 billion were from foreign investors. This further reaffirms Malaysia as an attractive and cost-efficient E&E manufacturing base in the region. The continued strong investments will further strengthen growth in the E&E subsector and create more skilled jobs.

(Source: Economic Report 2012/2013, Ministry of Finance, Malaysia)

In the export-oriented industries, output of the E&E cluster registered a modest growth of 1.2% (2Q: 2.9%), weighed down by weaker output of electrical products. Based on the BNM's Quarterly Bulletin, the performance of the E&E products cluster sector in the third quarter of 2011 and 2012 are set out in the table below:

	Third quarter of 2011	**Third quarter of 2012**
	Annual change (%)	
Value Added (RM million at constant 2005 prices)		
E&E products cluster	(0.50)	1.20

(Source: Bank Negara Malaysia, Economic and Financial Developments in the Malaysian Economy in the Third Quarter of 2012)

9.6 Prospects and outlook for our Group for the next twelve (12) months

The principal activities of our Company are investment holding and provision of management services. The principal activities of our subsidiaries are design and fabrication of precision moulds and tooling. Our Company has received its ISO 9001:2000 in 2004.

Our Group has two (2) factories which are located in Senai, Johor and Bangkok, Thailand, respectively. The Johor's factory has a total built-up area of 40,000 sq ft with a total land size of approximately 65,000 sq ft for its manufacturing facility, whereas the Thailand's factory is currently rented and has a total built-up area of 20,000 sq ft with a total land size of approximately 25,000 sq ft for its manufacturing facility. The total production output of the two (2) factories for the past three (3) FYEs are set out below:

FYE 30 June	**Number of mould delivered Units**	**Value RM'000**
2010	135	19,262
2011	49	9,469
2012	45	3,845

The sale value of each mould depends on, amongst others, complexity of the design, degree of precision processes required to complete a mould, raw materials used and urgency of the delivery. Generally, the raw materials are sourced mainly from the suppliers in Malaysia.

The design, manufacturing and sale of precision moulds have been the core business and the main contributor to the earnings of our Group. Our Group commenced operations mainly catering for the E&E players and since the beginning of the FYE 30 June 2007, our Group diversified to supply moulds for the automotive players as competition in this segment is less intense and sale value of each mould is higher.

Currently, our Group has a total of 95 clients comprising multinational corporations, original equipment manufacturer, original design manufacturer and contract manufacturer. Our moulds are mainly exported to clients based in China, Germany, France, Japan, Mexico, Singapore, Thailand, the USA and Vietnam.

The table below provides the breakdown of our Group's revenue segmented into local and export markets in the last three (3) audited FYEs:

	Audited					
	FYE 30 June 2010		**FYE 30 June 2011**		**FYE 30 June 2012**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**
Malaysia	8,289	43.03	4,996	52.76	311	8.09
Other Asia Pacific countries	3,466	18.00	3,674	38.80	1,980	51.52
European countries	7,507	38.97	799	8.44	1,552	40.39
Total	**19,262**	**100.00**	**9,469**	**100.00**	**3,843**	**100.00**

(Source: Our Company's Annual Reports for the FYEs 30 June 2011 and 30 June 2012)

Upon the successful implementation of the Corporate Exercises, the overall financial position of our Group is strengthened in the following areas:

(i) On a proforma basis, the gearing would be reduced by 2.01 times from 2.50 times as at 30 June 2012 to 0.49 times (under the Minimum Scenario);

(ii) The amount of bank borrowings would be reduced from approximately RM27.69 million as at 30 June 2012 to approximately RM17.34 million (under the Minimum Scenario). Such bank borrowings which are all repayable on demand currently would be restructured pursuant to the Debt Restructuring to be partially repaid through the Asset Disposal Programme, issuance of the ICULS and the Settlement Shares and waiver of debts due to the Unsecured Creditors and the Unsecured Islamic Loan Creditor after the Cut-off Date leaving an outstanding amount of approximately RM14.54 million, which are termed-out and repayable over sixty (60) equal monthly instalments;

(iii) Arising from the Debt Restructuring, annual interest savings of approximately RM0.85 million (under the Minimum Scenario) would accrue to our Group due to lower outstanding bank borrowings. In the event that our Group is able to raise in excess of RM6.50 million, being the Minimum Subscription Level from the Rights Issue with Warrants, the surplus would be utilised to further pare down the restructured bank borrowings, thereby provide opportunity to improve the gearing further in addition to lower interest to be incurred;

(iv) Our Group's working capital position would be strengthened with the gross proceeds raised/to be raised from the Restricted Issue with Warrants and the Rights Issue with Warrants of between RM15.00 million (Minimum Scenario) and RM20.60 million (Maximum Scenario), which would enable our Group to take on more orders from our clients; and

(v) An amount of RM2.50 million raised from the Restricted Issue with Warrants is earmarked for the purchase of one (1) unit of computerised numerical control machine, one (1) unit of electrical discharge machine and one (1) unit of wire-cut machine to be located in our factory in Senai, Johor. When installed and commissioned, the overall production capacity is expected to increase by approximately ten per cent (10%) to tap on new opportunities.

Moving forward, our Board will implement, amongst others, measures to:

(i) improve the overall efficiencies, productivity, quality and service level;

(ii) continue to be cost efficient in order to stay competitive in the market place;

(iii) institute effective risk control and mitigating measures to reduce wastages, incidence of bad debts, excessive inventory level and enhance cash flows management; and

(iv) enhance customers relationship management to secure recurring orders.

To achieve the above objectives, amongst others, our Group would:

(i) continue to invest in training and staff development for its management, research and development team to enable them to keep abreast with the latest changes in technology for precision engineering, production and design. Despite the present challenges faced, our Group is able to retain the majority of our production team and skilled workforce which would be further capitalised when the financial conditions of our Group is on a better footing;

(ii) intensify sales and marketing efforts leveraging on the network of Protev Asia for new clients in addition to targeting our existing clients' base;

(iii) continue to focus on quality and meeting clients' specification of the moulds and deliverables in a timely manner;

(iv) tap on the expertise of Protev Asia for the latest technology in design, precision engineering and best practices in production and quality assurance;

(v) enhance our cost control processes with periodic reporting to our management and Board to ensure that the processes are implemented and the results monitored for benchmarking against pre-set objectives to ensure that production and fixed costs are monitored and controlled to an optimum level at all times;

(vi) improve inventory controls where purchase of raw materials would be made based on production schedule of forward confirmed/anticipated orders and its expected deliverables; and

(vii) improve credit controls and management to reduce the incidence of bad debts.

In addition, our management at our regular meetings would, amongst others, review the inventory level, orders on hand and work in progress against production and delivery schedule, ageing of accounts receivables and efforts made by management to collect overdue accounts, incidence of rejects and reasons for the rejects, and cash flows position.

Barring any adverse changes in the environment which are beyond the control of our Board, moving forward with Protev Asia as the controlling shareholder of our Company, the future prospects of our Group is encouraging and the financial performance would be improved.

10. WORKING CAPITAL, BORROWINGS, MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

10.1 Working capital

Our Board is of the opinion that, after taking into account our Group's cash in hand, banking facilities available and the proceeds to be raised from the Rights Issue with Warrants, our Group will have sufficient working capital for a period of twelve (12) months from the date of issue of this AP to meet our present and foreseeable future working capital requirements.

10.2 Borrowings

As at 31 December 2012, our Group's total borrowings are as follows:

	Short-term RM'000	**Long-term RM'000**	**Total RM'000**
Fixed rate interest-bearing borrowings [(1)]	4,710	18,841	23,551
Variable rate interest-bearing borrowings [(2)]	1,607	6,410	8,017
Total	**6,317**	**25,251**	**31,568**

Notes:

[(1)] *Interest rates ranging from 6.5% to 10.1% per annum.*

[(2)] *Interest rates ranging from 9.8% to 10.1% per annum.*

All outstanding borrowings are interest-bearing and are denominated in RM. As at the LPD, our Group does not have any foreign currency borrowings.

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Save as disclosed below, there has been no default on payments of either interest and/or principal sums in respect of any borrowings throughout the past one (1) financial year and the subsequent financial period thereof, immediately preceding the LPD:

Scheme Creditors (excluding trade and other creditors)	Indebtedness of the Scheme Creditors (excluding trade and other creditors) pursuant to the Debt Restructuring	
	Outstanding debts as at the Cut-off Date	Outstanding debts as at 31 December 2012
	RM'000	RM'000
RHB Bank Berhad	2,150	2,318
OCBC Bank (Malaysia) Berhad	890	959
United Overseas Bank (Malaysia) Bhd	9,388	10,336
Hap Seng Credit Sdn Bhd	38	41
CIMB Bank Berhad	4	5
Hong Leong Bank Berhad	7,278	8,013
Orix Leasing Malaysia Berhad	181	193
RHB Leasing Sdn Bhd	3,825	4,123
RHB Islamic	2,192	2,363
Total	**25,946**	**28,351**

In addressing the default of the indebtedness of the Scheme Creditors, the Scheme Companies have undertaken the Debt Restructuring under the Scheme of Arrangement pursuant to Section 176 of the Act.

10.3 Material commitments and contingent liabilities

Save as disclosed below, there are no material commitments for capital expenditure contracted or known to be contracted by our Group or contingent liabilities incurred or known to be incurred which, upon becoming enforceable, may have a substantial impact on the results or the financial position of our Group as at the LPD:

Material commitments:

	Group RM
Contracted for:	
- Construction of building	3,117,560

The construction of building was abandoned due to the undertaking of the Corporate Exercises to address the issues of continuing losses of our Group and will be carried on if we are able to secure sufficient financing for the abovementioned construction.

Contingent liabilities:

	Company RM
Corporate guarantees given to licensed banks for banking facilities granted to our subsidiaries	33,960,000

11. PROCEDURES FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION

As an Entitled Shareholder of our Company, your CDS account(s) will be duly credited with the number of Provisional Rights Shares with Warrants B which you are entitled to subscribe for under the terms and conditions of the Rights Issue with Warrants. You will find enclosed with this AP, the NPA notifying you of the crediting of the number of such Provisional Rights Shares with Warrants B into your CDS account(s) and the RSF to enable you to subscribe for such Rights Shares with Warrants B that you have been provisionally allotted, as well as apply for the excess Rights Shares with Warrants B if you wish to do so.

FULL PROCEDURES FOR THE ACCEPTANCE, PAYMENT, SALE/TRANSFER AND THE EXCESS RIGHTS SHARES WITH WARRANTS B APPLICATION ARE SET OUT IN THIS SECTION AND THE ACCOMPANYING RSF. YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS AP, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN CAREFULLY. THE RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THIS AP.

11.1 Procedures for acceptance and payment

Acceptance of and payment for the Provisional Rights Shares with Warrants B must be made on the RSF issued with this AP and completed in accordance to the notes and instructions printed in the RSF. At the absolute discretion of our Board, we may not accept acceptances which do not strictly conform to the terms of this AP or the RSF or the notes and instructions printed in these documents.

If you wish to accept all or part of your entitlement to the Provisional Rights Shares with Warrants B, please complete Part I and Part III of the RSF in accordance with the notes and instructions contained in the RSF. You must despatch the completed and signed RSF together with the relevant remittance by ORDINARY POST, COURIER or DELIVERED BY HAND in the official envelope provided at your own risk to our Share Registrar at the following address:

ShareWorks Sdn Bhd (229948-U)
10-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Tel: 603 – 6201 1120
Fax: 603 – 6201 3121

and should reach our Share Registrar not later than 5.00 p.m. on Wednesday, 6 March 2013, being the last date and time for acceptance and payment, or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time.

If you lose, misplace or for any reason require another copy of the RSF, you and/or your renouncee(s)/transferee(s) (if applicable) may obtain additional copies from your stockbrokers, our Share Registrar, our Registered Office or Bursa Securities' website (http://www.bursamalaysia.com).

You can use one (1) RSF for the acceptance of the Provisional Rights Shares with Warrants B standing to the credit of one (1) CDS account. Separate RSF must be used for the acceptance of the Provisional Rights Shares with Warrants B standing to the credit of more than one (1) CDS accounts. If successful, the Rights Shares with Warrants B accepted by you will be credited into the respective CDS accounts where the Provisional Rights Shares with Warrants B are standing to the credit.

A reply envelope is enclosed with this AP. To facilitate the processing of the RSFs by our Share Registrar, you are advised to use one (1) reply envelope for each completed RSF.

Any fractional entitlement under the Rights Issue with Warrants shall be disregarded and the aggregate of such fractions, if any, shall be dealt with in such manner or on such terms as our Board may at its absolute discretion deem fit and expedient and in the best interest of our Company.

If you do not wish to accept the Provisional Rights Shares with Warrants B in full, you are entitled to accept part of your entitlement to the Provisional Rights Shares with Warrants B. The minimum number of the Provisional Rights Shares with Warrants B that can be accepted is two (2) Rights Shares with one (1) Warrant B. The Warrants B will be detached from the Rights Shares immediately upon issuance and traded separately on Bursa Securities. You should take note that a trading board lot comprises one hundred (100) Rights Shares or Warrants B.

Each completed RSF must be accompanied by remittance in RM for the full amount payable in the form of Banker's Draft(s) or Cashier's Order(s) or Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia and must be made payable to "**STB RIGHTS ISSUE ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side(s) with your name, contact number and address in block letters together with your CDS account number. The payment must be made in the exact amount. Any application accompanied by excess or insufficient payment or payment in the manner other than as stated in this AP may be rejected at the absolute discretion of our Board. Cheques or any other mode(s) of payment not prescribed herein are not acceptable. Details of remittance must be filled in the appropriate boxes provided in the RSF.

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR RECEIPT OF THE RSF OR APPLICATION MONIES IN RESPECT OF THE ACCEPTANCE OF THE PROVISIONAL RIGHTS SHARES WITH WARRANTS B. NOTICES OF ALLOTMENT WILL BE DESPATCHED TO THE SUCCESSFUL APPLICANTS BY ORDINARY POST AT THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS OF BURSA DEPOSITORY AT THEIR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES WITH WARRANTS B, OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES. PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SHARE REGISTRAR OR OUR COMPANY.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

APPLICATION SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY APPLICATION OR TO ACCEPT ANY APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON THEREOF.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY ACCEPTED APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES (AS THE CASE MAY BE) WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO YOU WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES WITH WARRANTS B BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS OF BURSA DEPOSITORY AT YOUR OWN RISK.

If the acceptance of and payment for the Provisional Rights Shares with Warrants B is not received by our Share Registrar by 5.00 p.m. on Wednesday, 6 March 2013 or such later date and time as may be determined and announced by our Board, your and/or your renouncee(s)'/transferee(s)' (if applicable) provisional entitlement under the Rights Issue with Warrants will be deemed to have been declined and will be cancelled.

Such Provisional Rights Shares with Warrants B not taken up will be allotted to applicants for the excess Rights Shares with Warrants B in the manner as set out in Section 11.3 of this AP.

11.2 Procedures for sale/transfer of the Provisional Rights Shares with Warrants B

The Provisional Rights Shares with Warrants B are renounceable. If you wish to sell or transfer all or part of your entitlement to the Provisional Rights Shares with Warrants B to one (1) or more persons, you may do so through your stockbroker without first having to request for a split of the Provisional Rights Shares with Warrants B standing to the credit of your CDS account(s). To sell or transfer all or part of your entitlement to the Provisional Rights Shares with Warrants B, you may sell such entitlement in the open market or transfer such entitlement to such persons as may be allowed pursuant to the Rules of Bursa Depository for the period up to the last date and time for the sale/transfer of the Provisional Rights Shares with Warrants B.

In selling or transferring all or part of your entitlement to the Provisional Rights Shares with Warrants B, you need not deliver the RSF or any document to your stockbroker. **You are however advised to ensure that there is sufficient Provisional Rights Shares with Warrants B standing to the credit of your CDS account(s) before selling or transferring.**

Renouncee(s)/transferee(s) of the Provisional Rights Shares with Warrants B may obtain a copy of this AP and the RSF from their stockbrokers, our Share Registrar, our Registered Office or Bursa Securities' website (http://www.bursamalaysia.com).

If you have sold or transferred only part of your entitlement to the Provisional Rights Shares with Warrants B, you may still accept the balance of your entitlement to the Provisional Rights Shares with Warrants B by completing both Part I and Part III of the RSF and deliver the completed and signed RSF together with the relevant remittance to our Share Registrar in the manner as set out in Section 11.1 of this AP.

If you sell or transfer all or part of your entitlement to the Provisional Rights Shares with Warrants B, you will automatically be selling or transferring your entitlement to all or part of the Rights Shares with Warrants B.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

11.3 Procedures for application for excess Rights Shares with Warrants B

If you wish to apply for additional Rights Shares with Warrants B in excess of those provisionally allotted to you, please complete Part II of the RSF (in addition to both Part I and Part III) and forward it together with a **separate remittance** for the full amount payable in respect of the excess Rights Shares with Warrants B applied for, to our Share Registrar not later than 5.00 p.m. on Wednesday, 6 March 2013, being the last date and time for application and payment, or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time.

Payment for the excess Rights Shares with Warrants B applied for should be made in the same manner as described in Section 11.1 of this AP, with remittance in RM made in the form of Banker's Draft(s) or Cashier's Order(s) or Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia and must be made payable to "**STB EXCESS RIGHTS ISSUE ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side(s) with your name, contact number and address in block letters together with your CDS account number. The payment must be made in the exact amount. Any application accompanied by excess or insufficient payment or payment in the manner other than stated in this AP may be rejected at the absolute discretion of our Board. Cheques or any other mode(s) of payment not prescribed herein are not acceptable. Details of remittance must be filled in the appropriate boxes provided in the RSF.

Our Board reserves the right to allot the excess Rights Shares with Warrants B, if any, applied for under Part II of the RSF on a fair and equitable basis as they deem fit and expedient and in the best interest of our Company. Our Board reserves the right to accept any excess Rights Shares with Warrants B application, in full or in part, without assigning any reason thereto. The indicative basis of allotment of the excess Rights Shares with Warrants B is as follows:

(i) firstly, to minimise the incidence of odd lots;

(ii) secondly, for allocation to our Entitled Shareholders who have applied for the excess Rights Shares with Warrants B on a pro-rata basis and in board lot, calculated based on their respective shareholdings as at the Entitlement Date;

(iii) thirdly, for allocation to our Entitled Shareholders who have applied for the excess Rights Shares with Warrants B on a pro-rata basis, calculated based on the quantum of their respective excess Rights Shares with Warrants B application; and

(iv) lastly, for allocation to renouncee(s)/transferee(s) who have applied for the excess Rights Shares with Warrants B on a pro-rata basis, based on the quantum of their respective excess Rights Shares with Warrants B application.

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR RECEIPT OF THE RSF OR APPLICATION MONIES IN RESPECT OF THE EXCESS RIGHTS SHARES WITH WARRANTS B APPLICATION. NOTICES OF ALLOTMENT WILL BE DESPATCHED TO THE SUCCESSFUL APPLICANTS BY ORDINARY POST AT THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS OF BURSA DEPOSITORY AT THEIR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR APPLICATION AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS B, OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES. PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SHARE REGISTRAR OR OUR COMPANY.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS SHARES WITH WARRANTS B APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES (AS THE CASE MAY BE) WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO YOU WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR APPLICATION AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS B BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS OF BURSA DEPOSITORY AT YOUR OWN RISK.

11.4 Procedures to be followed by renouncee(s)/transferee(s)

Renouncees/transferees may obtain a copy of this AP and the RSF from their stockbrokers, our Share Registrar, our Registered Office or Bursa Securities' website (http://www.bursamalaysia.com).

The procedures for acceptance, selling/transferring of the Provisional Rights Shares with Warrants B, applying for the excess Rights Shares with Warrants B and/or payment by the renouncee(s)/transferee(s) are the same as that which are applicable to you as described in Sections 11.1 to 11.3 of this AP.

RENOUNCEES/TRANSFEREES ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

11.5 Form of issuance

Bursa Securities has already prescribed our Shares listed on the ACE Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Provisional Rights Shares with Warrants B are prescribed securities and as such, all dealings in the Provisional Rights Shares with Warrants B will be by book entries through CDS accounts and will be governed by the SICDA and the Rules of Bursa Depository. You must have a valid and subsisting CDS account in order to subscribe for the Rights Shares with Warrants B.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS account number may result in the application being rejected.

If you have multiple CDS accounts into which the Provisional Rights Shares with Warrants B have been credited, you cannot use a single RSF for acceptance of all these Provisional Rights Shares with Warrants B. Separate RSF must be used for separate CDS accounts. If successful, the Rights Shares with Warrants B accepted by you will be credited into the respective CDS accounts where the Provisional Rights Shares with Warrants B are standing to the credit.

11.5.1 Acceptance of the Provisional Rights Shares with Warrants B by our Entitled Shareholders

Your acceptance of the Provisional Rights Shares with Warrants B shall mean that you consent to receive such Rights Shares with Warrants B as prescribed securities which will be credited directly into your CDS account(s). Hence, the Rights Shares with Warrants B will be credited directly into your CDS account(s) upon allotment and issue.

11.5.2 Acceptance of the Provisional Rights Shares with Warrants B by renouncee(s)/ transferee(s)

If you intend to accept the Provisional Rights Shares with Warrants B, you must state your CDS account number in the RSF whereupon the Rights Shares with Warrants B will be credited directly as prescribed securities into your CDS account(s) upon allotment and issue.

11.5.3 Application for excess Rights Shares with Warrants B by our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable)

If you are successful in applying for the excess Rights Shares with Warrants B, such Rights Shares with Warrants B will be credited directly as prescribed securities into your CDS account(s) upon allotment and issue. The allocation of the excess Rights Shares with Warrants B will be made on a fair and equitable basis as set out in Section 11.3 of this AP.

11.6 Laws of foreign jurisdictions

The Documents have not been (and will not be) made to comply with the laws of any foreign jurisdiction, and have not been (and will not be) lodged, registered or approved under any legislation of (or with or by any regulatory authorities or other relevant bodies of) any foreign jurisdiction, and the Rights Issue with Warrants will not be made or offered in any foreign jurisdiction. The Documents will not be sent to our Entitled Shareholders without an address in Malaysia.

Foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) may accept or renounce (as the case may be) all or part of their entitlements and exercise any other rights in respect of the Rights Issue with Warrants only to the extent that it would be lawful to do so. Foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable), shall be solely responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to.

PIVB, our Company, our Board and our officers and other experts shall not accept any responsibility or liability in the event that any acceptance and/or renunciation made by any foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable), is or shall become illegal, unenforceable, voidable or void in any such foreign jurisdiction.

Further, foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in the foreign jurisdictions and we shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) for any issue, transfer or any other taxes or other requisite payments as such person may be required to pay. They will have no claims whatsoever against PIVB, our Company, our Board and our officers and other experts in respect of their rights or entitlements under the Rights Issue with Warrants.

Such foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to exercise their rights in respect of the Rights Issue with Warrants.

Persons receiving the Documents (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any foreign jurisdiction. If the Documents are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he or she must not seek to accept the offer unless he or she has complied with and observed the laws of the relevant jurisdiction in connection therewith.

Any person who does forward the Documents to any such foreign jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and our Company reserves the right to reject a purported acceptance of the Rights Issue with Warrants from any such application by foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) in any jurisdiction other than Malaysia.

Our Company reserves the right, in our absolute discretion, to treat any acceptance of the Rights Issue with Warrants as invalid if we believe that such acceptance may violate any applicable legal or regulatory requirements in Malaysia or other jurisdictions.

By signing any of the forms accompanying this AP, the foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) PIVB, our Company, our Board and our officers and other experts that:

(i) we would not, by acting on the acceptance and/or renunciation in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are or may be subject to;

(ii) the foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) have complied with the laws to which they are or may be subject to in connection with the acceptance and/or renunciation;

(iii) the foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance and/or renunciation, be in breach of the laws of any jurisdiction to which that person is or may be subject to;

(iv) the foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are aware that the Provisional Rights Shares with Warrants B can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;

(v) the foreign Entitled Shareholder and/or his renouncee(s)/transferee(s) (if applicable) has received a copy of this AP and has had access to such financial and other information and has been afforded the opportunity to ask such questions to the representatives of our Company and receive answers thereto as the foreign Entitled Shareholder and/or his renouncee(s)/transferee(s) (if applicable) deems necessary in connection with the foreign Entitled Shareholder's and/or his renouncee's/transferee's (if applicable) decision to subscribe for or purchase the Rights Shares with Warrants B; and

(vi) the foreign Entitled Shareholder and/or his renouncee(s)/transferee(s) (if applicable) has sufficient knowledge and experience in financial business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares with Warrants B, and is and will be able, and is prepared to bear the economic and financial risks of investing in and holding the Rights Shares with Warrants B.

12. TERMS AND CONDITIONS

The issuance of the Rights Shares with Warrants B under the Rights Issue with Warrants is governed by the terms and conditions as set out in the Documents.

13. ADDITIONAL INFORMATION

You are requested to refer to the attached appendices for further information.

Yours faithfully,
for and on behalf of our Board
SANICHI TECHNOLOGY BERHAD

Tan Sri Dato' Sri Abdul Halil Bin Abd Mutalif
Chairman/Independent Non-Executive Director

CERTIFIED TRUE EXTRACT OF THE RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT OUR EGM ON 21 NOVEMBER 2012

SANICHI TECHNOLOGY BERHAD
(Company No. 661826-K)
(Incorporated in Malaysia)

Extract of Minutes of the Extraordinary General Meeting of the Company held at Board Room, Sanichi Technology Berhad, PLO 135, Jalan Cyber 5, Kawasan Perindustrian Senai Fasa 3, 81400 Senai, Johor Darul Takzim on Wednesday, 21 November 2012 at 11.00 a.m.

ORDINARY RESOLUTION 3
PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 120,970,000 NEW STB SHARES OF RM0.10 EACH ("RIGHTS SHARES") TOGETHER WITH UP TO 60,485,000 FREE WARRANTS ("WARRANT(S) B") AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE ON THE BASIS OF TWO (2) RIGHTS SHARES TOGETHER WITH ONE (1) FREE WARRANT B FOR EVERY TWO (2) NEW STB SHARES HELD AFTER THE PROPOSED SHARE PREMIUM REDUCTION, THE PROPOSED PAR VALUE REDUCTION AND CONSOLIDATION AND THE PROPOSED RESTRICTED ISSUE WITH WARRANTS ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("ENTITLEMENT DATE") BASED ON A MINIMUM SUBSCRIPTION LEVEL OF 65,000,000 RIGHTS SHARES TOGETHER WITH 32,500,000 FREE WARRANTS B ("PROPOSED RIGHTS ISSUE WITH WARRANTS")

Mr. Chairman informed that the seventh item on the agenda was to approve the seek shareholders' approval for the Proposed Renounceable Rights Issue as stipulated in the Circular to Shareholders.

Upon the proposal of Mr. Kua Khai Loon *[proxy for Sakamoto Kayumi]* and seconded by Mr. Kuan Weng Fang *[proxy for Chow Hung Keey]*, the Meeting (on a show of hands) unanimously resolved that the following Ordinary Resolution 3 be approved:-

ORDINARY RESOLUTION 3
PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 120,970,000 NEW STB SHARES OF RM0.10 EACH ("RIGHTS SHARES") TOGETHER WITH UP TO 60,485,000 FREE WARRANTS ("WARRANT(S) B") AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE ON THE BASIS OF TWO (2) RIGHTS SHARES TOGETHER WITH ONE (1) FREE WARRANT B FOR EVERY TWO (2) NEW STB SHARES HELD AFTER THE PROPOSED SHARE PREMIUM REDUCTION, THE PROPOSED PAR VALUE REDUCTION AND CONSOLIDATION AND THE PROPOSED RESTRICTED ISSUE WITH WARRANTS ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("ENTITLEMENT DATE") BASED ON A MINIMUM SUBSCRIPTION LEVEL OF 65,000,000 RIGHTS SHARES TOGETHER WITH 32,500,000 FREE WARRANTS B ("PROPOSED RIGHTS ISSUE WITH WARRANTS")

*"**THAT**, subject to the passing of Special Resolution 1, Special Resolution 2, Special Resolution 3, Special Resolution 4, Ordinary Resolution 1, Ordinary Resolution 2 and Ordinary Resolution 4, and the approvals of all relevant authorities including the approval of Bursa Securities for the admission of the Warrants B to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares, the Warrants B and the new STB Shares arising from the full exercise of the Warrants B pursuant to this Resolution, approval be and is hereby given to the Directors of the Company to:*

CERTIFIED TRUE EXTRACT OF THE RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT OUR EGM ON 21 NOVEMBER 2012 *(Cont'd)*

Sanichi Technology Berhad (Company No. 661826-K)
Extract of Minutes of the Extraordinary General Meeting held on 21 November 2012

(i) provisionally allot and issue by way of renounceable rights issue of up to 120,970,000 Rights Shares together with up to 60,485,000 free Warrants B at an issue price of RM0.10 per Rights Share on the basis of two (2) Rights Shares together with one (1) free Warrant B for every two (2) new STB Shares held on the Entitlement Date;

(ii) deal with fractional entitlements under the Proposed Rights Issue with Warrants arising from any reason whatsoever as the Board may at its absolute discretion deem fit and expedient and in the best interest of the Company;

(iii) deal with the excess Rights Shares not subscribed by the other entitled shareholders of STB in the manner as detailed in Section 2.7.1 of Part A of the Circular;

(iv) utilise the proceeds to be derived from the Proposed Rights Issue with Warrants in the manner as set out in Section 3.2 of Part A of the Circular and the Directors of the Company be and are hereby authorised to revise the manner and purpose of utilisation of proceeds as they may deem fit and expedient in the best interest of the Company subject (where required) to the approval of the relevant authorities;

*(v) create and issue the free Warrants B based on the indicative principal terms as set out in Appendix III of the Circular and the terms and conditions of a Deed Poll to be executed by the Company constituting the Warrants B ("**Deed Poll for Warrants B**");*

(vi) allot and issue such further free Warrants B as may be required or permitted to be issued as a result of any adjustments under the provisions of the Deed Poll for Warrants B;

(vii) allot and issue the new STB Shares pursuant to the full exercise of the Warrants B (including further free Warrants B arising from any adjustments under the provisions of the Deed Poll for Warrants B); and

(viii) enter into and execute the Deed Poll for Warrants B constituting the Warrants B and to do all acts, deeds and things as the Directors of the Company may deem fit or expedient in order to finalise, implement and to give effect to the Deed Poll for Warrants B;

***THAT** the Rights Shares and the new STB Shares pursuant to the full exercise of the Warrants B so allotted and issued shall rank pari passu in all respects with the existing issued ordinary shares of the Company except that these securities will not be entitled to any dividends, rights, allotments and/or distributions, that may be declared, made or paid prior to the date of allotment of the Rights Shares or the new STB Shares to be issued arising from the full exercise of the Warrants B;*

CERTIFIED TRUE EXTRACT OF THE RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT OUR EGM ON 21 NOVEMBER 2012 ***(Cont'd)***

Sanichi Technology Berhad (Company No. 661826-K)
Extract of Minutes of the Extraordinary General Meeting held on 21 November 2012

AND THAT *the Directors of the Company be and are hereby empowered and authorised to do all such acts and things, take such steps, execute such documents and enter into any arrangements, agreements and/or undertakings with any party or parties as they may deem fit, necessary or expedient or appropriate in order to finalise, implement and/or give full effect to the Proposed Rights Issue with Warrants with full power to assent to any terms, conditions, modifications, variations and/or amendments as may be agreed to/required by any relevant authority or as a consequence of any such requirement as may be deemed necessary and/or expedient in the best interest of the Company."*

CERTIFIED AS A TRUE EXTRACT

CHAIRMAN OF THE MEETING
ONG TEE KEIN

Dated : 21 November 2012

INFORMATION ON OUR COMPANY

1. HISTORY AND BUSINESS

Our Company was incorporated in Malaysia under the Act on 5 August 2004 as a public company limited by shares and commenced business on 20 June 2006. We were listed on the MESDAQ Market (now known as the ACE Market) of Bursa Securities on 7 September 2006.

2. PRINCIPAL ACTIVITIES

The principal activities of our Company are investment holding and provision of management services. The principal activities of our subsidiaries are set out in Section 6 of this Appendix.

3. SHARE CAPITAL

The authorised and issued and paid-up share capital of our Company as at the LPD are as follows:

Type	No. of STB Shares	Par value RM	Amount RM
Authorised	1,000,000,000	0.10	100,000,000
Issued and paid-up	120,970,000	0.10	12,097,000

On 21 November 2012, our authorised share capital has been increased from RM25,000,000 comprising 250,000,000 STB Shares to RM100,000,000 comprising 1,000,000,000 STB Shares.

The changes in the issued and paid-up share capital of our Company for the past three (3) years up to the LPD are as follows:

Date of allotment	No. of STB Shares allotted	Par value RM	Type of issue/Consideration	Cumulative issued and paid-up share capital RM
As at 4 December 2011	-	-	-	16,350,000
5 December 2011	16,350,000	0.10	Issued pursuant to the private placement at RM0.10 per STB Share	17,985,000
24 December 2012	-	0.10	Share capital reduction via the cancellation of RM0.08 from the par value of each existing ordinary share of RM0.10 each in the issued and paid-up share capital and thereafter consolidation of five (5) ordinary shares of RM0.02 each into one (1) ordinary share of RM0.10 each.	3,597,000
26 December 2012	85,000,000	0.10	Issued pursuant to the Restricted Issue with Warrants at RM0.10 per Restricted Issue Share	12,097,000

4. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Based on the Register of Substantial Shareholders of our Company, the shareholdings of the substantial shareholders (holding 5% or more) of our Company as at the LPD and the proforma effects of the Corporate Exercises are set out below.

Minimum Scenario

	As at the LPD				(I) After the Debt Restructuring				(II) After (I) and the Rights Issue with Warrants [(2)]			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Substantial shareholders	**No. of STB Shares**	**%**	**No. of STB Shares**	**%**	**No. of STB Shares**	**%**	**No. of STB Shares**	**%**	**No. of STB Shares**	**%**	**No. of STB Shares**	**%**
Protev Asia	65,000,000	53.73	-	-	65,000,000	50.10	-	-	130,000,000	66.76	-	-
Dato' Dr. Pang	4	*	-	-	4	*	-	-	4	*	-	-
RHB Islamic [(5)]	-	-	-	-	8,766,320	6.76	-	-	8,766,320	4.50	-	-
Herbert Tucakovic	-	-	65,000,000[(1)]	53.73	-	-	65,000,000[(1)]	50.10	-	-	130,000,000[(1)]	66.76

	(III) After (II) and assuming the full conversion of the ICULS [(3)]				(IV) After (III) and assuming the full exercise of the Warrants A and the Warrants B [(4)]			
	Direct		Indirect		Direct		Indirect	
Substantial shareholders	**No. of STB Shares**	**%**	**No. of STB Shares**	**%**	**No. of STB Shares**	**%**	**No. of STB Shares**	**%**
Protev Asia	130,000,000	53.95	-	-	205,000,000	64.88	-	-
Dato' Dr. Pang	55,002,884	22.83	-	-	55,002,884	17.41	-	-
RHB Islamic [(5)]	-	-	-	-	-	-	-	-
Herbert Tucakovic	-	-	130,000,000[(1)]	53.95	-	-	205,000,000[(1)]	64.88

Notes:

* *Negligible*

[(1)] *Deemed interested by virtue of his shareholding in Protev Asia.*

[(2)] *It is assumed that all our Entitled Shareholders do not subscribe to their respective entitlements for the Rights Shares with Warrants B under the Rights Issue with Warrants except by Protev Asia who has provided the Undertaking to subscribe for 65,000,000 Rights Shares together with 32,500,000 Warrants B to achieve the Minimum Subscription Level.*

(3) *It is assumed that all registered holders of the ICULS and the Settlement Shares have exercised their rights to require Dato' Dr. Pang and/or his nominee(s) to purchase all the ICULS/Settlement Shares held by the registered holders of the ICULS/Settlement Shares and the ICULS are fully converted into new STB Shares by Dato' Dr. Pang and/or his nominee(s) upon implementation of the Corporate Exercises.*

(4) *It is assumed that all the Warrants A and the Warrants B issued/to be issued pursuant to the Restricted Issue with Warrants and the Rights Issue with Warrants, respectively are fully exercised.*

(5) *Being the Unsecured Islamic Loan Creditor under Scheme D.*

Maximum Scenario

	As at the LPD				(I) After the Debt Restructuring				(II) After (I) and the Rights Issue with Warrants (2)			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Substantial shareholders	**No. of STB Shares**	**%**	**No. of STB Shares**	**%**	**No. of STB Shares**	**%**	**No. of STB Shares**	**%**	**No. of STB Shares**	**%**	**No. of STB Shares**	**%**
Protev Asia	65,000,000	53.73	-	-	65,000,000	50.10	-	-	130,000,000	51.85	-	-
Dato' Dr. Pang	4	*	-	-	4	*	-	-	8	*	-	-
RHB Islamic (5)	-	-	-	-	8,766,320	6.76	-	-	8,766,320	3.50	-	-
Herbert Tucakovic	-	-	65,000,000(1)	53.73	-	-	65,000,000(1)	50.10	-	-	130,000,000(1)	51.85

	(III) After (II) and assuming the full conversion of the ICULS (3)				(IV) After (III) and assuming the full exercise of the Warrants A and the Warrants B (4)			
	Direct		Indirect		Direct		Indirect	
Substantial shareholders	**No. of STB Shares**	**%**	**No. of STB Shares**	**%**	**No. of STB Shares**	**%**	**No. of STB Shares**	**%**
Protev Asia	130,000,000	43.78	-	-	205,000,000	51.26	-	-
Dato' Dr. Pang	55,002,888	18.52	-	-	55,002,890	13.75	-	-
RHB Islamic (5)	-	-	-	-	-	-	-	-
Herbert Tucakovic	-	-	130,000,000(1)	43.78	-	-	205,000,000(1)	51.26

INFORMATION ON OUR COMPANY *(Cont'd)*

Notes:

* *Negligible*

(1) *Deemed interested by virtue of his shareholding in Protev Asia.*

(2) *It is assumed that all our Entitled Shareholders fully subscribe to their respective entitlements for the Rights Shares with Warrants B under the Rights Issue with Warrants.*

(3) *It is assumed that all registered holders of the ICULS/Settlement Shares have exercised their rights to require Dato' Dr. Pang and/or his nominee(s) to purchase all the ICULS/Settlement Shares held by the registered holders of the ICULS/Settlement Shares and the ICULS are fully converted into new STB Shares by Dato' Dr. Pang and/or his nominee(s) upon implementation of the Corporate Exercises.*

(4) *It is assumed that all the Warrants A and the Warrants B issued/to be issued pursuant to the Restricted Issue with Warrants and the Rights Issue with Warrants, respectively are fully exercised.*

(5) *Being the Unsecured Islamic Loan Creditor under Scheme D.*

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5. PARTICULARS OF DIRECTORS

5.1 Details of Directors

The particulars of our Directors as at the LPD are as follows:

Name of Directors	Age	Profession	Designation	Nationality	Address
Tan Sri Dato' Sri Abdul Halil Bin Abd Mutalif	66	Company Director	Chairman/ Independent Non-Executive Director	Malaysian	No. 147, Jalan Seraya Kampung Melayu 68000 Ampang Selangor Darul Ehsan
Dato' Dr. Pang Chow Huat	39	Company Director	Managing Director	Malaysian	44, Jalan Indah 2/3 Taman Bukit Indah 81200 Johor Bahru Johor Darul Takzim
Dato' Sri Ahmad Said Bin Hamdan	60	Company Director	Executive Director	Malaysian	No. 3, Jalan Pekaka 8/15F Seksyen 8, Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan
Dato' Abd Halim Bin Abd Hamid	63	Company Director	Independent Non-Executive Director	Malaysian	No. 157, Jalan Titi Hj Idris Pekan Langgar 06500 Alor Setar Kedah Darul Aman
Ong Tee Kein	56	Company Director	Independent Non-Executive Director	Malaysian	B-5-9, Block B, 5th Floor, Unit 9 Megan Avenue II No. 12, Jalan Yap Kwan Seng 50450 Kuala Lumpur

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INFORMATION ON OUR COMPANY *(Cont'd)*

5.2 Details of Directors' shareholdings

Our Directors' shareholdings as at the LPD and the proforma effects of the Corporate Exercises on their shareholdings are set out below.

Minimum Scenario

	As at the LPD				(I) After the Debt Restructuring				(II) After (I) and the Rights Issue with Warrants [(1)]			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Directors	No. of STB Shares	%	No. of STB Shares	%	No. of STB Shares	%	No. of STB Shares	%	No. of STB Shares	%	No. of STB Shares	%
Tan Sri Dato' Sri Abdul Halil Bin Abd Mutalif	-	-	-	-	-	-	-	-	-	-	-	-
Dato' Dr. Pang	4	*	-	-	4	*	-	-	4	*	-	-
Dato' Sri Ahmad Said Bin Hamdan	-	-	-	-	-	-	-	-	-	-	-	-
Dato' Abd Halim Bin Abd Hamid	-	-	-	-	-	-	-	-	-	-	-	-
Ong Tee Kein	-	-	-	-	-	-	-	-	-	-	-	-

	(III) After (II) and assuming the full conversion of the ICULS [(2)]				(IV) After (III) and assuming the full exercise of the Warrants A and the Warrants B [(3)]			
	Direct		Indirect		Direct		Indirect	
Directors	No. of STB Shares	%	No. of STB Shares	%	No. of STB Shares	%	No. of STB Shares	%
Tan Sri Dato' Sri Abdul Halil Bin Abd Mutalif	-	-	-	-	-	-	-	-
Dato' Dr. Pang	55,002,884	22.83	-	-	55,002,884	17.41	-	-
Dato' Sri Ahmad Said Bin Hamdan	-	-	-	-	-	-	-	-
Dato' Abd Halim Bin Abd Hamid	-	-	-	-	-	-	-	-
Ong Tee Kein	-	-	-	-	-	-	-	-

INFORMATION ON OUR COMPANY *(Cont'd)*

Notes:

* *Negligible*

(1) *It is assumed that all our Entitled Shareholders do not subscribe to their respective entitlements for the Rights Shares with Warrants B under the Rights Issue with Warrants except by Protev Asia who has provided the Undertaking to subscribe for 65,000,000 Rights Shares together with 32,500,000 Warrants B to achieve the Minimum Subscription Level.*

(2) *It is assumed that all registered holders of the ICULS and the Settlement Shares have exercised their rights to require Dato' Dr. Pang and/or his nominee(s) to purchase all the ICULS/Settlement Shares held by the registered holders of the ICULS/Settlement Shares and the ICULS are fully converted into new STB Shares by Dato' Dr. Pang and/or his nominee(s) upon implementation of the Corporate Exercises.*

(3) *It is assumed that all the Warrants A and the Warrants B issued/to be issued pursuant to the Restricted Issue with Warrants and the Rights Issue with Warrants, respectively are fully exercised.*

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INFORMATION ON OUR COMPANY *(Cont'd)*

Maximum Scenario

	As at the LPD				(I) After the Debt Restructuring				(II) After (I) and the Rights Issue with Warrants [1]			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Directors	No. of STB Shares	%	No. of STB Shares	%	No. of STB Shares	%	No. of STB Shares	%	No. of STB Shares	%	No. of STB Shares	%
Tan Sri Dato' Sri Abdul Halil Bin Abd Mutalif	-	-	-	-	-	-	-	-	-	-	-	-
Dato' Dr. Pang	4	*	-	-	4	*	-	-	8	*	-	-
Dato' Sri Ahmad Said Bin Hamdan	-	-	-	-	-	-	-	-	-	-	-	-
Dato' Abd Halim Bin Abd Hamid	-	-	-	-	-	-	-	-	-	-	-	-
Ong Tee Kein	-	-	-	-	-	-	-	-	-	-	-	-

	(III) After (II) and assuming the full conversion of the ICULS [2]				(IV) After (III) and assuming the full exercise of the Warrants A and the Warrants B [3]			
	Direct		Indirect		Direct		Indirect	
Directors	No. of STB Shares	%	No. of STB Shares	%	No. of STB Shares	%	No. of STB Shares	%
Tan Sri Dato' Sri Abdul Halil Bin Abd Mutalif	-	-	-	-	-	-	-	-
Dato' Dr. Pang	55,002,888	18.52	-	-	55,002,890	13.75	-	-
Dato' Sri Ahmad Said Bin Hamdan	-	-	-	-	-	-	-	-
Dato' Abd Halim Bin Abd Hamid	-	-	-	-	-	-	-	-
Ong Tee Kein	-	-	-	-	-	-	-	-

INFORMATION ON OUR COMPANY *(Cont'd)*

Notes:

* *Negligible*

(1) *It is assumed that all our Entitled Shareholders fully subscribe to their respective entitlements for the Rights Shares with Warrants B under the Rights Issue with Warrants.*

(2) *It is assumed that all registered holders of the ICULS/Settlement Shares have exercised their rights to require Dato' Dr. Pang and/or his nominee(s) to purchase all the ICULS/Settlement Shares held by the registered holders of the ICULS/Settlement Shares and the ICULS are fully converted into new STB Shares by Dato' Dr. Pang and/or his nominee(s) upon implementation of the Corporate Exercises.*

(3) *It is assumed that all the Warrants A and the Warrants B issued/to be issued pursuant to the Restricted Issue with Warrants and the Rights Issue with Warrants, respectively are fully exercised.*

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6. SUBSIDIARIES AND ASSOCIATED COMPANIES

The details of our subsidiaries as at the LPD are as follows:

Name of company	Date/Place of incorporation	Issued and paid-up share capital	Effective equity interest %	Principal activities
SPMSB	25 February 2000/ Malaysia	RM350,000	100	Design and fabrication of precision moulds and tooling
APSB	5 July 2004/ Malaysia	RM2,500,000	100	Design and fabrication of precision moulds and tooling
Sanichi Mould (Thailand) Co., Ltd.	1 February 2007/ Thailand	Thai Baht 8,000,000	100	Design and fabrication of precision moulds and tooling

We do not have any associated company as at the LPD.

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7. PROFIT AND DIVIDEND RECORD

The profit and dividend records based on our Group's audited consolidated results for the FYEs 30 June 2010, 2011 and 2012 and the unaudited consolidated results for the three (3) months FPEs 30 September 2011 and 2012 are as follows:

	Audited FYE 30 June			**Unaudited three (3) months FPE 30 September**	
	2010 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**	**2012 RM'000**
Revenue	19,262	9,469	3,843	1,017	1,381
Gross profit/(loss)	8,501	(2,865)	(2,377)	(869)	(659)
Earnings/(Loss) before interest, taxation, depreciation and amortisation	5,189	(9,829)	(3,321)	(1,075)	(722)
Other income/(expenses) - net	(5,910)	(9,626)	(3,142)	(744)	(647)
Finance costs	(2,362)	(1,933)	(2,195)	(528)	(561)
PBT/(LBT)	229	(14,424)	(7,714)	(2,141)	(1,867)
Taxation	(26)	(142)	(40)	-	153
PAT/(LAT)	203	(14,566)	(7,754)	(2,141)	(1,714)
Less: Minority interests	-	-	-	-	-
Profit/(Loss) attributable to equity holders of our Company	203	(14,566)	(7,754)	(2,141)	(1,714)
Gross profit/(loss) margin (%)	44.13	(30.26)	(61.85)	(85.45)	(47.72)
Weighted average number of ordinary shares in issue ('000)	163,500	163,500	179,850	163,500	179,850
Basic EPS/(LPS) (sen)	0.12	(8.91)	(4.49)	(1.31)	(0.95)
Diluted EPS/(LPS) (sen)	0.12	(8.91)	(4.49)	(1.31)	(0.95)
Gross dividend per STB Share (sen)	-	-	-	-	-

Commentaries on past performance:

FYE 30 June 2010

Our Group's revenue increased by approximately RM2.63 million (15.85%) to approximately RM19.26 million as compared to the preceding FYE 30 June 2009 of approximately RM16.63 million. The increase in revenue was mainly attributable to:

(i) brief global economic recovery after exiting from the sharpest post-war economic contraction in the second (2^{nd}) half of year 2009 due to the sub-prime loan crisis which adversely impacted major financial institutions in year 2008;

(ii) increase in demand from both local and overseas markets, both from consumer electronic industry and automotive industry, whereby our Company had successfully secured some new orders coupled with higher value per order, such as orders from Goding + Partner GmbH, Grohe AG and Valeo; and

(iii) substantial increase in sales to clients in European and Asia Pacific countries by approximately 126.16% and 28.00%, respectively as compared to the preceding FYE 30 June 2009.

Our Group achieved a PAT of approximately RM0.20 million as opposed to a LAT of approximately RM10.84 million incurred in the preceding FYE 30 June 2009, mainly attributable to:

(i) bad debt recovery of approximately RM1.21 million;

(ii) lower allowance for doubtful debts; and

(iii) better cost management as the cost of sales and administrative expenses had reduced by approximately 35.54% and 35.44%, respectively compared to the preceding FYE 30 June 2009.

FYE 30 June 2011

Our Group's revenue decreased by approximately RM9.79 million (50.84%) to approximately RM9.47 million as compared to the preceding FYE 30 June 2010 of approximately RM19.26 million. The decrease in revenue was mainly attributable to:

(i) prolonged unfavourable market conditions continued to plague the sectors in which our Group operates;

(ii) the disruptions in the global manufacturing supply chain stemming from the disaster in Japan, were reflected in a more cautionary approach adopted by global manufacturers, hence also impacting the demand for design and fabrication of moulds; and

(iii) decrease in sales for both local and export markets as the automotive industry was experiencing a slowdown in demand.

Our Group incurred a LAT of approximately RM14.57 million as opposed to a PAT of approximately RM0.20 million in the preceding FYE 30 June 2010, mainly attributable to:

(i) increase in the cost of sales by approximately 14.61% despite of the shrinkage in the sales volume which resulted in variable costs of production not recovered from the revenue achieved; and

(ii) impairment loss on trade receivables amounting to approximately RM6.50 million as a result of prudent policy been adopted by our Company whereby the debtors, who were in significant financial difficulties and had defaulted on payments, were recognised as impairment loss.

FYE 30 June 2012

Our Group's revenue decreased by approximately RM5.63 million (59.41%) to approximately RM3.84 million as compared to the preceding FYE 30 June 2011 of approximately RM9.47 million. The decrease in revenue was mainly attributable to:

(i) soft market condition which affected the demand for automotive products in both local and foreign markets; and

(ii) the flood in Thailand affected the production capacity of our clients' factories and the demand from both local and export markets, to a certain extent.

Our Group's LAT decreased by approximately RM6.81 million (46.77%) to approximately RM7.75 million as compared to the preceding FYE 30 June 2011 of approximately RM14.57 million. The decrease in LAT was mainly attributable to:

(i) the significant reduction in operating expenses and production costs attributed to the recent upgrade and proper maintenance of machineries; and

(ii) bad debt recovery of approximately RM0.92 million.

Unaudited three (3) months FPE 30 September 2012

Our Group's revenue increased by approximately RM0.36 million (35.79%) to approximately RM1.38 million as compared to the preceding year corresponding quarter FPE 30 September 2011 of approximately RM1.02 million. The increase in revenue was mainly attributable to:

(i) the association with Protev Asia which has secured new contracts and expanded into new markets in the Europe and USA; and

(ii) recovery from the impact of the Thailand flood disaster, where the production capacity of our clients' factories as well as the market demands are back to normal.

Our Group's LAT decreased by approximately RM0.43 million (19.94%) to approximately RM1.71 million as compared to the preceding year corresponding quarter FPE 30 September 2011 of approximately RM2.14 million. The decrease in LAT was mainly attributable to:

(i) the growth in revenue as a result of the association with Protev Asia and the improvement in the sales of Thailand factory as a result of recovery from the Thailand flood disaster; and

(ii) recovery from the over provision of tax expenses in respect of the preceding FYE 30 June 2012 of approximately RM0.16 million.

8. SHARE PRICES

The following table sets out the monthly highest and lowest market prices of the STB Shares as transacted on the ACE Market of Bursa Securities for the twelve (12) months preceding the date of this AP:

Months	Highest RM	Lowest RM
2012		
February	0.165	0.130
March	0.140	0.110
April	0.160	0.095
May	0.125	0.060
June	0.085	0.060
July	0.075	0.060
August	0.090	0.055
September	0.080	0.065
October	0.070	0.060
November	0.075	0.045
December	0.345 *	0.040
2013		
January	0.265 *	0.170 *

* *The market prices of the STB Shares had taken into account the Par Value Reduction and Consolidation which was completed on 24 December 2012.*

The last transacted market price on 14 May 2012 (being the last Market Day prior to the announcement of the Corporate Exercises on 15 May 2012)	RM0.105
The last transacted market price on 25 January 2013 (being the latest practicable date prior to the printing of this AP)	RM0.185
The last transacted market price on 14 February 2013 (being the last Market Day prior to the ex-date for the Rights Issue with Warrants)	RM0.140

(Source: Bloomberg)

HASNAN THL WONG & PARTNERS
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

SANICHI TECHNOLOGY BERHAD

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Sanichi Technology Berhad, which comprise the statements of financial position of the Group and Company as at 30th June 2012, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 16 to 78.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

HASNAN THL WONG & PARTNERS
AF 0942
Firm of Chartered Accountants

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

SANICHI TECHNOLOGY BERHAD (CONT'D)
(Incorporated in Malaysia)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and Company as of 30th June 2012 and of its financial performance and cash flows for the financial year then ended.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2(a)(i) of the Notes to the Financial Statements which indicates that the Group and Company incurred net losses of RM 7,753,634 and RM 27,442,574 respectively during the financial year ended 30th June 2012 and as at that date, the accumulated losses of the Group and Company was RM 24,632,396 and RM 27,688,859 respectively. In addition, certain subsidiary companies have defaulted in their borrowings and the interest payment obligations as disclosed in Note 20 of the Notes to the Financial Statements. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group and Company to continue as going concerns.

The financial statements of the Group and Company do not include any adjustments relating to the amounts and reclassification of assets and liabilities that might be necessary should the Group and Company be unable to continue as going concern. The ability of the Group and Company to continue as going concern is dependent on the timely and successful implementation of the proposed restructuring scheme towards the profitability and the cash flows of the Group.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

HASNAN THL WONG & PARTNERS
AF 0942
Firm of Chartered Accountants

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

SANICHI TECHNOLOGY BERHAD (CONT'D)
(Incorporated in Malaysia)

Report on Other Legal and Regulatory Requirements (cont'd)

b) We have considered the financial statements of the subsidiary company of which we have not acted as auditors, which is indicated in Note 8 of the Notes to the Financial Statements.

c) We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

d) The audit reports on the financial statements of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

The supplementary information set out in Note 41 of the Notes to the Financial Statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

HASNAN THL WONG & PARTNERS
AF 0942
Firm of Chartered Accountants

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

SANICHI TECHNOLOGY BERHAD (CONT'D)
(Incorporated in Malaysia)

Other Matters (cont'd)

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

HTW & Partners

HASNAN THL WONG & PARTNERS
(NO. AF 0942)
CHARTERED ACCOUNTANTS

WONG KOK SEONG
CHARTERED ACCOUNTANT
(NO: 2791/08/14 (J))

Petaling Jaya
29th October 2012

SANICHI TECHNOLOGY BERHAD

(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 30TH JUNE 2012

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	6	35,854,927	23,002,860	936	97
Development expenditure	7	-	-	-	-
Investment in subsidiary companies	8	-	-	857,600	11,657,600
Goodwill on consolidation	9	6,711	6,711	-	-
Deferred tax asset	10	-	-	-	-
		35,861,638	23,009,571	858,536	11,657,697
CURRENT ASSETS					
Inventories	11	2,678,578	3,939,581	-	-
Trade receivables	12	9,788,966	13,489,000	-	-
Other receivables	13	614,395	332,727	214,105	14,300
Amount due from subsidiary companies	14	-	-	274,000	16,759,521
Tax in credit		565,469	634,560	-	-
Fixed deposits	15	543,005	524,325	-	-
Cash and bank balances	16	49,951	216,281	10,563	660
		14,240,364	19,136,474	498,668	16,774,481
TOTAL ASSETS		50,102,002	42,146,045	1,357,204	28,432,178

SANICHI TECHNOLOGY BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 30TH JUNE 2012 (CONT'D)

		Group		Company	
	Note	2012	2011	2012	2011
		RM	RM	RM	RM
EQUITY AND LIABILITIES					
CURRENT LIABILITIES					
Trade payables	17	5,900,984	3,112,884	-	-
Other payables	18	2,589,267	3,766,979	389,315	430,696
Amount due to Directors	19	687,532	898,350	-	-
Amount due to subsidiary companies	14	-	-	-	1,294,709
Bank overdrafts	16	1,742,181	1,579,378	-	-
Borrowings	20	25,840,828	22,772,161	-	-
Tax payable		85,430	16,740	85,430	16,740
		36,846,222	32,146,492	474,745	1,742,145
NON-CURRENT LIABILITIES					
Borrowings	20	108,278	44,002	-	-
Deferred tax liabilities	10	2,053,199	-	-	-
		2,161,477	44,002	-	-
TOTAL LIABILITIES		39,007,699	32,190,494	474,745	1,742,145
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					
Share capital	21	17,985,000	16,350,000	17,985,000	16,350,000
Reserves	22	(6,890,697)	(6,394,449)	(17,102,541)	10,340,033
TOTAL EQUITY		11,094,303	9,955,551	882,459	26,690,033
TOTAL EQUITY AND LIABILITIES		50,102,002	42,146,045	1,357,204	28,432,178

The above statements of financial position are to be read in conjunction with the notes to the financial statements set out on pages 25 to 78.

SANICHI TECHNOLOGY BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE 2012

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Revenue	23	3,843,066	9,469,376	480,000	480,000
Cost of sales		(6,219,690)	(12,333,894)	-	-
Gross (loss)/profit		(2,376,624)	(2,864,518)	480,000	480,000
Other income		117,560	1,170,860	474	-
		(2,259,064)	(1,693,658)	480,474	480,000
Sales and distribution costs		(53,604)	(310,070)	-	-
Administrative expenses		(1,902,811)	(9,848,188)	(27,854,358)	(608,221)
Other operating expenses		(1,303,289)	(638,362)	-	-
Finance costs	24	(2,195,014)	(1,933,360)	-	-
Loss before taxation	25	(7,713,782)	(14,423,638)	(27,373,884)	(128,221)
Taxation	26	(39,852)	(142,321)	(68,690)	(70,990)
Net loss for the year		(7,753,634)	(14,565,959)	(27,442,574)	(199,211)
Other comprehensive income/(expense)					
Foreign exchange translation		12,245	(82,936)	-	-
Revaluation surplus arising during the year		7,235,827	-	-	-
Reversal of deferred tax liability during the year		9,314	-	-	-
Total comprehensive expense for the year		(496,248)	(14,648,895)	(27,442,574)	(199,211)

SANICHI TECHNOLOGY BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2012 (CONT'D)

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Total loss for the year attributable to:					
Owners of the parent		(7,753,634)	(14,565,959)	(27,442,574)	(199,211)
Non-controlling interest		-	-	-	-
		(7,753,634)	(14,565,959)	(27,442,574)	(199,211)
Total comprehensive expense attributable to:					
Owners of the parent		(496,248)	(14,648,895)	(27,442,574)	(199,211)
Non-controlling interest		-	-	-	-
		(496,248)	(14,648,895)	(27,442,574)	(199,211)
Loss per share attributable to owners of the parent (sen per share):					
Basic	28	(4.49)	(8.91)		
Diluted	28	NA	NA		

The above statements of comprehensive income are to be read in conjunction with the notes to the financial statements set out on pages 25 to 78.

SANICHI TECHNOLOGY BERHAD

(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2012

		Attributable to owners of the parent					
			Non-distributable			Distributable	
Group 2012	Note	SHARE CAPITAL RM	SHARE PREMIUM RM	FOREIGN EXCHANGE RESERVE RM	REVALUATION RESERVE RM	ACCUMULATED LOSSES RM	TOTAL EQUITY RM
Opening balance at 01.07.11		16,350,000	10,586,318	(102,005)	-	(16,878,762)	9,955,551
Issuance of shares	21	1,635,000	-	-	-	-	1,635,000
Total comprehensive income/(expense)		-	-	12,245	7,245,141	(7,753,634)	(496,248)
Closing balance at 30.06.12		17,985,000	10,586,318	(89,760)	7,245,141	(24,632,396)	11,094,303
					(Note 27)		
2011							
Opening balance at 01.07.10		16,350,000	10,586,318	(19,069)	-	(2,312,803)	24,604,446
Total comprehensive expense		-	-	(82,936)	-	(14,565,959)	(14,648,895)
Closing balance at 30.06.11		16,350,000	10,586,318	(102,005)	-	(16,878,762)	9,955,551

Accumulated losses absorbed by:-	2012 RM	2011 RM
The Company	(27,688,859)	(246,285)
Subsidiary companies	3,056,463	(16,632,477)
	(24,632,396)	(16,878,762)

SANICHI TECHNOLOGY BERHAD

(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2012 (CONT'D)

			← Non-distributable →	← Distributable →	
Company	Note	SHARE CAPITAL	SHARE PREMIUM	ACCUMULATED LOSSES	TOTAL EQUITY
2012		RM	RM	RM	RM
Opening balance at 01.07.11		16,350,000	10,586,318	(246,285)	26,690,033
Issuance of shares	21	1,635,000	-	-	1,635,000
Total comprehensive expense		-	-	(27,442,574)	(27,442,574)
Closing balance at 30.06.12		17,985,000	10,586,318	(27,688,859)	882,459
2011					
Opening balance at 01.07.10		16,350,000	10,586,318	(47,074)	26,889,244
Total comprehensive expense		-	-	(199,211)	(199,211)
Closing balance at 30.06.11		16,350,000	10,586,318	(246,285)	26,690,033

The above statements of changes in equity are to be read in conjunction with the notes to the financial statements set out on pages 25 to 78.

SANICHI TECHNOLOGY BERHAD

(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2012

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
OPERATING ACTIVITIES				
Loss before taxation	(7,713,782)	(14,423,638)	(27,373,884)	(128,221)
Adjustments for:-				
Amortisation of development expenditure	-	33,177	-	-
Bad debts written off	18,000	-	-	-
Depreciation of property, plant and equipment	2,216,981	2,685,023	161	49
Impairment loss in value of investment in subsidiary companies	-	-	10,800,000	-
Impairment loss on property, plant and equipment	44,137	163,889	-	-
Impairment loss on trade receivables	-	6,464,788	-	-
Impairment of amount due from subsidiary companies	-	-	16,712,784	-
Insurance	3,521	-	-	-
Interest expenses	2,195,014	1,933,360	-	-
Inventories written down	900,000	-	-	-
Loss/(gain) on foreign currency exchange - unrealised	291,849	(1,105,738)	-	-
(Gain)/loss on disposal of property, plant and equipment	(43,051)	239,954	-	-
Penalty	-	750	-	750
Property, plant and equipment written off	86,771	-	-	-
Reversal of impairment loss on trade receivables	(923,100)	(408,150)	-	-
Interest income	(19,139)	(23,310)	(474)	-
Total adjustments	4,770,983	9,983,743	27,512,471	799
Operating (loss)/profit before working capital changes	(2,942,799)	(4,439,895)	138,587	(127,422)

SANICHI TECHNOLOGY BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2012 (CONT'D)

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Changes in working capital					
Decrease in inventories		363,745	2,432,707	-	-
Decrease/(increase) in receivables		1,554,795	865,691	(199,805)	500
Decrease in amount due from subsidiary companies		-	-	(2,056,427)	(105,891)
(Decrease)/increase in payables		(602,844)	2,302,719	(41,381)	252,594
(Decrease)/increase in amount due to a Director		(210,818)	242,306	-	-
Increase/(decrease) in amount due to subsidiary companies		-	-	534,455	(20,917)
Total changes in working capital		1,104,878	5,843,423	(1,763,158)	126,286
Cash (absorbed by)/generated from operations		(1,837,921)	1,403,528	(1,624,571)	(1,136)
Income tax paid		97,929	-	-	-
Interest paid		(166,126)	(1,933,356)	-	-
Interest received		474	-	474	-
Net cash flows used in operating activities		(1,905,644)	(529,828)	(1,624,097)	(1,136)
INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment	29	236,021	927,669	(1,000)	-
Purchase of property, plant and equipment	30	(273,996)	(554,731)	-	-
Net cash flows (used in)/from investing activities		(37,975)	372,938	(1,000)	-
FINANCING ACTIVITIES					
Proceeds from issuance of shares	21	1,635,000	-	1,635,000	-
Net (repayment)/increase of term loan		(11,316)	389,256	-	-
Net repayment of bankers' acceptances		-	(150,000)	-	-
Repayment of hire purchase creditors		(14,318)	(311,637)	-	-
Net cash flows from/(used in) financing activities		1,609,366	(72,381)	1,635,000	-

SANICHI TECHNOLOGY BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2012 (CONT'D)

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(334,253)	(229,271)	9,903	(1,136)
Effect of foreign exchange rate changes		5,135	(76,118)	-	-
CASH AND CASH EQUIVALENTS AT 1 JULY		(1,362,078)	(1,056,689)	660	1,796
CASH AND CASH EQUIVALENTS AT 30 JUNE	16	(1,691,196)	(1,362,078)	10,563	660

The above cash flow statements are to be read in conjunction with the notes to the financial statements set out on pages 25 to 78.

SANICHI TECHNOLOGY BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30TH JUNE 2012

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The Company is principally an investment holding company and a provider of management services. There have been no significant changes in the nature of these activities during the financial year.

The Company is a public limited company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 33A, Menara 1MK, Kompleks 1 Mont' Kiara, No. 1, Jalan Kiara, Mont' Kiara, 50480 Kuala Lumpur. The principal place of business of the Company is located at PLO 135, Jalan Cyber 5, Kawasan Perindustrian Senai Fasa 3, 81400 Senai, Johor Darul Takzim.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 29th October 2012.

2. SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements.

a) Basis of preparation

i) The financial statements of the Group and Company have been prepared on a going concern basis. The Group and Company incurred net losses of RM 7,753,634 and RM 27,442,574 respectively during the financial year ended 30th June 2012 and as at that date, the accumulated losses of the Group and Company was RM 24,632,396 and RM 27,688,859 respectively. This raises substantial doubt that the Group and the Company will be able to continue as going concerns;

ii) in accordance with the applicable approved Financial Reporting Standards (FRS) issued by the Malaysian Accounting Standards Board (MASB) and the provisions of the Companies Act, 1965 in Malaysia; and

iii) under the historical cost convention, unless otherwise indicated.

The financial statements are presented in Ringgit Malaysia (RM), unless otherwise indicated.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) Subsidiary companies and basis of consolidation

i) Subsidiary companies

Subsidiary companies are entities over which the Group or the Company has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in statements of comprehensive income.

ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies made up to the end of the financial year. The financial statements of the subsidiary companies are prepared for the same reporting date as the Company.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group or the Company obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiary companies are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in statements of comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) Subsidiary companies and basis of consolidation (cont'd)

ii) Basis of consolidation (cont'd)

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the non-controlling interests' share of the fair value of the subsidiary companies' identifiable assets and liabilities at the acquisition date and the non-controlling interests' share of changes in the subsidiary companies' equity since then.

c) Intangible assets - Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess for the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

d) Property, plant and equipment

Property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statements of comprehensive income during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land and buildings and plant and machineries are stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

d) Property, plant and equipment

Revaluations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from that which would be determined using fair values at the balance sheet date. Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in statement of comprehensive income, in which case the increase is recognised in statement of comprehensive income to the extent of the decrease previously recognised. A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in statement of comprehensive income. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

The principal annual rates of depreciation used are as follows:-

Long-term leasehold land	Over 60 years
Buildings	2%
Plant and machinery	5% to 13 1/3%
Furniture and fittings, office equipment and motor vehicles	15% to 20%

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Building under construction represents assets which are not ready for commercial use at the end of the financial year. It is stated at cost and are depreciated accordingly when the building is completed and ready for commercial use. Building under construction includes direct costs, related expenditures and interest cost on borrowing taken to finance the construction of the assets to the date that the assets are completed and put into use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the statements of comprehensive income and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

e) Development expenditure

Development expenditure is recognised as an expense except that expenditure incurred on development projects are capitalised as long-term assets to the extent that such expenditure is expected to generate future economic benefits.

Development expenditure is capitalised if, and only if an entity can demonstrate all of the following:-

i) its ability to measure reliably the expenditure attributable to the asset under development;
ii) the product or process is technically and commercially feasible;
iii) its future economic benefits are probable;
iv) its ability to use or sell the developed asset;
v) the availability of adequate technical, financial and other resources to complete the asset under development; and
vi) its intention to complete the intangible asset and use or sell.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense are not recognised as assets in the subsequent period.

The development expenditure is amortised on a straight-line method over a period of 3 years when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

f) Inventories

Inventories are valued at the lower of cost and net realisable value on the first-in, first-out method. The cost of inventories comprises costs of purchase and other direct cost and appropriate proportions of manufacturing overheads. Cost of work-in-progress includes the cost of materials, labour and an appropriate proportion of production overheads.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and applicable variable selling expenses.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

g) Financial Assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through statement of comprehensive income, directly attributable transaction costs. The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include loans and receivables.

Loans and Receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in the statements of comprehensive income when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the financial year which are classified as non-current.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in statements of comprehensive income.

h) Impairment of Financial Assets

The Group and the Company assess at each financial whether there is any objective evidence that a financial asset is impaired.

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been impaired, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

h) Impairment of Financial Assets (cont'd)

Trade and other receivables and other financial assets carried at amortised cost (cont'd)

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in the statements of comprehensive income.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the statements of comprehensive income.

i) Cash and cash equivalents

Cash comprises of cash at bank and cash in hand including bank overdraft and deposits. Cash equivalents comprises of investments maturing within three months from the date of acquisition and which are readily convertible to known amount of cash which are subject to an insignificant risk of change in value.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

j) Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. The Group and Company's financial liabilities are classified as other financial liabilities.

Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction cost incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has unconditional right to defer settlement of the liability for at least 12 months after the end of financial year.

For other financial liabilities, gains and losses are recognised in the statements of comprehensive income when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statements of comprehensive income.

k) Operating leases

Finance leases, which transfer to the Group and the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction balance of the liability. Finance charges are charged to statements of comprehensive income. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

l) Impairment of Non-Financial Assets

The carrying values of assets (other than inventories, deferred tax assets and financial assets) are reviewed at the end of each financial year 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. The recoverable amount of the assets is the higher of an asset's net selling price and its value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash-generating unit.

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

In respect of assets other than goodwill, 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 reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the statements of comprehensive income immediately, unless the asset is carried at revalued amount.

A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statements of comprehensive income, a reversal of that impairment loss is recognised as income in the statements of comprehensive income.

m) Equity instrument

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

n) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and Company, and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Interest income

Interest income and management fees are recognised on an accruals basis.

Rental income

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

o) Borrowing cost

All interest and other costs incurred in connection with borrowings are recognised in the statements of comprehensive income in the period they are incurred.

p) Taxation

Income tax on the profit or loss for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the end of the financial year.

Deferred tax is provided in the financial statements, using the liability method, on temporary differences at the end of the financial year 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 and deferred tax assets are recognised for all deductible temporary differences, unused tax credits and losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against the temporary differences and unused tax credits and losses. Deferred tax is not recognised if the temporary difference arises 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

p) Taxation (cont'd)

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted at the end of the financial year.

Unutilised reinvestment allowance is treated as tax base of assets and is recognised as a reduction of tax expense as and when they are utilised. Any unutilised portion of the tax incentive is recognised as deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

q) Foreign currencies

Transactions in foreign currencies are recorded in Ringgit Malaysia at rates of exchange ruling at the time of the transactions. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at the end of the financial year.

Gains and losses from conversion of short term assets and liabilities, whether realised or unrealised are included in operating profit as they arise.

The assets and liabilities of the foreign entities, if any, are translated at financial year end rates and operating results are translated at the rates ruling at the end of each month. Gains and losses arising on translation are taken directly to the foreign exchange translation reserve.

All other foreign exchange differences are taken to the statements of comprehensive income in the financial year in which they arise.

The principal closings rates used are as follows:-

	2012 RM	2011 RM
1 Euro	3.977	4.382
1 US Dollar	3.197	3.021
1 Singapore Dollar	2.497	2.458
1 Chinese Yuan	0.502	0.467
1 Macau Pataca	0.397	0.376
1 Pound Sterling	4.960	4.865
100 Thai Baht	10.014	10.173
100 Hong Kong Dollar	41.200	38.810
100 Indian Rupee	5.626	6.749
100 Indonesian Rupiah	0.034	0.035

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

r) Employee benefits

i) Short term benefits

Wages, salaries, social security contributions and bonuses are recognised as an expense in the year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

ii) Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Group and Company pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the statements of comprehensive income as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

s) Segmental information

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of property, plant and equipment (net of accumulated depreciation, where applicable), other investments, inventories, receivables and cash and bank balances.

Most segment assets can be directly attributed to the segments on a reasonable basis. Segment assets do not include income tax assets, whilst segment liabilities do not include income tax liabilities and borrowings from financial institutions.

Segment revenue, expenses and results include transfers between segments. The prices charged on intersegment transactions are based on normal commercial terms. There transfers are eliminated on consolidation.

t) Related parties

Related parties are entities with common directors/shareholders wherein one party has the ability to control or exercise significant influence over the other parties in financial or operating policy decision.

3. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs

The financial statements of the Group and the Company have been prepared in accordance with Financial Reporting Standards (FRSs), generally accepted accounting principles and the Companies Act, 1965 in Malaysia.

During the financial year, the Group and the Company have adopted the following new and amended FRS and IC Interpretations.

Amendments to FRS 1, First-time Adoption of Financial Reporting Standards
(a) Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
(b) Additional Exemptions for First-time Adopters
Amendments to FRS 2, Share-based Payment: Group Cash-settled Share-based Payment Transactions
Amendments to FRS 7, Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
Improvements to FRSs issued in 2010
IC Interpretation 4, Determining Whether an Arrangement contains a Lease
IC Interpretation 18, Transfers of Assets from Customers
IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 14, Prepayments of a Minimum Funding Requirement
TR i-4, Shariah Compliant Sale Contracts

The application of the above FRSs, Amendments to FRSs, Improvements to FRSs (2010) and IC Interpretations did not and/or are not expected to result in any significant changes in the accounting policies and presentation of the financial results of the Group and the Company.

The Malaysian Accounting Standards Board (MASB) has issued the following new FRSs and IC Interpretations that are yet to be effective and have not been adopted by the Group and the Company in preparing these financial statements.

FRSs / Interpretations	**For financial periods beginning on or after**
FRS 124, Related Party Disclosures (revised)	1 January 2012
Amendments to FRS 1, First-time Adoption of Financial Reporting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 7, Financial Instruments: Disclosures - Transfer of Financial Assets	1 January 2012
Amendments to FRS 112, Income Taxes – Deferred Tax: Recovery of Underlying Assets	1 January 2012

3. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs (CONT'D)

FRSs / Interpretations	**For financial periods beginning on or after**
Amendments to FRS 101, Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to FRS 1, First-time Adoption of Financial Reporting Standards - Government Loans	1 January 2013
Improvements to FRSs issued in 2012	1 January 2013
FRS 10, Consolidated Financial Statements	1 January 2013
FRS 11, Joint Arrangements	1 January 2013
FRS 12, Disclosure of Interests in Other Entities	1 January 2013
FRS 13, Fair Value Measurement	1 January 2013
FRS 119, Employee Benefits	1 January 2013
FRS 127, Separate Financial Statements	1 January 2013
FRS 128, Investment in Associates and Joint Ventures	1 January 2013
IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to FRS 7, Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 7, Financial Instruments: Disclosures - Mandatory Date of FRS 9 and Transition Disclosures	1 January 2013
Amendments to FRS 10, FRS 11 and FRS 12, Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance	1 January 2013
Amendments to FRS 132, Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities	1 January 2014
FRS 9, Financial Instruments (2009)	1 January 2015
FRS 9, Financial Instruments (2010)	1 January 2015

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework").

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer.

3. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs (CONT'D)

The Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 30th June 2013. In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits. As a result of the Group's and the Company's adoption of the MFRS framework, the Group and the Company will not be adopting the above FRSs, Interpretations and Amendments.

The Company plan and manage the adoption of the MFRS Framework.

The Group and the Company have not completed its assessment of the financial effects to the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in theses financial statements for the year ended 30 June 2012 could be different if prepared under the MFRS Framework.

The Group and the Company considers that it is achieving its schedules milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 30 June 2013.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Directors and Management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that effect the application of the Group and Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

i) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group and Company anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

i) Depreciation of Property, Plant and Equipment (cont'd)

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

ii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and Company recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

iii) Impairment of Non-Financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

iv) Amortisation of Development Costs

Changes in the expected level of usage and technological development could impact the economic useful lives therefore future amortisation charges could be revised.

v) Impairment on Loans and Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

vi) Written down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

5. FINANCIAL RISK MANAGEMENT POLICIES

The Group's and Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and Company's business whilst managing its risks. The Group's and Company's activities expose it to limited financial risk, principally market risk, credit risk, foreign currency risk, liquidity risk and interest risks. The Board reviews and agrees policies in respect of the major areas of treasury activities which are as follows:-

a) Market Risk

The Group has in place policies to manage its competitive risks from its competitors in providing better and more innovative products and services. The Group regularly takes part in exhibitions, advertise through the media and make face-to-face customer visits to promote its products and services.

b) Credit risk

The Group trades only with recognised and creditworthy third parties (customers). Receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. The Group's normal trade credit term ranges from 30 to 60 days. The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to groups of debtors.

Exposure to credit risk

At the end of the financial year, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

Credit risk concentration profile

The credit risk concentration profile of the Group's trade receivables at the financial year end by geographical region are as follows:-

Group	2012 RM	2011 RM
Malaysia	4,156,634	6,580,609
Asia	2,071,480	3,723,946
Europe	3,560,852	3,184,445
	9,788,966	13,489,000

5. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group operate internationally and is exposed to various currencies as indicated in Note 2(q). Foreign exchange exposure in transactional currency other than functional currency of the Group is kept to an acceptable level.

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk are primarily United States Dollar (USD), Euro, Thai Baht (THB) and Singapore Dollar (SGD). Foreign exchange exposure in transactional currencies are kept to an acceptable level. Material foreign currency transaction exposures are hedged with forward foreign exchange contracts.

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the financial year is as follows:-

	←	Denominated in		→
	USD	Euro	SGD	THB
Group	RM	RM	RM	RM
2012				
Trade receivables	1,155,130	3,132,283	-	289,823
Trade payables	(36,386)	(217,348)	(1,716,728)	(187,881)
Net exposure	1,118,744	2,914,935	(1,716,728)	101,942
2011				
Trade receivables	905,192	6,084,440	-	534,904
Trade payables	(181,060)	(56,396)	(17,177)	(261,892)
Net exposure	724,132	6,028,044	(17,177)	273,012

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss net of tax to a reasonably possible change in the USD, Euro, THB and SGD exchange rate against the respective functional currency of the Group with all other variables held constant.

5. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

c) Foreign currency risk (cont'd)

		Increase/(decrease) in loss net of tax	
		2012	2011
Group		RM	RM
USD/MYR	- strengthened by 5%	55,937	36,207
	- weakened by 5%	(55,937)	(36,207)
Euro/MYR	- strengthened by 5%	145,747	301,402
	- weakened by 5%	(145,747)	(301,402)
SGD/MYR	- strengthened by 5%	(85,836)	(859)
	- weakened by 5%	85,836	859
THB/MYR	- strengthened by 5%	5,097	13,651
	- weakened by 5%	(5,097)	(13,651)

d) Liquidity risk

The Group and the Company actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group and the Company maintains sufficient levels of cash to meet its working capital requirements.

In addition, the Group's and the Company's objectives are to maintain a balance of funding and flexibility through the use of credit facilities, short and long term borrowings and a flexible cost effective borrowing structure. Short-term flexibility is achieved through credit facilities and short-term borrowings. This is to ensure that at the minimum, all projected net borrowing needs are covered by committed facilities. Also, the objective for debt maturity is to ensure that the amount of debt maturing in any one year is not beyond the Group's means to repay and refinance.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities as at the financial year end based on contractual undiscounted repayment obligations.

5. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

d) Liquidity risk (cont'd)

Group	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2012				
Trade and other payables	8,490,251	-	-	8,490,251
Amount due to Directors	687,532	-	-	687,532
Loans and borrowings	27,583,009	51,942	56,336	27,691,287
Total undiscounted financial liabilities	36,760,792	51,942	56,336	36,869,070
2011				
Trade and other payables	6,879,863	-	-	6,879,863
Amount due to Directors	898,350	-	-	898,350
Loans and borrowings	24,351,539	44,002	-	24,395,541
Total undiscounted financial liabilities	32,129,752	44,002	-	32,173,754

Company	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2012				
Trade and other payables	389,315	-	-	389,315
Total undiscounted financial liabilities	389,315	-	-	389,315
2011				
Trade and other payables	430,696	-	-	430,696
Amount due to subsidiary companies	1,294,709	-	-	1,294,709
Total undiscounted financial liabilities	1,725,405	-	-	1,725,405

5. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

e) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group is exposed to interest rate risk in respect of its bank overdraft and borrowings which will fluctuate as a result of changes in market interest rates. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

The maturity dates and the effective interest rates of the instruments at financial year end are as follows:-

	2012		2011	
	Maturity	Effective interest rates %	Maturity	Effective interest rates %
Fixed deposits	12 months	3.44	12 months	4.45
Bank borrowings				
- Bank acceptance	On demand	9.48	On demand	8.67
- Hire purchase creditors	On demand	6.47	On demand	6.71
	1 - 103 months	4.71	1 - 24 months	4.41
- Term loan	On demand	9.06	On demand	6.93
	-	-	1 - 24 months	7.84
- Bank overdraft	-	7.73	-	7.74

At the end of the financial year, if average interest rates increase/decrease by 1% with all other variables held constant, the Group's loss net of tax will be lower/higher by approximately RM 276,900 (2011: RM 243,900). The assumed movement in interest rates for interest rate sensitivity analysis is based on the current observable market environment.

6. PROPERTY, PLANT AND EQUIPMENT

	VALUATION/COST								
Group 2012	At 01.07.11 RM	Revaluation Surplus RM	Transfer RM	Foreign exchange translation RM	Additions RM	Disposals RM	Written off RM	Impaired RM	At 30.06.12 RM
At valuation									
Buildings	-	788,449	2,441,551	-	-	-	-	-	3,230,000
Long-term leasehold land	-	1,048,291	1,621,709	-	-	-	-	-	2,670,000
Plant and machinery	-	7,461,600	18,713,386	-	-	-	-	-	26,174,986
At cost									
Buildings	2,816,303	-	(2,816,303)	-	-	-	-	-	-
Long-term leasehold land	1,811,273	-	(1,811,273)	-	-	-	-	-	-
Plant and machinery	28,788,933	-	(32,494,635)	19,033	4,660,824	(400,405)	(123,077)	(450,673)	-
Furniture and fittings, office equipments and motor vehicles	3,088,344	-	-	7,646	217,072	(72,881)	-	-	3,240,181
Building under construction	2,168,528	-	-		1,200,440	-	-	-	3,368,968
	38,673,381	9,298,340	(14,345,565)	26,679	6,078,336	(473,286)	(123,077)	(450,673)	38,684,135

6. PROPERTY, PLANT AND EQUIPMENT CONT'D)

	VALUATION/COST								
Group 2011	As previously reported at 30.06.10 RM	Effect of the adopting the amendments to FRS 117 RM	As restated 01.07.10 RM	Foreign exchange translation RM	Additions RM	Disposals RM	Written off RM	Impaired RM	At 30.06.11 RM
At cost									
Buildings	2,816,303	-	2,816,303	-	-	-	-	-	2,816,303
Long-term leasehold land	-	1,811,273	1,811,273	-	-	-	-	-	1,811,273
Plant and machinery	30,770,342	-	30,770,342	(11,065)	1,459,573	(2,929,917)	-	(500,000)	28,788,933
Furniture and fittings, office equipments and motor vehicles	4,109,009	-	4,109,009	(4,664)	43,258	(1,059,259)	-	-	3,088,344
Building under construction	2,168,528	-	2,168,528	-	-	-	-	-	2,168,528
	39,864,182	1,811,273	41,675,455	(15,729)	1,502,831	(3,989,176)	-	(500,000)	38,673,381

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group 2012	At 01.07.11 RM	Revaluation Surplus RM	Transfer RM	Foreign exchange translation RM	Additions RM	Disposals RM	Written off RM	Impaired RM	At 30.06.12 RM
	ACCUMULATED DEPRECIATION								
At valuation									
Buildings	-	-	-	-	48,449	-	-	-	48,449
Long-term leasehold land	-	-	-	-	39,699	-	-	-	39,699
Plant and machinery	-	-	-	-	458,443	-	-	-	458,443
At cost									
Buildings	360,670	-	(374,752)	-	14,082	-	-	-	-
Long-term leasehold land	182,016	-	(189,564)	-	7,548	-	-	-	-
Plant and machinery	13,145,159	-	(13,781,249)	6,738	1,279,629	(207,435)	(36,306)	(406,536)	-
Furniture and fittings, office equipments and motor vehicles	1,982,676	-	-	3,691	369,131	(72,881)	-	-	2,282,617
Building under construction	-	-	-	-	-	-	-	-	-
	15,670,521	-	(14,345,565)	10,429	2,216,981	(280,316)	(36,306)	(406,536)	2,829,208

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group 2011	ACCUMULATED DEPRECIATION								
	As previously reported at 30.06.10 RM	Effect of the adopting the amendments to FRS 117 RM	As restated 01.07.10 RM	Foreign exchange translation RM	Depreciation charge for the year RM	Disposals RM	Written off RM	Impaired RM	At 30.06.11 RM
At cost									
Buildings	304,344	-	304,344	-	56,326	-	-	-	360,670
Long-term leasehold land	-	151,829	151,829	-	30,187	-	-	-	182,016
Plant and machinery	12,315,415	-	12,315,415	(4,902)	2,140,081	(969,324)	-	(336,111)	13,145,159
Furniture and fittings, office equipments and motor vehicles	2,295,862	-	2,295,862	(3,386)	458,429	(768,229)	-	-	1,982,676
Building under construction	-	-	-	-	-	-	-	-	-
	14,915,621	151,829	15,067,450	(8,288)	2,685,023	(1,737,553)	-	(336,111)	15,670,521

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	NET CARRYING AMOUNT At 2012 RM	At 2011 RM
At valuation		
Buildings	3,181,551	-
Long-term leasehold land	2,630,301	-
Plant and machinery	25,716,543	-
At cost		
Buildings	-	2,455,633
Long-term leasehold land	-	1,629,257
Plant and machinery	-	15,643,774
Furniture and fittings, office equipments and motor vehicles	957,564	1,105,668
Building under construction	3,368,968	2,168,528
	35,854,927	23,002,860

Company	COST At 01.07.11/ 01.07.10 RM	Additions RM	Disposals RM	At 30.06.12/ 30.06.11 RM
2012				
Office equipment	325	1,000	-	1,325
2011				
Office equipment	325	-	-	325

Company	ACCUMULATED DEPRECIATION At 01.07.11/ 01.07.10 RM	Depreciation charge for the year RM	Disposals RM	At 30.06.12/ 30.06.11 RM
2012				
Office equipment	228	161	-	389
2011				
Office equipment	179	49	-	228

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	NET CARRYING AMOUNT At 2012 RM	At 2011 RM
Office equipment	936	97

The leasehold land and buildings of the Group were revalued based on opinion of value expressed by an independent firm of external professional valuers, KGV International Property Consultants while plant and machinery were revalued by Taisei Technology (S), using generally open market value basis on 4th November 2011 and 31st March 2012 respectively.

Net carrying amount of revalued land and buildings and plant and machinery, had these assets been carried at cost less accumulated depreciation:-

	Group 2012 RM	2011 RM
Buildings	2,399,307	-
Long-term leasehold land	1,599,068	-
Plant and machinery	16,438,955	-
	20,437,330	-

	Group 2012 RM	2011 RM
Details of assets under hire purchase financing:-		
Motor vehicle		
- cost	147,600	72,881
- net carrying amount at year end	130,380	4,859
Plant and machinery		
- valuation/cost	4,247,749	5,357,641
- net carrying amount at year end	4,154,839	3,622,170

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The net carrying amount of assets pledged as security for bank borrowings are as follows:-

	Group	
	2012	2011
	RM	RM
Buildings	3,181,551	2,455,633
Long-term leasehold land	2,630,301	1,629,257
Plant and machinery	4,720,715	3,609,746
Building under construction	3,368,968	2,168,528
	13,901,535	9,863,164

Included in the disposal of motor vehicles is an aggregate cost of RM Nil (2011: RM 818,000) with net carrying amounts of RM Nil (2011: RM 224,966) disposed to two Independent Non-Executive Directors for a total consideration of RM Nil (2011: RM 331,000). The disposals were approved by the board of Directors.

In the previous financial year, a subsidiary of the Group had fully impaired three units of machineries which was damaged due to fire.

7. DEVELOPMENT EXPENDITURE

	Group	
	2012	2011
	RM	RM
At beginning of the year	-	33,177
Amortisation during the year	-	(33,177)
At end of the year	-	-

The development expenditure relates to costs incurred for the development of the injection mould project.

8. INVESTMENT IN SUBSIDIARY COMPANIES

	Company 2012 RM	Company 2011 RM
In Malaysia		
Unquoted shares, at cost		
At beginning of the year	10,800,000	10,800,000
Less: Impairment loss	(10,800,000)	-
At end of the year	-	10,800,000
Outside Malaysia		
Unquoted shares, at cost	857,600	857,600
	857,600	11,657,600

Details of subsidiary companies are as follows:-

Name of Company	Effective interest (%) 2012	Effective interest (%) 2011	Country of incorporation	Principal activities
Sanichi Precision Mould Sdn. Bhd.	100	100	Malaysia	Design and fabrication of precision moulds and tooling
Asia Pinnacle Sdn. Bhd.	100	100	Malaysia	Design and fabrication of precision moulds and tooling
*Sanichi Mould (Thailand) Co., Ltd.	100	100	Thailand	Design and fabrication of precision moulds and tooling

* *Subsidiaries not audited by Hasnan THL Wong & Partners.*

9. GOODWILL ON CONSOLIDATION

	Group 2012 RM	Group 2011 RM
At beginning/end of the year	6,711	6,711

10. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2012	2011
	RM	RM
At beginning of the year	-	-
Recognised in revaluation reserve (Note 27)		
- current year relating to temporary differences	(2,062,513)	-
- reversal during the year	9,314	-
	(2,053,199)	-
At end of the year	(2,053,199)	-

The component of deferred tax asset/(liability) is as follows:-

	Group	
	2012	2011
	RM	RM
Tax effect on revaluation surplus	(2,053,199)	-

The tax effects of temporary differences which would give rise to future net tax benefits are generally recognised only where there is a reasonable expectation of realisation. As at the end of the financial year, the estimated amount of deferred taxation benefits calculated at the current tax rate, that have not been recognised in the financial statements are as follows:-

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Tax effect of:-				
- Excess of property, plant and equipment's net carrying amount over its tax written down value	(2,754,700)	(1,287,600)	-	-
- Unrealised foreign exchange (gain)/loss	72,900	(276,500)	-	-
- Unutilised capital allowance	3,114,600	2,063,700	-	-
- Unutilised industrial building allowances	85,900	68,000	-	-
- Unabsorbed tax losses	2,638,700	1,889,000	-	-
- Unutilised reinvestment allowances	2,235,200	2,017,100	-	-
Deferred tax asset	5,392,600	4,473,700	-	-

10. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Deferred tax asset has not been recognised in the financial statements as it is not probable that sufficient taxable profit will be available against which the deductible temporary differences, unutilised allowances and unabsorbed losses, stated above can be utilised.

11. INVENTORIES

	Group	
	2012	2011
	RM	RM
Raw materials - at cost	959,862	1,382,655
Finished goods - at net realisable value	1,718,716	2,556,926
	2,678,578	3,939,581

12. TRADE RECEIVABLES

	Group	
	2012	2011
	RM	RM
Third parties	18,799,632	23,422,766
Less: Allowance for impairment	(9,010,666)	(9,933,766)
	9,788,966	13,489,000

The Group's normal trade credit terms range from 30 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

Ageing analysis

The ageing analysis of the Group's trade receivables are as follows:-

	Group	
	2012	2011
	RM	RM
Neither past due nor impaired	1,026,556	388,241
1 to 30 days past due not impaired	568,279	97,455
31 to 60 days past due not impaired	-	824,252
61 to 90 days past due not impaired	8,250	220,646
91 to 120 days past due not impaired	-	-
More than 121 days past due not impaired	8,185,881	11,958,406
	8,762,410	13,100,759
Impaired	9,010,666	9,933,766
	18,799,632	23,422,766

12 TRADE RECEIVABLES (CONT'D)

Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group and have not been renegotiated during the financial year.

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to RM 8,762,410 (2011: RM 13,100,759) that are past due at the reporting date but not impaired.

The trade receivables that are past due but not impaired are unsecured in nature. The management is confident that the amounts are recoverable as these accounts are still active.

Trade receivables that are impaired

Trade receivables that are impaired as at the year end and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2012	2011
	RM	RM
Individually impaired		
Trade receivables - nominal amounts	13,122,129	15,395,137
Less: Allowance for impairment	(9,010,666)	(9,933,766)
	4,111,463	5,461,371

Movement in allowance accounts:

	Group	
	2012	2011
	RM	RM
At 1 July	9,933,766	3,877,128
Charge for the year (Note 25)	-	6,464,788
Reversal of impairment losses	(923,100)	(408,150)
At 30 June	9,010,666	9,933,766

Trade receivables that are individually determined to be impaired at the end of the financial year relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

13. OTHER RECEIVABLES

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Analysed into:-				
Other receivables	130,226	50,259	-	2,500
Deposits	211,772	204,572	1,000	1,000
Prepayments	272,397	77,896	213,105	10,800
	614,395	332,727	214,105	14,300

14. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

Company

Amount due from/(to) related companies arose mainly from inter-company advances which bear no interest, unsecured and repayable on demand.

15. FIXED DEPOSITS

	Group	
	2012	2011
	RM	RM
Fixed deposits with licensed banks	543,005	524,325

Fixed deposit amounting to RM 541,971 (2011: RM 523,306) has been pledged as security for banking facilities granted to the Group.

16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following amounts:-

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Fixed deposit placed with licensed bank	1,034	1,019	-	-
Cash and bank balances	49,951	216,281	10,563	660
Bank overdrafts - secured	(1,742,181)	(1,579,378)	-	-
	(1,691,196)	(1,362,078)	10,563	660

16. CASH AND CASH EQUIVALENTS (CONT'D)

The bank overdrafts are secured by way of:-

a) facilities agreements;
b) open all monies first party legal charge over a land and building of the Group;
c) corporate guarantee by the Company;
d) lien on fixed deposit of the Group;
e) letter of authorisation;
f) joint and several guarantee by certain Directors of the Company;
g) third party forth and sixth legal charge over a leasehold industrial land with a factory building of a third party;
h) loan and advances given to subsidiary companies by the Company;
i) specific debenture over two units of machineries; and
j) guarantee from Syarikat Jaminan Pembiayaan Perniagaan Berhad.

The bank overdrafts with limit of RM 1,921,000 (2011: RM 1,921,000) are payable on demand and interests are charged at rates ranging from 7.60% to 8.60% (2011: 7.6% to 8.60%) per annum.

17. TRADE PAYABLES

	Group	
	2012	2011
	RM	RM
Third parties	5,900,984	3,112,884

The normal trade credit terms granted to the Group in respect of trade payables range from 60 to 90 days.

18. OTHER PAYABLES

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Analysed into:				
Other payables	1,194,008	1,681,267	175,362	208,925
Accrued expenses	450,749	1,491,431	207,906	205,374
Payroll liabilities	944,510	594,281	6,047	16,397
	2,589,267	3,766,979	389,315	430,696

19. AMOUNT DUE TO DIRECTORS

Group

Amount due to Directors bears no interest, unsecured and no scheme of repayment has been arranged.

20. BORROWINGS

	Group	
	2012	2011
	RM	RM
Non-current		
Secured		
Hire purchase creditors	108,278	44,002
Current		
Secured		
Banker acceptances	10,551,485	8,970,000
Hire purchase creditors	4,006,445	3,578,805
Term loans	11,282,898	10,223,356
	25,840,828	22,772,161
	25,949,106	22,816,163

Banker acceptances amounting to RM 10,551,485 (2011: RM 8,970,000) bear interest at rates ranging from 4.04% to 10.74% (2011: 4.04% to 10.74%) per annum.

Term loans amounting to RM 11,282,898 (2011: RM 10,223,356) bear interest at rates ranging from 5.20% to 8.65% (2011: 5.20% to 8.65%) per annum.

Certain subsidiary companies of the Group have defaulted in the repayment of the bank borrowings and hire purchase instalments and legal action have been instituted by the lenders for recovery of the principal, interest and other costs. Accordingly, all the term loans and a majority of the hire purchase creditors have been reclassified to short term borrowings.

20. BORROWINGS (CONT'D)

The banker acceptances and term loans are secured by way of:-

a) facilities agreements;
b) open all monies first party legal charge over a leasehold land and building of the Group;
c) corporate guarantee by the Company;
d) joint and several guarantee by certain Directors of the Company;
e) first party first legal and second legal charge over the building of the Group;
f) third party forth and sixth legal charge over a leasehold industrial land with a factory building of a third party;
g) loan and advances given to subsidiary companies by the Company;
h) specific debenture creating fixed charge over the assets financed; and
i) guarantee from Syarikat Jaminan Pembiayaan Perniagaan Berhad.

	Group	
Repayment terms	2012	2011
Bank borrowings and loans	RM	RM
(excluding hire purchase creditors)		
- not later than 1 year	21,834,383	19,193,356
Hire purchase creditors		
Minimum instalment payments :-		
- not later than 1 year	4,498,219	4,064,037
- later than 1 year and not later than 5 years	68,208	44,903
- later than 5 years	61,085	-
	4,627,512	4,108,940
Future finance charges on hire purchase creditors	(512,789)	(486,133)
Present value of hire purchase creditors	4,114,723	3,622,807
Present value of hire purchase creditors		
- not later than 1 year	4,006,445	3,578,805
- later than 1 year and not later than 5 years	51,942	44,002
- later than 5 years	56,336	-
	4,114,723	3,622,807

21. SHARE CAPITAL

Group and Company	Number of ordinary shares of RM0.10 each 2012	2011	Group and Company 2012 RM	2011 RM
Authorised:-				
At beginning/end of the year	250,000,000	250,000,000	25,000,000	25,000,000

Group and Company	Number of ordinary shares of RM0.10 each 2012	2011	Group and Company 2012 RM	2011 RM
Issued and fully paid:-				
At beginning of the year	163,500,000	163,500,000	16,350,000	16,350,000
Issued during the year	16,350,000	-	1,635,000	-
At end of the year	179,850,000	163,500,000	17,985,000	16,350,000

During the financial year, the Company increased its issued and paid-up share capital from RM 16,350,000 to RM 17,985,000 by allotment of RM 1,635,000 ordinary shares of RM 0.10 each at par for cash consideration. The new ordinary shares rank pari passu in all respects with existing ordinary shares.

22. RESERVES

	Group 2012 RM	2011 RM	Company 2012 RM	2011 RM
Non-distributable				
Share premium				
At beginning/end of the year	10,586.318	10,586,318	10,586,318	10,586,318
Foreign exchange reserve				
Exchange difference of translation of overseas subsidiary companies	(89,760)	(102,005)	-	-
Revaluation reserve				
Revaluation surplus arising during the year (Note 27)	7,245,141			
Distributable:-				
Accumulated losses	(24,632,396)	(16,878,762)	(27,688,859)	(246,285)
	(6,890,697)	(6,394,449)	(17,102,541)	10,340,033

22. RESERVES (CONT'D)

The share premium reserve arose from the issue of shares by way of private placement and public offer less amount incurred for listing expenses. The share premium is not distributable by way of cash dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act, 1965.

23. REVENUE

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Management fees	-	-	480,000	480,000
Sale of moulds	3,843,066	9,469,376	-	-
	3,843,066	9,469,376	480,000	480,000

24. FINANCE COSTS

	Group	
	2012	2011
	RM	RM
Banker acceptance interest	837,969	715,601
Bank overdraft interest	160,368	122,188
Hire purchase interest	143,412	215,147
Other interest	2,917	-
Term loan interest	1,050,348	880,424
	2,195,014	1,933,360

25. LOSS BEFORE TAXATION

Loss before taxation has been determined after charging/(crediting) amongst other items the following:-

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Amortisation of development expenditure	-	33,177	-	-
Audit fees	56,549	40,508	20,000	13,000
Bad debts written off	18,000	-	-	-
Depreciation of property, plant and equipment	2,216,981	2,685,023	161	49

25. LOSS BEFORE TAXATION (CONT'D)

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Directors' remuneration				
- fees	114,000	173,625	114,000	173,625
- EPF contributions	50,412	53,760	-	-
- other emoluments	434,500	485,500	14,500	37,500
Impairment loss on property, plant and equipment	44,137	163,889	-	-
Impairment loss on trade receivables	-	6,464,788	-	-
Impairment loss on amount due from subsidiary companies	-	-	16,712,784	-
Impairment loss in value of investment in subsidiary companies	-	-	10,800,000	-
Inventories written off	900,000	-	-	-
Loss on disposal of plant and equipment	39,667	239,954	-	-
Loss on foreign currency exchange				
- realised	123,182	358,901	-	-
- unrealised	293,286	-	-	-
Property, plant and equipment written off	86,771	-	-	-
Rental charges	181,589	208,658	-	-
Reversal of impairment of trade receivables	(923,100)	(408,150)	-	-
Gain on disposal of property, plant and equipment	(82,718)	-	-	-
Gain on foreign exchange				
- unrealised	(1,437)	(1,105,738)	-	-
Interest income	(19,139)	(23,310)	(474)	-

26. TAXATION

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Malaysian taxation:				
Current year tax expenses	71,900	25,500	71,900	25,500
(Over)/under provision in prior years:				
Tax expenses	(32,048)	116,821	(3,210)	45,490
	39,852	142,321	68,690	70,990

26. TAXATION (CONT'D)

As at 30th June 2012, the Group and Company have unutilised allowances and unabsorbed tax losses carried forward as follows:-

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Unabsorbed tax losses	10,554,800	7,471,600	-	-
Unutilised reinvestment			-	-
allowances	8,940,700	8,068,400	-	-
Unutilised industrial building				
allowances	343,500	272,000	-	-
Unutilised capital allowances	12,458,200	8,424,800	-	-

The amounts are subject to the agreement of the Inland Revenue Board.

Group

There is no current year tax expense for Thailand operations as those operations have no chargeable income.

Income tax of the Malaysian subsidiary companies is calculated at the rate of 25% on the estimated taxable profit. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

As at 30th June 2012, the Group has a tax exempt account of approximately RM 11,815,600 (2011: RM 11,815,600) to frank the payment of tax exempt dividends, which are subject to the agreement of the Inland Revenue Board.

Company

Income tax is calculated at the rate of 25% on the estimated taxable profit. A reconciliation of average effective tax rate applicable to loss before taxation to effective statutory tax rate is as follows:-

26. TAXATION (CONT'D)

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Loss before taxation	(7,713,782)	(14,423,638)	(27,373,884)	(128,221)

	%	%	%	%
Average effective tax rate for the year	(0.5)	(1.0)	(0.3)	(55.4)
Deferred tax asset not recognised during the year	11.9	11.6	-	-
(Over)/under provision in prior year	(0.4)	0.8	-	35.5
Tax effect on income exempted from income tax	-	(0.7)	-	-
Tax effect of expenses not deductible for tax purpose	13.5	13.8	25.3	44.9
Tax effect of reinvestment allowances	0.5	0.5	-	-
Effective statutory tax rate for the year	25.0	25.0	25.0	25.0

27. REVALUATION RESERVES

	Group	
	2012	2011
	RM	RM
Non-distributable		
Revaluation surplus arising during the year	9,298,340	-
Less:-		
Deferred tax arising on revaluation surplus (Note 10)	(2,062,513)	-
Transfer from deferred tax (Note 10)	9,314	-
	(2,053,199)	-
	7,245,141	-

28. LOSS PER SHARE

Basic earning per share

The basic loss per share for the financial year is based on loss attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2012	2011
	RM	RM
Loss attributable to equity holders of the Company	(7,753,634)	(14,565,959)
Weighted average number of ordinary shares of RM 0.10 each	172,791,803	163,500,000
Basic loss per share (sen)	(4.49)	(8.91)

Diluted earning per share

No ESOS option has been granted as at the end of the financial year, therefore the disclosure of diluted loss per share is not applicable.

29. PROCEEDS FROM DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the proceeds from disposal of property, plant and equipment are as follows:-

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Cash consideration	236,021	927,669	1,000	-
Set-off against other payables	-	186,000	-	-
Set-off against amount due to Directors	-	138,000	-	-
Trade in	-	760,000	-	-
	236,021	2,011,669	1,000	-

30. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group acquired property, plant and equipment as follows:-

	Group 2012 RM	Group 2011 RM
Cash payment	273,996	123,481
Cost adjustment	-	431,250
Hire purchase financing	123,900	188,100
Financed by payables	3,160,440	
Set-off against trade receivables	2,520,000	-
Trade in	-	760,000
	6,078,336	1,502,831

31. DIRECTORS' REMUNERATION

The aggregate amount of emoluments received and receivable by the Directors of the Group and of the Company during the financial year were as follows:-

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Executive Directors:-				
- Salaries, bonus and EPF contribution	470,412	501,760	-	-
Non-Executive Directors:-				
- fees	114,000	173,625	114,000	173,625
- other emoluments	14,500	37,500	14,500	37,500
Total	598,912	712,885	128,500	211,125

The number of Directors of the Group where total remuneration during the financial year fall within the following bands are as follows:-

	Number of Directors 2012	Number of Directors 2011
Executive Directors :-		
RM 200,001 - RM 250,000	2	1
RM 250,001 - RM 300,000	0	1
	2	2

31. DIRECTORS' REMUNERATION (CONT'D)

	Number of Directors	
	2012	2011
Non-Executive Directors		
Below RM 50,000	7	9
	9	11

32. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Company	
	2012	2011
	RM	RM
Management fees charged to subsidiary companies	480,000	480,000

33. SEGMENTAL INFORMATION

The Group is principally engaged in designing and fabrication of precision moulds and tooling for use in automobile, home appliance, audio visual, computer peripheral, electrical and telecommunication industry.

The Group's business segment is categorised according to the product segments as follows:-

a) Advanced Plastic Injection Mould (APIM); and
b) Conventional Plastic Injection Mould (CPIM).

33. SEGMENTAL INFORMATION (CONT'D)

i) Business Segments

2012	APIM RM	CPIM RM	Elimination RM	Total RM
Revenue				
External sales	3,654,310	188,756	-	3,843,066
Inter-segment sales	-	-	-	-
Total revenue	3,654,310	188,756	-	3,843,066
Results				
Segment results	(5,265,907)	(272,000)	-	(5,537,907)
Financing costs				(2,195,014)
Interest revenue				19,139
Loss before taxation				(7,713,782)
Taxation				(39,852)
Loss for the year				(7,753,634)

2012	APIM RM	CPIM RM	Elimination RM	Total RM
Assets				
Segment assets	47,103,497	2,433,036	-	49,536,533
Tax assets				565,469
				50,102,002
Liabilities				
Segment liabilities	37,010,563	1,911,706	-	38,922,269
Tax payable				85,430
				39,007,699
Other Segment Information				
Capital expenditure	5,779,792	298,544	-	6,078,336
Depreciation	2,108,092	108,889	-	2,216,981
Reversal of impairment loss on trade receivables	(877,761)	(45,339)	-	(923,100)

33. SEGMENTAL INFORMATION (CONT'D)

i) Business Segments

2011	APIM RM	CPIM RM	Elimination RM	Total RM
Revenue				
External sales	5,304,123	4,165,253	-	9,469,376
Inter-segment sales	590,605	-	(590,605)	-
Total revenue	5,894,728	4,165,253	(590,605)	9,469,376
Results				
Segment results	(6,990,707)	(5,489,704)	-	(12,480,411)
Financing costs				(1,933,360)
Interest revenue				23,310
Amortisation of development costs				(33,177)
Loss before taxation				(14,423,638)
Taxation				(142,321)
Loss for the year				(14,565,959)

2011	APIM RM	CPIM RM	Elimination RM	Total RM
Assets				
Segment assets	23,252,010	18,259,475	-	41,511,485
Tax assets				634,560
				42,146,045
Liabilities				
Segment liabilities	18,021,627	14,152,127	-	32,173,754
Tax credit				16,740
				32,190,494
Other Segment Information				
Amortisation of development costs	18,584	14,593	-	33,177
Capital expenditure	841,786	661,045	-	1,502,831
Depreciation	1,503,974	1,181,049	-	2,685,023
Impairment loss on trade receivables	3,621,151	2,843,637	-	6,464,788
Reversal of impairment loss on trade receivables	(228,618)	(179,532)	-	(408,150)

33. SEGMENTAL INFORMATION (CONT'D)

ii) Geographical Segments

Business contribution by geography is as follows:-

	Revenue contribution		Segment assets	
	2012	2011	2012	2011
	RM	RM	RM	RM
Malaysia	310,756	4,996,566	42,444,224	40,030,969
Other Asia Pacific countries	1,979,902	3,673,806	3,531,457	2,115,076
European countries	1,552,408	799,004	3,560,852	-
	3,843,066	9,469,376	49,536,533	42,146,045

	Capital expenditure	
	2012	2011
	RM	RM
Malaysia	5,835,724	1,502,321
Other Asia Pacific countries	242,612	510
	6,078,336	1,502,831

iii) Information about major customers

The Group has 3 (2011: 3) major customers contributing approximately RM 2,154,000 (2011: RM 4,613,000) of total sales revenue.

34. CAPITAL COMMITMENTS

Authorised capital expenditure not provided for in the financial statements:-

	Group	
	2012	2011
	RM	RM
Contracted for:-		
Construction of building	3,117,560	4,318,000

35. CONTINGENT LIABILITIES

	Company	
	2012	2011
	RM	RM
Corporate guarantees given to licensed banks for banking facilities granted to subsidiary companies	33,960,000	33,960,000

36. EMPLOYEES INFORMATION

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Directors' other emoluments	598,912	712,885	128,500	211,125
EPF	101,677	151,445	660	11,526
Salaries, bonus, allowances and wages	2,087,582	2,945,370	5,557	100,311
SOCSO	9,380	23,710	52	1,185
Other personnel cost	65,137	98,851	-	30
	2,862,688	3,932,261	134,769	324,177

The total number of employees of the Company, including the Directors, as at the end of the financial year was 8 (2011: 8).

The total number of employees of the Group, including the Directors, as at the end of the financial year was 76 (2011: 56).

37. FINANCIAL INSTRUMENTS

The Group's financial assets and financial liabilities are measured on an ongoing basis at either fair value or at amortised cost based on their respective classification. The significant accounting policies in Note 2 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities of the Group in the statements of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

Group

	Loans and receivables RM	Financial liabilities at amortised cost RM	Total RM
2012			
Financial assets			
Trade and other receivables	10,130,964	-	10,130,964
Fixed deposits	543,005	-	543,005
Cash and bank balances	49,951	-	49,951
	10,723,920	-	10,723,920
Financial liabilities			
Trade and other payables	-	8,490,251	8,490,251
Amount due to Directors	-	687,532	687,532
Loans and borrowings	-	27,691,287	27,691,287
	-	36,869,070	36,869,070
2011			
Financial assets			
Trade and other receivables	13,743,831	-	13,743,831
Fixed deposits	524,325	-	524,325
Cash and bank balances	216,281	-	216,281
	14,484,437	-	14,484,437
Financial liabilities			
Trade and other payables	-	6,879,863	6,879,863
Amount due to Directors	-	898,350	898,350
Loans and borrowings	-	24,395,541	24,395,541
	-	32,173,754	32,173,754

37. FINANCIAL INSTRUMENTS (CONT'D)

Company

	Loans and receivables	Financial liabilities at amortised cost	Total
	RM	RM	RM
2012			
Financial assets			
Trade and other receivables	1,000	-	1,000
Amount due from subsidiary companies	274,000	-	274,000
Cash and bank balances	10,563	-	10,563
	285,563	-	285,563
Financial liabilities			
Trade and other payables	-	389,315	389,315
	-	389,315	389,315
2011			
Financial assets			
Trade and other receivables	3,500	-	3,500
Amount due from subsidiary companies	16,759,521	-	16,759,521
Cash and bank balances	660	-	660
	16,763,681	-	16,763,681
Financial liabilities			
Trade and other payables	-	430,696	430,696
	-	430,696	430,696

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

a) On 7th December 2011, the Company reached an agreement with FIRC Trade (Malaysia) Sdn. Bhd. to enter into a Collaboration Framework Agreement for the purpose of forming an alliance to venture into the business of minerals mining and supply.

b) On 6th December 2011, the Company reached an agreement with CV. Permata Al Zahra to secure committed supply of a minimum 3,000,000 metric tonnes of coal per annum for a period of two years.

c) On 13th December 2011, the Company received a Letter of Intent from Guangxi Huayin Aluminium Co., Ltd indicating their intention to purchase One Hundred and Fifty Thousand (150,000) metric tonnes of steam coal per month for a period of one (1) year. Based on this, the Company will need to seek out a total supply of One Million and Eight Hundred Thousand (1,800,000) metric tonnes for the year to satisfy demands from the Buyer.

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

d) On 15th May 2012, the Company is proposing to undertake the following:-

a) proposed reduction of up to RM 10,586,318 from the share premium account of Sanichi Technology Berhad ("STB") pursuant to Sections 60(2) and 64(1) of the Act based on the audited financial statements as at 30 June 2011 to set-off the accumulated losses of STB;

b) proposed reduction of the issued and paid-up share capital of the Company pursuant to Section 64(1) of the Act, involving the cancellation of RM 0.08 of the par value of each ordinary share of RM 0.10 each in STB and thereafter the consolidation of five (5) ordinary shares of RM 0.02 each into one (1) new STB share of RM 0.10 each on an entitlement date to be determined and announced later;

c) proposed increase in authorised share capital of STB from RM 25,000,000 comprising 250,000,000 ordinary shares of RM 0.10 each to RM 100,000,000 comprising 1,000,000,000 ordinary shares of RM 0.10 each;

d) proposed amendments to the M&A of STB to facilitate the increase in the authorised share capital of STB pursuant to the Proposed Increase in Authorised Share Capital;

e) proposed restricted issue of 85,000,000 Restricted Issue Shares together with 42,500,000 free Warrants A to Protev Asia at an issue price of RM 0.10 per Restricted Issue Share on the basis of one (1) free Warrant A for every two (2) Restricted Issue Shares subscribed by Protev Asia;

f) proposed restructuring of debts owing to certain financial institutions and trade and other creditors of the STB Group pursuant to Section 176 of the Act;

g) proposed renounceable rights issue of up to 120,970,000 Rights Shares together with up to 60,485,000 free Warrants B at an issue price of RM 0.10 per Rights Share on the basis of two (2) Rights Shares together with one (1) free Warrant B for every two (2) new STB shares held after the Proposed Share Premium Reduction, the Proposed Par Value Reduction and Consolidation and the Proposed Restricted Issue with Warrants on an entitlement date to be determined and announced later based on a minimum subscription level of 65,000,000 Rights Shares together with 32,500,000 free Warrants B; and

h) proposed exemption to Protev Asia and its PACs under Practice Note 9, Paragraph 16.1 of the Code from the obligation to undertake a mandatory take-over offer to acquire all the remaining STB shares and convertible securities not already held by Protev Asia and its PACs upon completion of the Proposed Restricted Issue with Warrants as prescribed under Part III of the Code.

39. EVENT OCCURING SUBSEQUENT TO FINANCIAL YEAR

On 25th October 2012, the Company announced that Bursa Malaysia Securities Berhad ("Bursa Securities") had, vide its letter dated 25 October 2012 approved the following:-

i) Admission to the Official List of Bursa Securities and the listing of and quotation for up to 60,485,000 Warrants B to be issued pursuant to the Proposed Rights Issue with Warrants; and

ii) Listing of and quotation for:

   a) 85,000,000 Restricted Issue Shares to be issued pursuant to the Proposed Restricted Issue with Warrants;

   b) 8,766,320 Settlement Shares to be issued pursuant to the Proposed Debt Restructuring;

   c) up to 120,970,000 Rights Shares to be issued pursuant to the Proposed Rights Issue with Warrants;

   d) up to 46,236,560 new STB Shares arising from the full conversion of RM4,623,656 nominal value of four per cent (4%), five (5)-year, irredeemable convertible unsecured loan stocks ("ICULS") to be issued pursuant to the Proposed Debt Restructuring; and

   e) up to 102,985,000 new STB Shares arising from the full exercise of 42,500,000 Warrants A and 60,485,000 Warrants B to be issued pursuant to the Proposed Restricted Issue with Warrants and the Proposed Rights Issue with Warrants, respectively.

40. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group and the Company manage its capital structure and make adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2012 and 2011 respectively.

The Group is not subject to any externally imposed capital requirements.

The composition of the capital management are as follows:-

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Trade and other payables	8,490,251	6,879,863	389,315	430,696
Loans and borrowings	27,691,287	24,395,541	-	-
Amount due to Directors	687,532	898,350	-	-
Tax payable	85,430	16,740	85,430	16,740
Less: Cash and bank balances	(592,956)	(740,606)	(10,563)	(660)
Net debt	36,361,544	31,449,888	464,182	446,776
Equity attributable to the owners of the parent, representing total equity	11,094,303	9,955,551	882,459	26,690,033
Capital management ratio	328%	316%	53%	2%

41. SUPPLEMENTARY INFORMATION - BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED

The breakdown of the retained profits of the Group and of the Company as at 30th June 2012 into realised and unrealised profits, pursuant to Paragraph 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 20th December 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Accumulated losses analysed into:				
- Realised	(43,832,100)	(10,020,769)	(27,688,859)	(246,285)
- Unrealised	(291,849)	1,105,738	-	-
	(44,123,949)	(8,915,031)	(27,688,859)	(246,285)
Less: Consolidation adjustments	19,491,553	(7,963,731)	-	-
Accumulated losses as per financial statement	(24,632,396)	(16,878,762)	(27,688,859)	(246,285)

OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE (3) MONTHS FPE 30 SEPTEMBER 2012

SANICHI TECHNOLOGY BERHAD
Company No.661826-K
(Incorporated In Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2012
(The figures below are unaudited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter 30 September 2012 RM'000	Preceding Year Corresponding Quarter 30 September 2011 RM'000	Current Year to date 30 September 2012 RM'000	Preceding Year Corresponding Period 30 September 2011 RM'000
Revenue	1,381	1,017	1,381	1,017
Operating expenses	(2,689)	(2,637)	(2,689)	(2,637)
Other operating income	2	7	2	7
Loss from operations	(1,306)	(1,613)	(1,306)	(1,613)
Finance costs	(561)	(528)	(561)	(528)
Loss before taxation	(1,867)	(2,141)	(1,867)	(2,141)
Taxation	153	-	153	-
Loss after taxation	(1,714)	(2,141)	(1,714)	(2,141)
Other Comprehensive Income				
Translation of foreign subsidiaries	244	186	244	186
Revaluation surplus arose during the year	-	-	-	-
Deferred tax arising on revaluation surplus	-	-	-	-
Reversal of deferred tax on revaluation surplus	(64)		(64)	-
	180	186	180	186
Total Comprehensive Income/(Expense) For The Period	(1,534)	(1,955)	(1,534)	(1,955)
Loss attributable to:				
Owners of the Parent	(1,714)	(2,141)	(1,714)	(2,141)
Non-controlling interest	-	-	-	-
	(1,714)	(2,141)	(1,714)	(2,141)
Total comprehensive income/(expense) attributable to:				
Owners of the Parent	(1,534)	(1,955)	(1,534)	(1,955)
Non-controlling interest	-	-	-	-
	(1,534)	(1,955)	(1,534)	(1,955)
Loss per share (sen)				
Basic (note B13)	(1.0)	(1.3)	(1.0)	(1.3)
Diluted (note B13)	(1.0)	(1.3)	(1.0)	(1.3)

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2012 and accompanying explanatory notes attached to the interim financial statements.)

SANICHI TECHNOLOGY BERHAD
Company No.661826-K
(Incorporated In Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012

	(Unaudited) As at 30 September 2012 RM'000	(Audited) As at 30 June 2012 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	35,218	35,855
Goodwill on consolidation	7	7
	35,225	35,862
Current assets		
Inventories	2,566	2,679
Trade receivables	9,033	9,789
Other receivables, deposits and prepayments	669	614
Tax recoverables	565	565
Fixed deposits	546	543
Cash and bank balances	27	50
	13,406	14,240
TOTAL ASSETS	48,631	50,102
EQUITY AND LIABILITIES		
EQUITY		
Share capital	17,985	17,985
Share premium	10,586	10,586
Revaluation Reserve	7,181	7,245
Exchange translation reserve	154	(90)
Accumulated losses	(26,346)	(24,632)
Equity attributable to owners of the parent	9,560	11,094
Non-current liabilities		
Long term borrowings	-	109
Deferred tax liabilities	2,293	2,053
	2,293	2,162
Current liabilities		
Trade payables	5,945	5,901
Other payables and accruals	1,869	2,590
Tax Payable	71	85
Amount owing to directors	640	688
Short term borrowings	26,465	25,840
Bank overdrafts	1,788	1,742
	36,778	36,846
TOTAL LIABILITIES	39,071	39,008
TOTAL EQUITY AND LIABILITIES	48,631	50,102
Net assets per share attributable to owners of the parent (RM)	0.05	0.06

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2012 and accompanying explanatory notes attached to the interim financial statements.)

OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE (3) MONTHS FPE 30 SEPTEMBER 2012 *(Cont'd)*

SANICHI TECHNOLOGY BERHAD
Company No.661826-K
(Incorporated In Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE QUARTER ENDED 30 SEPTEMBER 2012
(The figures below are unaudited)

	Current Year to 30 September 2012 RM'000	Preceding Year Corresponding Period to 30 September 2011 RM'000
Cash flows from operating activities		
Loss before taxation	(1,867)	(2,141)
Adjustments for:-		
Bad debts recovered	(35)	-
Bad debt written off	-	-
Depreciation and amortisation	584	539
Fixed assets written off	-	-
Unrealised (gain)/loss on foreign exchange	-	-
(Gain)/Loss on disposal of property, plant and equipments	-	(39)
Interest expenses	561	527
Interest income	(3)	(7)
Operating loss before changes in working capital	(760)	(1,121)
Changes in working capital:-		
Decreasein inventories	113	64
Decrease in receivables	737	1,051
Increase in payables	(499)	46
Directors' account	(47)	159
Net cash (for)/from operations	(456)	199
Tax refund	152	(527)
Interest paid	-	-
Net cash for operating activities	(304)	(328)
Cash flows from investing activities		
Interest received	3	7
Proceeds from disposal of equipment	-	178
Purchase of plant and equipment	(4)	(95)
Net cash (for)/from investing activities	(1)	90
Cash flows from financing activities		
Proceed from issuance of shares	-	-
Repayment of short-term bank borrowings	-	(3)
Net repayment of term loans	-	(5)
Net repayment of hire purchase liabilities	(5)	-
Net cash for financing activities	(5)	(8)
Net increase/(decrease) in cash and cash equivalents	(310)	(246)
Effects of changes in exchange rates	244	186
Cash and cash equivalents at beginning of the period	(1,149)	(839)
Cash and cash equivalents at end of the period	(1,215)	(899)
Cash and cash equivalents comprise:		
Fixed deposits with licensed banks**	546	646
Cash and bank balances	27	71
Bank overdrafts	(1,788)	(1,616)
	(1,215)	(899)

** Fixed deposits with licensed banks have been pledged to licensed banks for banking facilities granted to the Group.

(The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 30 June 2012 and accompanying explanatory notes attached to the interim financial statements.)

SANICHI TECHNOLOGY BERHAD
Company No.661826-K
(Incorporated In Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 SEPTEMBER 2012

	← Attributable to Owners of the Parent →							
		← Non-Distributable		→	Distributable			
	Share Capital RM'000	Share Premium RM'000	Revaluation reserve RM'000	Translation reserve RM'000	Accumulated Losses RM'000	Total RM'000	Non-controlling interest RM'000	Total Equity RM'000
At 1 July 2012	17,985	10,586	7,245	(90)	(24,632)	11,094	-	11,094
Total comprehensive income/(expense) for the period	-	-	(64)	244	(1,714)	(1,534)	-	(1,534)
Issuance of shares	-	-	-	-	-	-	-	-
At 30 September 2012	17,985	10,586	7,181	154	(26,346)	9,560	-	9,560
At 1 July 2011	16,350	10,586	-	(102)	(16,879)	9,955	-	9,955
Total comprehensive income/(expense) for the period	-	-	-	186	(2,141)	(1,955)	-	(1,955)
At 30 September 2011	16,350	10,586	-	84	(19,020)	8,000	-	8,000

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2012 and accompanying explanatory notes attached to the interim financial statements.)

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A. EXPLANATORY NOTES IN ACCORDANCE WITH FRS 134

A1. Basis of Preparation

The unaudited condensed interim financial statements for the first quarter ended 30 September 2012 have been prepared in accordance with the Financial Reporting Standards ("FRS") No. 134 - Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market ("ACE Listing Requirements"). The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of Sanichi Technology Berhad ("Sanichi" or "Company") and its subsidiary companies (collectively known as "Sanichi Group" or "Group") for the financial year ended ("FYE") 30 June 2012.

The significant accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2012.

These are the Group's condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS framework annual financial statements and MFRS 1: First Time Adoption of Malaysia Financial Reporting Standards has been applied.

The transition to MFRS framework does not have any material financial impact to these interim financial statements.

A2. Seasonality or Cyclicality Factors

The Group's operations for the current quarter under review were not significantly affected by any seasonal or cyclical factors.

A3. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

During the quarter, there were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence.

A4. Material Change in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect on the results for the quarter under review.

A5. Issuances, Repurchases and Repayments of Debt and Equity Securities

During the quarter, there were no issuances, repurchases and repayments of debt and equity securities.

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A6. Dividend Paid

There was no dividend paid during the quarter under review.

A7. Segmental Information

The board views the Group has a single business segment from the geographic perspective. The reportable segments are Malaysia and Thailand which both segments are in design and fabrication of precision moulds and tooling.

	Current quarter ended		Cumulative quarter ended	
The Group	**Malaysia**	**Thailand**	**Elimination**	**Consolidated**
30 September 2012	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue				
External sales	900	481	-	1,381
Inter segment sales	255	-	(255)	-
Total revenue	1,155	481	(255)	1,381
Results				
Loss from operation	(917)	(389)	-	(1,306)
Finance cost	(561)	-	-	(561)
Income from other investment	-	-	-	-
Loss before tax				(1,867)
Income tax expenses				153
Net loss for the year				(1,714)
Other Information				
Additions of fixed assets	4	-	-	4
Depreciation and amortization	542	42	-	584
Consolidated Balance Sheet Assets				
Segment assets	47,071	1,560	-	48,631
Segment liabilities	34,930	4,141	-	39,071

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	Current quarter ended		Cumulative quarter ended	
The Group	**Malaysia**	**Thailand**	**Elimination**	**Consolidated**
30 September 2011	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue				
External sales	684	333	-	1,017
Inter segment sales	120	-	(120)	-
Total revenue	804	333	(120)	1,017
Results				
Loss from operation	(1,409)	(204)	-	(1,613)
Finance cost	(528)	-	-	(528)
Income from other investment	-	-	-	-
Loss before tax				(2,141)
Income tax expenses				-
Net loss for the year				(2,141)
Other Information				
Additions of fixed assets	-	95	-	95
Depreciation and amortization	489	50	-	539
Consolidated Balance Sheet				
Assets				
Segment assets	39,954	472	-	40,426
Segment liabilities	28,765	3,661	-	32,426

Segment sales	**Current Quarter 30.9.2012 RM'000**	**Preceding Year Corresponding Quarter to 30.9.2011 RM'000**
Malaysia	573	602
European countries	327	-
Other countries in Asia Pacific	481	415
	1,381	1,017

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Segment sales	Current Year To date 30.9.2012 RM'000	Preceding Year Corresponding Period to 30.9.2011 RM'000
Malaysia	573	602
European countries	327	-
Other countries in Asia Pacific	481	415
	1,381	1,017

A8. Material Events Subsequent to the End of the Quarter under Review

There were no material events subsequent to the end of the quarter under review.

A9. Changes in the Composition of the Group

There were no changes in the composition of the Group during the quarter under review.

A10. Changes in Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet date up to the date of this report.

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B. ADDITIONAL INFORMATION REQUIRED BY ACE LISTING REQUIREMENTS (APPENDIX 9B)

B1. Review of Group's Results for the Current Quarter and Year-to-Date Ended 30 September 2012

The Group recorded a revenue of RM1.381 million for the first quarter ended 30 September 2012. The Group's loss before tax ("LBT") and loss after tax (LAT) for the quarter were RM1.867 million and RM1.714 million for the period respectively.

The Group's revenue of RM1.381 million for the 3 months period ended 30 September 2012 represents an increase of approximately 35.8% as compared to the preceding year corresponding period. In addition, the Group incurred LBT and LAT of RM1.867 million and RM1.714 million for the both period respectively for the 3 months period ended 30 September 2012, as compared to LBT and LAT of RM2.141 million and RM2.141 million for the both period respectively for the preceding year ended 30 September 2011. The reasons for the Group's financial performance were mainly due to constraint on Group's cash flow.

B2. Variation of Results for the Current Quarter Ended 30 September 2012 against Immediate Preceding Quarter

The Group recorded a decrease of approximately 4.2% in its revenue to RM1.381 million for the quarter ended 30 September 2012 against RM1.441 million for the immediate preceding quarter ended 30 June 2012. As a result thereof, the Group registered both LBT and LAT of RM1.867 million and RM1.714 million for the current quarter ended 30 September 2012 respectively as compared to both LBT and LAT of RM2.358 million and RM2.383 million respectively in the immediate preceding quarter ended 30 June 2012.

The Group recorded a decrease in revenue by approximately RM0.060 million for the current quarter under review compared to preceding quarter ended 30 June 2012. However, performance of the Group will be shown positive and reflect at the coming quarter.

B3. Group's Prospects for FYE 30 June 2013

Although the Group still faces a challenging year, the next quarter is expected to show further improvement in revenues from Thailand and Malaysia.

The Group look forward the existing debt restructuring successful and in plan if fully implemented by next quarter which will help the cash flow of the Group.

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The Group does not expect any immediate development in the collaboration arrangement with FIRC Trade (Malaysia) Sdn Bhd (FIRC) in relation to the trading and supply of iron ore and coal products as the modes of proposed settlement for identified transactions by prospective buyers are not acceptable to the Group and may prove challenging to the Group to close such deals. Shareholders' approval will be sought if and when the Group is in a position to move ahead in this business.

The Board of Directors of Sanichi had entered into a Memorandum of Understanding ("MOU") with Projektarbelt Technische Beratung Venretung International ("PROTEV") on 6th June 2011 with the intention to form an alliance with PROTEV for a one-stop plastic injection mould fabrication solution centre.

Under the MOU, PROTEV has also expressed interest (without obligation) to explore the possibility of taking up a strategic stake in the Company, the amount of which shall only be determined at a later date.

B4. Variance of Profit Forecast

The Group did not publish any profit forecast for the period/year under review.

B5. Tax Expenses

Taxation comprises the following:-

	Individual quarter ended		**Cumulative quarter ended**	
	30 September 2012	**30 September 2011**	**30 September 2012**	**30 September 2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
In respect of the current period:-				
Current taxation	-	-	-	-
Deferred taxation	-	-	-	-
	-	-	-	-
In respect of the previous period:-				
Taxation	159	-	159	-
Deferred taxation	-	-	-	-
Net tax charge	159	-	159	-

All the subsidiaries did not incur tax expenses for this quarter under review mainly due to the business losses for current quarter under review.

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B6. Profit/(Losses) on Sale of Unquoted Investments and Properties

There was no disposal of unquoted investments and properties during the quarter under review and financial year-to-date.

B7. Purchase and Disposal of Quoted and Marketable Securities

There was no purchase or disposal of quoted and marketable securities during the quarter under review and financial year-to-date.

B8. Status of Corporate Proposals Announced

(i) Restructuring Scheme

On behalf of the Board of Directors of STB ("**Board**"), Public Investment Bank Berhad ("**PIVB**") had on 15 May 2012 announced that the Company is proposing to undertake the following:

(a) proposed reduction of up to RM10,586,318 from the share premium account of STB pursuant to Section 60(2) and 64(1) of the Companies Act, 1965 ("**Act**") based on the audited financial statements as at 30 June 2011 to set off the accumulated losses of STB ("**Proposed Share Premium Reduction**");

(b) proposed reduction of the issued and paid-up share capital of the Company pursuant to Section 64(1) of the Act, involving the cancellation of RM0.08 of the par value of each ordinary share of RM0.10 each in STB ("**STB Share(s)**") and thereafter the consolidation of five (5) ordinary shares of RM0.02 each into one (1) new STB Share of RM0.10 each on an entitlement date to be determined and announced later ("**Proposed Par Value Reduction and Consolidation**");

(c) proposed increase in authorised share capital of STB from RM25,000,000 comprising 250,000,000 ordinary shares of RM0.10 each to RM100,000,000 comprising 1,000,000,000 ordinary shares of RM0.10 each ("**Proposed Increase in Authorised Share Capital**");

(d) proposed amendments to the Memorandum and Articles of Association ("**M&A**") of STB to facilitate the increase in the authorised share capital of STB pursuant to the Proposed Increase in Authorised Share Capital ("**Proposed M&A Amendments**");

(e) proposed restricted issue of 85,000,000 new STB Shares of RM0.10 each ("**Restricted Issue Shares**") together with 42,500,000 free Warrants ("**Warrant(s) A**") to Protev Asia Limited ("**Protev Asia**") at an issue price of RM0.10 per

Restricted Issue Share on the basis of one (1) free Warrant A for every two (2) Restricted Issue Shares subscribed by Protev Asia ("**Proposed Restricted Issue with Warrants**");

(f) proposed restructuring of debts owing to certain financial institutions and trade creditors of STB and its subsidiaries ("**STB Group**" or the "**Group**") pursuant to Section 176 of the Act ("**Proposed Debt Restructuring**");

(g) proposed renounceable rights issue of up to 120,970,000 new STB Shares of RM0.10 each ("**Rights Shares**") together with up to 60,485,000 free Warrants ("**Warrant(s) B**") at an issue price of RM0.10 per Rights Share on the basis of two (2) Rights Shares together with one (1) free Warrant B for every two (2) new STB Shares held after the Proposed Share Premium Reduction, the Proposed Par Value Reduction and Consolidation and the Proposed Restricted Issue with Warrants on an entitlement date to be determined and announced later based on a minimum subscription level of 65,000,000 Rights Shares together with 32,500,000 free Warrants B ("**Proposed Rights Issue with Warrants**"); and

(h) proposed exemption to Protev Asia, Herbert Tucakovic and other person(s) acting in concert ("**PACs**") under Practice Note 9, Paragraph 16.1 of the Malaysian Code on Take-Overs and Mergers 2010 ("**Code**") from the obligation to undertake a mandatory take-over offer to acquire all the remaining STB Shares and convertible securities not already held by Protev Asia and its PACs upon completion of the Proposed Restricted Issue with Warrants as prescribed under Part III of the Code ("**Proposed Exemption**").

Collectively the Proposed Share Premium Reduction, the Proposed Par Value Reduction and Consolidation, the Proposed Increase in Authorised Share Capital, the Proposed M&A Amendments, the Proposed Restricted Issue with Warrants, the Proposed Debt Restructuring, the Proposed Rights Issue with Warrants and the Proposed Exemption shall hereinafter referred to as the ("**Multiple Proposals**").

(ii) Court Convened Meeting of Scheme Creditors

The Company had at the Adjourned Court Convened Meetings held on 3 July 2012 and Court Convened Meetings held on 25 June 2012 obtained the requisite approvals from the Scheme Creditors of its subsidiary companies, Sanichi Precision Mould Sdn Bhd and Asia Pinnacle Sdn Bhd.

(iii) Extension of Stay Order pursuant to Section 176 of the Companies Act, 1965

The Company had on 30 July 2012 announced that it has received a notification from its Solicitors notifying of the Sealed Court Order dated 25 July 2012 where the Kuala Lumpur High Court had on 25 July 2012 granted a further extension of Stay Order ("Order")

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pursuant to Section 176 of the Companies Act, 1965 to restrain all further proceedings against STB and its subsidiaries for a period of six (6) months from 26 July 2012 to 25 January 2013. The Order is an extension of the Stay Order dated 19 January 2012 which expired on 25 July 2012. The Order does not have any financial and operational impact on STB.

(iv)The Board of Directors had on 4 September 2012 vide PIVB announced that the solicitor for the Company had on 3 September 2012 received a sealed copy of the court order from the High Court of Malaya sanctioning the Schemes of Arrangement pursuant to Section 176 of the Companies Act, 1965 undertaken as an integral part of the Proposed Debt Restructuring.

(v)The Board of Directors had on 30 September 2012 vide PIVB announced that Securities Commission Malaysia (Private Debt Securities) had vide its letter dated 26 September 2012 approved the Proposed issuance of RM4,623,656 nominal value of 4% irredeemable convertible unsecured loan stocks ("ICULS") at 100% of the nominal value of RM0.10 each pursuant to the Proposed Debt Restructuring under the Private Debt Securities Guidelines.

(vi)The Board of Directors had on 25 October 2012 vide PIVB announced that Bursa Malaysia Securities Berhad ("Bursa Securities") had vide its letter dated 25 October 2012 approved the following:-

i) Admission to the Official List of Bursa Securities and the listing and quotation for up to 60,485,000 Warrants B to be issued pursuant to the Proposed Rights Issue with Warrants; and

ii) Listing of and quotation for:-
   a) 85,000,000 Restricted Issue Shares to be issued pursuant to the Proposed Restricted Issue with Warrants;
   b) 8,766,320 Settlement Shares to be issued pursuant to the Proposed Debt Restructuring;
   c) Up to 120,970,000 Rights Shares to be issued pursuant to the Proposed Rights Issue with Warrants;
   d) Up to 46,236,560 new Sanichi Shares arising from the full conversion of RM4,623,656 nominal value of ICULS to be issued pursuant to the Proposed Debt Restructuring; and
   e) Up to 102,985,000 new Sanichi Shares arising from the full exercise of 42,500,000 Warrants A and 60,485,000 Warrants B to be issued pursuant to the Proposed Restricted Issue with Warrants and the Proposed Rights Issue with Warrants, respectively.

(vii)The approval for the Proposed Restricted Issue with Warrants, the Proposed Debt Restructuring and the Proposed Rights Issue with Warrants are subject to certain conditions as contained in Bursa Securities letter.

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(viii)The Shareholders of the Company had at the Extraordinary General Meeting held on 21 November 2012 approved all the resolutions as set out in the Notice of EGM dated 30 October 2012 vide show of hands except for Ordinary Resolution 4 which was decided on a poll as required under the Malaysian Code on Take-Overs and Mergers 2010.

(ix) The Board of Directors had on 22 November 2012 vide PIVB announced that an application in respect of the Proposed Exemption has been submitted to the Securities Commission Malaysia on even date.

(x)The Board of Directors had on 26 November 2012 vide PIVB announced that the Securities Commission Malaysia had vide its letter dated 23 November 2012, which was received on 26 November 2012, approved the application by Protev Asia Limited (formerly known as Oceanaire International Limited) and its persons acting in concerts for the Proposed Exemption.

(xi)Utilisation Of Proceeds From Private Placement

The Private Placement which was announced on 12 October 2011 has been completed on 5 December 2011. The gross proceeds of RM1,635,000 raised from the Private Placement of 16,350,000 new ordinary shares of RM0.10 each in Sanichi ("Placement Shares") at an issue price of RM0.10 per share has been utilized as follows:

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Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Utilisation RM'000	%	Explanations	Expected time frame for utilisation of proceeds from date of listing of Placement Shares
General working capital for the Sanichi Group	1,265	1,265	-	-	-	Within 6 months
Machinery upgrades and maintenance	300	300	-	-	-	Within 12 months
Estimated expenses relating to the Private Placement	70	70	-	-	-	Within 2 weeks
TOTAL	**1,635**	**1,635**	**-**	**-**	**-**	

B9. Group Borrowings and Debt Securities

The Group's borrowings, all repayable in Ringgit Malaysia and secured, as at the end of the quarter under review are as follows:

	RM'000
Short Term Borrowings (Secured)	
Term Loans	11,556
Hire Purchase Payables	4,138
Trade Financing	10,771
Bank overdraft	1,788
	26,465
Long Term Borrowings	
Hire Purchase Payables	-
	-
Total	**26,465**

The Group does not have any foreign borrowings and debt securities as at the date of this report.

Certain subsidiary companies of the Group have defaulted in the repayment of the bank borrowings and hire purchase instalments and legal action have been instituted by the lenders for recovery of the principal, interest and other costs. Accordingly, all the term loans and a majority of the hire purchase creditors have been reclassified to short term borrowings.

B10. Off Balance Sheet Financial Instruments

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

B11. Material Litigation

The material litigation of the Company are stated as below:

1) The Board of Directors of Sanichi wishes to announce that the Company had today received a notification from the Company's Solicitors notifying of the Sealed Court Order dated 25 July 2012 where the Kuala Lumpur High Court had on 25 July 2012 granted a further extension of Stay Order ("Order") pursuant to Section 176 of the Companies Act, 1965, to restrain all further proceedings against Sanichi and its subsidiaries for a period of six (6) months from 26 July 2012 to 25 January 2013. The Order is an extension of the Stay Order dated 19 January 2012 which expired on 25 July 2012.

   The Order does not have any financial and operational impact on Sanichi.

   This announcement is dated 30 July 2012.

2) The Board of Directors of STB wishes to announce the results in relation to the adjourned court convened meeting for the respective scheme creditors of its subsidiary companies, Sanichi Precision Mould Sdn Bhd ("SPM Scheme Creditors CCM") and Asia Pinnacle Sdn Bhd ("APSB Scheme Creditors CCM") which were held on 3 July 2012 at the Board Room, Sanichi Technology Berhad, PLO 135, Jalan Cyber 5, Kawasan Perindustrian Senai Fasa 3, 81400 Senai, Johor Darul Takzim as set out below:-

   (i) The SPM Scheme Creditors CCM had obtained the requisite approval from the Scheme B Unsecured Creditors; and
   (ii) The APSB Scheme Creditors CCM had obtained the requisite approvals from the Scheme A Secured Creditors and Scheme B Unsecured Creditors.
   The Scheme of Arrangement is subject to, *inter-alia*, the:
   (i) approval of the shareholders of STB; and
   (ii) sanction of the High Court of Malaya ("Court").

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The Company will submit its petition to the Court under Section 176 of the Companies Act, 1965 for the Court's sanction for the Scheme of Arrangement in due course.

This announcement is dated 3 July 2012.

3) The Board of Directors of STB wishes to announce the results in relation to the court convened meeting for the respective scheme creditors of its subsidiary companies, Sanichi Precision Mould Sdn Bhd ("SPM Scheme Creditors CCM") and Asia Pinnacle Sdn Bhd ("APSB Scheme Creditors CCM") which were held on 25 June 2012 at the Board Room, Sanichi Technology Berhad, PLO 135, Jalan Cyber 5, Kawasan Perindustrian Senai Fasa 3, 81400 Senai, Johor Darul Takzim as set out below:-

(i) The SPM Scheme Creditors CCM had obtained the requisite approvals from the Scheme A Creditors and Scheme C Creditors;

(ii) The SPM Scheme B Creditors CCM has been adjourned to 3 July 2012, to be held at the Board Room, Sanichi Technology Berhad, PLO 135, Jalan Cyber 5, Kawasan Perindustrian Senai Fasa 3, 81400 Senai, Johor Darul Takzim;

(iii) The APSB Scheme Creditors CCM had obtained the requisite approval from the Scheme D Creditor; and

(iv) The APSB Scheme A Creditors CCM and APSB Scheme B Creditors CCM have been adjourned to 3 July 2012, to be held at the Board Room, Sanichi Technology Berhad, PLO 135, Jalan Cyber 5, Kawasan Perindustrian Senai Fasa 3, 81400 Senai, Johor Darul Takzim.

The Scheme of Arrangement is subject to, *inter-alia*, the:

(i) approval of the SPM Scheme B creditors, APSB Scheme A creditors and APSB Scheme B creditors which have been adjourned to 3 July 2012;

(ii) approval of the shareholders of STB; and

(iii) sanction of the High Court of Malaya ("Court").

The Company will submit its petition to the Court under Section 176 of the Companies Act, 1965 for the Court's sanction for the Scheme of Arrangement in due course.

This announcement is dated 25 June 2012.

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4) Sanichi had announced that the Company and its subsidiary companies; i.e. Sanichi Precision Mould Sdn. Bhd. and Asia Pinnacle Sdn. Bhd., have been granted a Stay Order ("Order") of all proceedings against them pursuant to Section 176 of the Companies Act, 1965 by the Kuala Lumpur High Court under the originating summouns No:24NCC-224-2011 on 27 July 2011. Kuala Lumpur High Court had on 19 January 2012 granted a further extension of Stay Order ("Order") pursuant to Section 176 of the Companies Act 1965, to restrain all further proceedings against Sanichi and its subsidiaries for a period of six (6) months from 26 January 2012 to 25 July 2012.

5) We refer to the announcement made on 21 February 2011 by Sanichi in respect of the default in payment by the Company's wholly owned subsidiary, Sanichi Precision Mould Sdn. Bhd. ("SPM") of the banking facilities granted by United Overseas Bank (Malaysia) Bhd ("UOB"). The banking facilities were secured inter alia by a first party legal first legal charge for RM 2,500,000 and second legal charge for RM6,000,000 registered with Presentation No. 71671/2005 and Presentation No. 71672/2005 created over a 1 ½ storey factory at PLO 135, Jalan Cyber 5, Senai Industrial Estate Phase 3, 81400 Senai, Johor held under HS(D) No. 370623, PTD 6552, Mukim Senai, Disrict of Johor Bahru ("the Land") registered under SPM. The Company wishes to inform that SPM had on 24 June 2011 received a Saman Pemula No: MT-24-F1508-2011 from UOB's solicitors, Messrs Raja Darryl & Loh. Under the Saman Pemula, UOB has applied for the Land to be sold under the provisions of Section 257 of the National Land Code 1965 for the purposes of settlement of the amount owing to UOB. Kuala Lumpur High Court had on 19 January 2012 granted a further extension of Stay Order ("Order") pursuant to Section 176 of the Companies Act 1965, to restrain all further proceedings against Sanichi and its subsidiaries for a period of six (6) months from 26 January 2012 to 25 July 2012.

6) Advertisement of Winding-up Petition served on Sanichi Precision Mould Sdn Bhd ("Sanichi Precision") by Kowa Technologies Sdn Bhd. The Winding-up Petition was dated 12 April 2011 and was served on SPM on 27 April 2011. The Petitioner's claims are for the sum of RM16,383.60 as at 6 February 2009 in respect of balance due for goods sold and delivered at SPM's request. The interest rate on the amount claimed is 8% per annum from 7 February 2009 to the date of realisation. The case have been fully settled and closed.

7) The Board of Directors of Sanichi had announced that the Company's wholly-owned subsidiary namely Sanichi Precision Mould Sdn Bhd ("SPM") had on 25 March 2011 received a Notice of Demand in respect of the default in payment of the Banking Facilities totaling RM1,979,657.46 granted by RHB Bank Berhad. Kuala Lumpur High Court had on 19 January 2012 granted a further extension of Stay Order ("Order") pursuant to Section 176 of the Companies Act 1965, to restrain all further proceedings against Sanichi and

its subsidiaries for a period of six (6) months from 26 January 2012 to 25 July 2012.

8) The Board of Directors of Sanichi had announced that the Company's wholly-owned subsidiary namely Sanichi Precision Mould Sdn Bhd ("SPM") had on 14 January 2011 received a Notice of Demand in respect of the default in payment of the Fixed Loan 1, 2, 3 and 4 Facilities totaling RM8,440,126.15 granted by United Overseas Bank Malaysia Berhad. Kuala Lumpur High Court had on 19 January 2012 granted a further extension of Stay Order ("Order") pursuant to Section 176 of the Companies Act 1965, to restrain all further proceedings against Sanichi and its subsidiaries for a period of six (6) months from 26 January 2012 to 25 July 2012.

9) The Board of Directors of Sanichi had announced that the Company's wholly-owned subsidiary namely Sanichi Precision Mould Sdn Bhd ("SPM") had on 11 November 2010 received a Notice of Demand in respect of the default in payment of the Term Loan Facilities totaling RM805,105.10 granted by OCBC Bank (Malaysia) Berhad. Kuala Lumpur High Court had on 19 January 2012 granted a further extension of Stay Order ("Order") pursuant to Section 176 of the Companies Act 1965, to restrain all further proceedings against Sanichi and its subsidiaries for a period of six (6) months from 26 January 2012 to 25 July 2012.

10) The Board of Directors of Sanichi had announced that the Company's wholly-owned subsidiary namely Asia Pinnacle Sdn Bhd ("AP") had on 11 November 2010 received a Notice of Demand in respect of the default in payment of the Islamic Multi Trade Line-i (MTL-i) Facility totaling RM2,179,788.44 granted by RHB Islamic Bank Berhad. Kuala Lumpur High Court had on 19 January 2012 granted a further extension of Stay Order ("Order") pursuant to Section 176 of the Companies Act 1965, to restrain all further proceedings against Sanichi and its subsidiaries for a period of six (6) months from 26 January 2012 to 25 July 2012.

11) Sanichi had announced that Sanichi (as Corporate Guarantor) and the Company's wholly-owned subsidiary namely Asia Pinnacle Sdn Bhd ("AP") had on 8 November 2010 received Notices of Demand for default in payment of monthly instalments amounting to RM25,744.73 in respect of a Hire-Purchase Facility granted by Orix Credit Leasing Sdn Bhd ("Orix"). Kuala Lumpur High Court had on 19 January 2012 granted a further extension of Stay Order ("Order") pursuant to Section 176 of the Companies Act 1965, to restrain all further proceedings against Sanichi and its subsidiaries for a period of six (6) months from 26 January 2012 to 25 July 2012.

12) SANICHI's subsidiary, Sanichi Precision Mould Sdn Bhd("SPM") was served a Petition dated 20 October 2010 on 29 October 2010 pursuant to a notice under Section 218 of the Companies Act, 1965.

    The total amount claimed under by the Petitioner against SPM was RM4,519.00 together with interest thereon at the rate of 8% per annum from

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9/5/2009 to the date of realisation within 21 days from the receipt of the said notice. The case have been fully settled and closed.

13) Sanichi had announced that Sanichi and the Company's wholly-owned subsidiaries namely Sanichi Precision Mould Sdn Bhd ("SPM") and Asia Pinnacle Sdn Bhd ("AP") had on 22 October 2010 received Notices of Demand in respect of the default in payment of principal and interest on credit facilities granted by EON Bank Berhad ("EON") as follows:

Name of subsidiary: SPM
Type of Facility:
(i) Overdraft of RM2,000,000
(ii) Tradelines of RM2,500,000
(iii)Foreign Exchange Contract Line of RM300,000
Default Amount: RM2,102,145.66

Name of subsidiary: AP
Type of Facility:
(i) Overdraft of RM500,000
(ii) Tradelines of RM3,500,000
(iii)Foreign Exchange Contract Line of RM300,000
Default Amount: RM3,545,237.03

Kuala Lumpur High Court had on 19 January 2012 granted a further extension of Stay Order ("Order") pursuant to Section 176 of the Companies Act 1965, to restrain all further proceedings against Sanichi and its subsidiaries for a period of six (6) months from 26 January 2012 to 25 July 2012.

14) Sanichi had announced that the Company and its wholly-owned subsidiary namely Sanichi Precision Mould Sdn Bhd ("SPM") had on 20 December 2010 received Notices of Demand for default in payment of monthly instalments in respect of 10 Hire Purchase Facility(ies) granted by RHB Bank Berhad ("RHB"). Total default amount was RM3,665,712.97. Kuala Lumpur High Court had on 19 January 2012 granted a further extension of Stay Order ("Order") pursuant to Section 176 of the Companies Act 1965, to restrain all further proceedings against Sanichi and its subsidiaries for a period of six (6) months from 26 January 2012 to 25 July 2012.

B12. Dividend Proposed

No dividend was declared and recommended for payment during the quarter under review.

B13. Loss Per Share ("LPS")

SANICHI TECHNOLOGY BERHAD

Company No. 661826-K
(Incorporated in Malaysia)

Basic LPS

	Current quarter ended		Cumulative quarter ended	
	30 September 2012	30 September 2011	30 September 2012	30 September 2011
Net loss for the period (RM'000)	(1,714)	(2,141)	(1,714)	(2,141)
Weighted average number of shares in issue ('000)	179,985	163,500	179,985	163,500
Basic LPS (sen)	(1.0)	(1.3)	(1.0)	(1.3)

Basic LPS is calculated by dividing the net loss attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

Diluted EPS

Diluted EPS is equal to the basic EPS as there were no convertible or option outstanding which can be potentially converted into ordinary shares in both the previous and current financial periods.

B14. Retained Profits/(Accumulated Losses)

SANICHI TECHNOLOGY BERHAD

Company No. 661826-K
(Incorporated in Malaysia)

	As at 30 September 2012 RM'000	As at 30 September 2011 RM'000
Realized (Loss) / Gain	(38,657)	(11,056)
Unrealized (Loss) / Gain	-	-
	(38,657)	(11,056)
Less Consolidated adjustment	19,549	(7,964)
Total group accumulated losses	**(19,108)**	**(19,020)**

B15. Comprehensive Income Disclosure

	Current quarter ended		**Cumulative quarter ended**	
	30 September 2012	**30 September 2011**	**30 September 2012**	**30 September 2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest income	(3)	(7)	(3)	(7)
Interest expense	561	528	561	528
Depreciation and amortization	584	538	584	538
Bad debt recovered	(35)	-	(35)	(408)
Bad debt written off	-	-	-	-
Loss / (Gain)on foreign exchange	-	-	-	-
(Gain) / Loss on disposal of property, plant and equipments	-	(39)	-	(39)

B16. Audit Report of Preceding Annual Financial Statements

The audited financial statements of the Company and its subsidiary companies for the FYE 30 June 2012 were subject to modified opinion with emphasis on the Company's going concern.

HASNAN THL WONG & PARTNERS
AF 0942
Firm of Chartered Accountants
• Audit & Taxation
• Corporate Advisory
• Business Consultancy
• Financial & Accounting Solutions

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Selangor Darul Ehsan, Malaysia
T : +603-79565333
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Date: 5 February 2013

The Board of Directors
Sanichi Technology Berhad
PLO 135, Jalan Cyber 5
Kawasan Perindustrian Senai Fasa 3
81400 Senai
Johor Darul Takzim

Dear Sirs,

SANICHI TECHNOLOGY BERHAD ("STB")
REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012

We have reviewed the attached proforma consolidated statements of financial position of STB as at 30 June 2012 together with the accompanying notes thereon as set out in the accompanying statements (which we have stamped for the purpose of identification) for which the Directors of STB are solely responsible. The Proforma Consolidated Statements of Financial Position of STB as at 30 June 2012 have been prepared for illustrative purposes only for inclusion in the Abridged Prospectus of STB to be dated 19 February 2013 in connection with the renounceable rights issue of shares with free warrants which forms part of the corporate exercises undertaken by STB as follows:-

i) Reduction of up to RM10,586,318 from the share premium account of STB pursuant to Sections 60(2) and 64(1) of the Companies Act, 1965 ("Act") to set-off the accumulated losses of STB ("Share Premium Reduction");

ii) Reduction of the issued and paid-up share capital of STB pursuant to Section 64(1) of the Act, involving the cancellation of RM0.08 of the par value of each ordinary share of RM0.10 each in STB ("STB Share(s)") and thereafter the consolidation of five (5) ordinary shares of RM0.02 each into one (1) new STB Share of RM0.10 each ("Par Value Reduction and Consolidation");

iii) Increase in authorised share capital of STB from RM25,000,000 comprising 250,000,000 ordinary shares of RM0.10 each to RM 100,000,000 comprising 1,000,000,000 ordinary shares of RM0.10 each ("Increase in Authorised Share Capital");

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iv) Amendments to the Memorandum of Association ("M&A") of STB to facilitate the increase in the authorised share capital of STB pursuant to the Increase in Authorised Share Capital ("M&A Amendments");

v) Restricted issue of 85,000,000 new STB Shares of RM0.10 each ("Restricted Issue Shares") together with 42,500,000 free Warrants ("Warrant(s) A") to Protev Asia Limited *(formerly known as Oceanaire International Limited)* ("Protev Asia") at an issue price of RM0.10 per Restricted Issue Share on the basis of one (1) free Warrant A for every two (2) Restricted Issue Shares subscribed by Protev Asia ("Restricted Issue with Warrants");

vi) Restructuring of debts owing to certain financial institutions and trade and other creditors of STB and its subsidiaries ("STB Group" or the "Group") pursuant to Section 176 of the Act ("Debt Restructuring");

vii) Renounceable rights issue of up to 120,970,000 new STB Shares of RM0.10 each ("Rights Shares") together with up to 60,485,000 free Warrants ("Warrant(s) B") at an issue price of RM0.10 per Rights Share on the basis of two (2) Rights Shares together with one (1) free Warrant B for every two (2) existing STB Shares held at 5.00 p.m. on 19 February 2013, based on a minimum subscription level of 65,000,000 Rights Shares together with 32,500,000 free Warrants B ("Rights Issue with Warrants"); and

viii) Exemption to Protev Asia and its persons acting in concert ("PACs") under Practice Note 9, Paragraph 16.1 of the Malaysian Code on Take-Overs and Mergers 2010 ("Code") from the obligation to undertake a mandatory take-over offer to acquire all the remaining STB Shares not already held by Protev Asia and its PACs upon completion of the Restricted Issue with Warrants as prescribed under Part III of the Code ("Exemption").

Collectively, the Share Premium Reduction, the Par Value Reduction and Consolidation, the Increase in Authorised Share Capital, the M&A Amendments, the Restricted Issue with Warrants, the Debt Restructuring, the Rights Issue with Warrants and the Exemption shall hereinafter referred to as the "Corporate Exercises".

At the Company's Extraordinary General Meeting held on 21 November 2012, the shareholders had approved the Corporate Exercises.

The High Court of Malaya had, on 7 December 2012, granted an order confirming the Share Premium Reduction and the Par Value Reduction and Consolidation pursuant to Sections 60(2) and 64(1) of the Act. On 10 December 2012, STB had announced that the entitlement date for the Par Value Reduction and Consolidation has been fixed at 5.00 p.m. on 24 December 2012.

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The Restricted Issue with Warrants was completed on 28 December 2012 following the listing of and quotation for the 85,000,000 Restricted Issue Shares on the ACE Market of Bursa Malaysia Securities Berhad.

For this purpose, "STB Share(s)" or "Share(s)" shall refer to the ordinary shares of RM0.10 each in STB before the Par Value Reduction and Consolidation or where the context requires, the ordinary shares of RM0.10 each in STB after the Par Value Reduction and Consolidation.

As the proforma consolidated statements of financial position of STB as at 30 June 2012 are prepared for illustrative purposes only, such information, because of its nature, does not give a true picture of the effects of the Corporate Exercises on the financial position of STB had the transactions or events occurred as at 30 June 2012. Furthermore, such information does not purport to predict STB's future financial position.

This letter has been prepared in accordance with the Prospectus Guidelines - Abridged Prospectus issued by the Securities Commission Malaysia (hereinafter referred to as the "Abridged Prospectus Guidelines") for inclusion in the Abridged Prospectus of STB and for no other purposes.

Responsibilities

It is the responsibilities solely of the Board of Directors of STB to prepare the proforma consolidated statements of financial position of STB as at 30 June 2012 in respect of the Corporate Exercises in accordance with the requirement of the Abridged Prospectus Guidelines.

It is our responsibility to form an opinion as required by the Abridged Prospectus Guidelines on the proforma consolidated statements of financial position of STB as at 30 June 2012 and to report that opinion to you.

In providing this opinion, we are not responsible in updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the proforma consolidated statements of financial position of STB as at 30 June 2012, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom the reports or opinions were addressed by us at the dates of their issue.

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Basis of opinion

We conducted our work in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 - Assurance Engagements Other Than Audit or Reviews of Historical Financial Information. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information presented with their original form, discussing the proforma consolidated statements of financial position with the Directors and the responsible officers of STB, considering the evidence supporting the adjustments, and checking the bases adopted by the Directors of STB in the preparation of the proforma consolidated statements of financial position of STB as at 30 June 2012.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the proforma consolidated statements of financial position have been properly prepared on the basis stated in the accompanying notes using financial statements prepared in accordance with Financial Reporting Standards in Malaysia, and in a manner consistent with both the format of the consolidated statements of financial position and the accounting policies of the STB Group. Our work also involves assessing whether each material adjustment made to the information used in the preparation of the proforma consolidated statements of financial position is appropriate for the purposes of preparing the proforma consolidated statements of financial position.

Opinion

In our opinion:

a) the proforma consolidated statements of financial position of STB as at 30 June 2012, which are prepared for illustrative purposes only, have been properly prepared on the bases set out in the notes to the proforma consolidated statements of financial position and prepared in accordance with applicable approved Financial Reporting Standards in Malaysia; and

b) within the context of the assumed date of the Corporate Exercises:

    i) the proforma consolidated statements of financial position have been prepared on the basis that is consistent with the format of financial statements and accounting policies adopted by STB as at 30 June 2012; and

    ii) each material adjustment made in the preparation of the proforma consolidated statements of financial position are appropriate for the purposes of preparing the proforma consolidated statements of financial position.

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Other matters

This letter has been prepared for inclusion in the Abridged Prospectus of STB in relation to the Rights Issue with Warrants and is not to be used, circulated, quoted or used for any other purpose without prior written consent from us. 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,

HTW & Partners

HASNAN THL WONG & PARTNERS (NO. AF 0942) CHARTERED ACCOUNTANTS	WONG KOK SEONG CHARTERED ACCOUNTANTS (NO: 2791/08/14 (J))

Petaling Jaya

OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON *(Cont'd)*

SANICHI TECHNOLOGY BERHAD ("STB")
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012

Minimum Subscription Scenario

		(I)*	(II)*	(III)**	(IV)	(V)	(VI)	(VII)
	Audited as at 30 June 2012	After the Share Premium Reduction	After (I) and the Par Value Reduction and Consolidation	After (II) and the Restricted Issue with Warrants	After (III) and the Debt Restructuring	After (IV) and the Rights Issue with Warrants	After (V) and assuming full conversion of the ICULS	After (VI) and assuming full exercise of the Warrants A and the Warrants B
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS								
Non-current assets								
Property, plant and equipment	35,855	35,855	35,855	38,355	33,706	33,706	33,706	33,706
Goodwill on consolidation	7	7	7	7	7	7	7	7
Deferred tax asset	-	-	-	-	389	389	-	-
Total non-current assets	35,862	35,862	35,862	38,362	34,102	34,102	33,713	33,713
Current assets								
Inventories	2,679	2,679	2,679	2,679	2,679	2,679	2,679	2,679
Trade receivables	9,789	9,789	9,789	9,789	9,789	9,789	9,789	9,789
Other receivables	614	614	614	614	614	614	614	614
Tax in credit	565	565	565	565	565	565	565	565
Fixed deposits	543	543	543	543	43	43	43	43
Cash and bank balances	50	50	50	5,050	5,050	11,550	11,550	19,050
Total current assets	14,240	14,240	14,240	19,240	18,740	25,240	25,240	32,740
TOTAL ASSETS	50,102	50,102	50,102	57,602	52,842	59,342	58,953	66,453

For Identification Purpose Only
HASNAN THL WONG & PARTNERS AF NO. 0942

OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON *(Cont'd)*

SANICHI TECHNOLOGY BERHAD ("STB")
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012

Minimum Subscription Scenario (cont'd)

		(I)*	(II)*	(III)**	(IV)	(V)	(VI)	(VII)
	Audited as at 30 June 2012	After the Share Premium Reduction	After (I) and the Par Value Reduction and Consolidation	After (II) and the Restricted Issue with Warrants	After (III) and the Debt Restructuring	After (IV) and the Rights Issue with Warrants	After (V) and assuming full conversion of the ICULS	After (VI) and assuming full exercise of the Warrants A and the Warrants B
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES								
Equity attributable to owners of the parent								
Share capital	17,985	17,985	3,597	12,097	12,974	19,474	24,098	31,598
Share premium	10,586	-	-	-	-	-	-	3,750 [9]
Revaluation reserve	7,245 [1]	7,245	7,245	7,245	6,790 [4]	6,790	6,790	6,790
ICULS	-	-	-	-	3,458 [5]	3,458	-	-
Exchange reserve	(90)	(90)	(90)	(90)	(90)	(90)	(90)	(90)
Warrant reserve	-	-	-	2,125 [2]	2,125	3,750 [8]	3,750	-
(Accumulated losses)/ Retained earnings	(24,632)	(14,046)	342	(2,783) [3]	3,423 [6]	1,798	1,798	1,798
Total equity	11,094	11,094	11,094	18,594	28,680	35,180	36,346	43,846

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OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON *(Cont'd)*

SANICHI TECHNOLOGY BERHAD ("STB")
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012

Minimum Subscription Scenario (cont'd)

		(I)*	(II)*	(III)**	(IV)	(V)	(VI)	(VII)
	Audited as at 30 June 2012	After the Share Premium Reduction	After (I) and the Par Value Reduction and Consolidation	After (II) and the Restricted Issue with Warrants	After (III) and the Debt Restructuring	After (IV) and the Rights Issue with Warrants	After (V) and assuming full conversion of the ICULS	After (VI) and assuming full exercise of the Warrants A and the Warrants B
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current liabilities								
Trade and other payables	8,490	8,490	8,490	8,490	3,998	3,998	3,998	3,998
Amount due to Directors	689	689	689	689	689	689	689	689
Bank overdraft	1,742	1,742	1,742	1,742	-	-	-	-
Borrowings	25,841	25,841	25,841	25,841	15,782	15,782	15,782	15,782
Tax payable	85	85	85	85	85	85	85	85
Total current liabilities	36,847	36,847	36,847	36,847	20,554	20,554	20,554	20,554
Non-current liabilities								
Deferred tax liability	2,053	2,053	2,053	2,053	2,053	2,053	2,053	2,053
ICULS	-	-	-	-	1,555	1,555	-	-
Borrowings	108	108	108	108	-	-	-	-
Total non-current liabilities	2,161	2,161	2,161	2,161	3,608	3,608	2,053	2,053
Total liabilities	39,008	39,008	39,008	39,008	24,162	24,162	22,607	22,607
TOTAL EQUITY AND LIABILITIES	50,102	50,102	50,102	57,602	52,842	59,342	58,953	66,453

For Identification Purpose Only
HASNAN THL WONG & PARTNERS AF NO: 0942

OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON *(Cont'd)*

SANICHI TECHNOLOGY BERHAD ("STB")
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012

Minimum Subscription Scenario (cont'd)

		(I)*	(II)*	(III)**	(IV)	(V)	(VI)	(VII)
	Audited as at 30 June 2012	After the Share Premium Reduction	After (I) and the Par Value Reduction and Consolidation	After (II) and the Restricted Issue with Warrants	After (III) and the Debt Restructuring	After (IV) and the Rights Issue with Warrants	After (V) and assuming full conversion of the ICULS	After (VI) and assuming full exercise of the Warrants A and the Warrants B
Par value per STB Share (RM)	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Number of ordinary shares ('000)	179,850	179,850	35,970	120,970	129,736	194,736	240,973	315,973
Net Asset per ordinary share (RM)	0.06	0.06	0.31	0.15	0.22	0.18	0.15	0.14
Net Tangible Asset per ordinary share (RM)	0.06	0.06	0.31	0.15	0.22	0.18	0.15	0.14
Borrowings (RM'000)	27,691	27,691	27,691	27,691	17,337 [(7)]	17,337	15,782	15,782
Gearing ratio (times)	2.50	2.50	2.50	1.49	0.60	0.49	0.43	0.36

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OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON *(Cont'd)*

SANICHI TECHNOLOGY BERHAD ("STB")
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012

Notes:

(1) *Leasehold lands and building of the Group have been revalued on 4 November 2011 by an independent valuer and the machineries of the Group have been revalued on 31 March 2012 by a machinery expert.*

(2) *After issuance of 42,500,000 free Warrants A based on the fair value of RM0.05 per Warrant A.*

(3) *After deducting the estimated expenses amounting to RM1 million in relation to the Corporate Exercises.*

(4) *In accordance to the Asset Disposal Programme, the leasehold land and building are disposed, hence the revaluation reserve related to the said land and building is reversed to accumulated losses.*

(5) *The fair value of the equity component of the ICULS, excluding the liability component and including the deferred tax asset arising on the liability component.*

(6) *After the loss on disposal of the leasehold land and building amounting to RM2,499,000 and the waiver of debts of RM8,250,000.*

(7) *Inclusive of Scheme Creditors and liability component of ICULS, net of the nominal value of ICULS issued of RM4,623,656, the issuance of 8,766,320 Settlement Shares by STB, the proceeds from the disposal of leasehold land and building of RM2,150,000, upliftment of pledged fixed deposit of RM500,000 and the waiver of debts of RM8,250,000.*

(8) *After issuance of 32,500,000 free Warrants B based on the fair value of RM0.05 per Warrant B.*

(9) *The transfer of warrants reserve to share premium account of RM3,750,000 upon full exercise of the aggregated 75,000,000 Warrants A and Warrants B.*

* *The High Court of Malaya had, on 7 December 2012, granted an order confirming the Share Premium Reduction and the Par Value Reduction and Consolidation pursuant to Sections 60(2) and 64(1) of the Act. On 10 December 2012, STB had announced that the entitlement date for the Par Value Reduction and Consolidation has been fixed at 5.00 p.m. on 24 December 2012.*

** *The Restricted Issue with Warrants was completed on 28 December 2012.*

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HASNAN THL WONG & PARTNERS AF NO: 0942

OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON *(Cont'd)*

SANICHI TECHNOLOGY BERHAD ("STB")
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012

Maximum Subscription Scenario

		(I)*	(II)*	(III)**	(IV)	(V)	(VI)	(VII)
	Audited as at 30 June 2012	After the Share Premium Reduction	After (I) and the Par Value Reduction and Consolidation	After (II) and the Restricted Issue with Warrants	After (III) and the Debt Restructuring	After (IV) and the Rights Issue with Warrants	After (V) and assuming full conversion of the ICULS	After (VI) and assuming full exercise of the Warrants A and the Warrants B
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS								
Non-current assets								
Property, plant and equipment	35,855	35,855	35,855	38,355	33,706	33,706	33,706	33,706
Goodwill on consolidation	7	7	7	7	7	7	7	7
Deferred tax asset	-	-	-	-	389	389	-	-
Total non-current assets	35,862	35,862	35,862	38,362	34,102	34,102	33,713	33,713
Current assets								
Inventories	2,679	2,679	2,679	2,679	2,679	2,679	2,679	2,679
Trade receivables	9,789	9,789	9,789	9,789	9,789	9,789	9,789	9,789
Other receivables	614	614	614	614	614	614	614	614
Tax in credit	565	565	565	565	565	565	565	565
Fixed deposits	543	543	543	543	43	43	43	43
Cash and bank balances	50	50	50	5,050	5,050	11,550	11,550	21,849
Total current assets	14,240	14,240	14,240	19,240	18,740	25,240	25,240	35,539
TOTAL ASSETS	50,102	50,102	50,102	57,602	52,842	59,342	58,953	69,252

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OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON *(Cont'd)*

SANICHI TECHNOLOGY BERHAD ("STB")
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012

Maximum Subscription Scenario (cont'd)

		(I)*	(II)*	(III)**	(IV)	(V)	(VI)	(VII)
	Audited as at 30 June 2012	After the Share Premium Reduction	After (I) and the Par Value Reduction and Consolidation	After (II) and the Restricted Issue with Warrants	After (III) and the Debt Restructuring	After (IV) and the Rights Issue with Warrants	After (V) and assuming full conversion of the ICULS	After (VI) and assuming full exercise of the Warrants A and the Warrants B
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES								
Equity attributable to owners of the parent								
Share capital	17,985	17,985	3,597	12,097	12,974	25,071	29,695	39,994
Share premium	10,586	-	-	-	-	-	-	5,149 (9)
Revaluation reserve	7,245 (1)	7,245	7,245	7,245	6,790 (4)	6,790	6,790	6,790
ICULS	-	-	-	-	3,458 (5)	3,458	-	-
Exchange reserve	(90)	(90)	(90)	(90)	(90)	(90)	(90)	(90)
Warrant reserve	-	-	-	2,125 (2)	2,125	5,149 (8)	5,149	-
(Accumulated losses)/ Retained earnings	(24,632)	(14,046)	342	(2,783) (3)	3,423 (6)	399	399	399
Total equity	11,094	11,094	11,094	18,594	28,680	40,777	41,943	52,242

OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON *(Cont'd)*

SANICHI TECHNOLOGY BERHAD ("STB")
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012

Maximum Subscription Scenario (cont'd)

		(I)*	(II)*	(III)**	(IV)	(V)	(VI)	(VII)
	Audited as at 30 June 2012	After the Share Premium Reduction	After (I) and the Par Value Reduction and Consolidation	After (II) and the Restricted Issue with Warrants	After (III) and the Debt Restructuring	After (IV) and the Rights Issue with Warrants	After (V) and assuming full conversion of the ICULS	After (VI) and assuming full exercise of the Warrants A and the Warrants B
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current liabilities								
Trade and other payables	8,490	8,490	8,490	8,490	3,998	3,998	3,998	3,998
Amount due to Directors	689	689	689	689	689	689	689	689
Bank overdraft	1,742	1,742	1,742	1,742	-	-	-	-
Borrowings	25,841	25,841	25,841	25,841	15,782	10,185	10,185	10,185
Tax payable	85	85	85	85	85	85	85	85
Total current liabilities	36,847	36,847	36,847	36,847	20,554	14,957	14,957	14,957
Non-current liabilities								
Deferred tax liability	2,053	2,053	2,053	2,053	2,053	2,053	2,053	2,053
ICULS	-	-	-	-	1,555	1,555	-	-
Borrowings	108	108	108	108	-	-	-	-
Total non-current liabilities	2,161	2,161	2,161	2,161	3,608	3,608	2,053	2,053
Total liabilities	39,008	39,008	39,008	39,008	24,162	18,565	17,010	17,010
TOTAL EQUITY AND LIABILITIES	50,102	50,102	50,102	57,602	52,842	59,342	58,953	69,252

For Identification Purpose Only
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OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON *(Cont'd)*

SANICHI TECHNOLOGY BERHAD ("STB")
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012

Maximum Subscription Scenario (cont'd)

		(I)*	(II)*	(III)**	(IV)	(V)	(VI)	(VII)
	Audited as at 30 June 2012	After the Share Premium Reduction	After (I) and the Par Value Reduction and Consolidation	After (II) and the Restricted Issue with Warrants	After (III) and the Debt Restructuring	After (IV) and the Rights Issue with Warrants	After (V) and assuming full conversion of the ICULS	After (VI) and assuming full exercise of the Warrants A and the Warrants B
Par value per STB Share (RM)	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Number of ordinary shares ('000)	179,850	179,850	35,970	120,970	129,736	250,706	296,943	399,928
Net Asset per ordinary share (RM)	0.06	0.06	0.31	0.15	0.22	0.16	0.14	0.13
Net Tangible Asset per ordinary share (RM)	0.06	0.06	0.31	0.15	0.22	0.16	0.14	0.13
Borrowings (RM'000)	27,691	27,691	27,691	27,691	17,337 (7)	11,740	10,185	10,185
Gearing ratio (times)	2.50	2.50	2.50	1.49	0.60	0.29	0.24	0.19

OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON *(Cont'd)*

SANICHI TECHNOLOGY BERHAD ("STB")
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012

Notes:

(1) *Leasehold lands and building of the Group have been revalued on 4 November 2011 by an independent valuer and the machineries of the Group have been revalued on 31 March 2012 by a machinery expert.*

(2) *After issuance of 42,500,000 free Warrants A based on the fair value of RM0.05 per Warrant A.*

(3) *After deducting the estimated expenses amounting to RM1 million in relation to the Corporate Exercises.*

(4) *In accordance to the Asset Disposal Programme, the leasehold land and building are disposed, hence the revaluation reserve related to the said land and building is reversed to accumulated losses.*

(5) *The fair value of the equity component of the ICULS, excluding the liability component and including the deferred tax asset arising on the liability component.*

(6) *After the loss on disposal of the leasehold land and building amounting to RM2,499,000 and the waiver of debts of RM8,250,000.*

(7) *Inclusive of Scheme Creditors and liability component of ICULS, net of the nominal value of ICULS issued of RM4,623,656, the issuance of 8,766,320 Settlement Shares by STB, the proceeds from the disposal of leasehold land and building of RM2,150,000, upliftment of pledged fixed deposit of RM500,000 and the waiver of debts of RM8,250,000.*

(8) *After issuance of 60,485,000 free Warrants B based on the fair value of RM0.05 per Warrant B.*

(9) *The transfer of warrants reserve to share premium account of RM5,149,000 upon full exercise of the aggregated 102,985,000 Warrants A and Warrants B.*

* *The High Court of Malaya had, on 7 December 2012, granted an order confirming the Share Premium Reduction and the Par Value Reduction and Consolidation pursuant to Sections 60(2) and 64(1) of the Act. On 10 December 2012, STB had announced that the entitlement date for the Par Value Reduction and Consolidation has been fixed at 5.00 p.m. on 24 December 2012.*

** *The Restricted Issue with Warrants was completed on 28 December 2012.*

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SANICHI TECHNOLOGY BERHAD ("STB")

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012

1. **Details of the Corporate Exercises**

The Corporate Exercises undertaken by STB are as follows:

i) Reduction of up to RM10,586,318 from the share premium account of STB pursuant to Sections 60(2) and 64(1) of the Companies Act, 1965 ("Act") to set-off the accumulated losses of STB ("Share Premium Reduction");

ii) Reduction of the issued and paid-up share capital of STB pursuant to Section 64(1) of the Act, involving the cancellation of RM0.08 of the par value of each ordinary share of RM0.10 each in STB ("STB Share(s)") and thereafter the consolidation of five (5) ordinary shares of RM0.02 each into one (1) new STB Share of RM0.10 each ("Par Value Reduction and Consolidation");

iii) Increase in authorised share capital of STB from RM25,000,000 comprising 250,000,000 ordinary shares of RM0.10 each to RM 100,000,000 comprising 1,000,000,000 ordinary shares of RM0.10 each ("Increase in Authorised Share Capital");

iv) Amendments to the Memorandum of Association ("M&A") of STB to facilitate the increase in the authorised share capital of STB pursuant to the Increase in Authorised Share Capital ("M&A Amendments");

v) Restricted issue of 85,000,000 new STB Shares of RM0.10 each ("Restricted Issue Shares") together with 42,500,000 free Warrants ("Warrant(s) A") to Protev Asia Limited *(formerly known as Oceanaire International Limited)* ("Protev Asia") at an issue price of RM0.10 per Restricted Issue Share on the basis of one (1) free Warrant A for every two (2) Restricted Issue Shares subscribed by Protev Asia ("Restricted Issue with Warrants");

vi) Restructuring of debts owing to certain financial institutions and trade and other creditors of STB and its subsidiaries ("STB Group" or the "Group") pursuant to Section 176 of the Act ("Debt Restructuring");

vii) Renounceable rights issue of up to 120,970,000 new STB Shares of RM0.10 each ("Rights Shares") together with up to 60,485,000 free Warrants ("Warrant(s) B") at an issue price of RM0.10 per Rights Share on the basis of two (2) Rights Shares together with one (1) free Warrant B for every two (2) existing STB Shares held at 5.00 p.m. on 19 February 2013, based on a minimum subscription level of 65,000,000 Rights Shares together with 32,500,000 free Warrants B ("Rights Issue with Warrants"); and

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1. **Details of the Corporate Exercises (cont'd)**

viii) Exemption to Protev Asia and its persons acting in concert ("PACs") under Practice Note 9, Paragraph 16.1 of the Malaysian Code on Take-Overs and Mergers 2010 ("Code") from the obligation to undertake a mandatory take-over offer to acquire all the remaining STB Shares not already held by Protev Asia and its PACs upon completion of the Restricted Issue with Warrants as prescribed under Part III of the Code ("Exemption").

Collectively, the Share Premium Reduction, the Par Value Reduction and Consolidation, the Increase in Authorised Share Capital, the M&A Amendments, the Restricted Issue with Warrants, the Debt Restructuring, the Rights Issue with Warrants and the Exemption shall hereinafter referred to as the "Corporate Exercises".

At the Company's Extraordinary General Meeting held on 21 November 2012, the shareholders had approved the Corporate Exercises.

The High Court of Malaya had, on 7 December 2012, granted an order confirming the Share Premium Reduction and the Par Value Reduction and Consolidation pursuant to Sections 60(2) and 64(1) of the Act. On 10 December 2012, STB had announced that the entitlement date for the Par Value Reduction and Consolidation has been fixed at 5.00 p.m. on 24 December 2012.

The Restricted Issue with Warrants was completed on 28 December 2012 following the listing of and quotation for the 85,000,000 Restricted Issue Shares on the ACE Market of Bursa Malaysia Securities Berhad.

For this purpose, "STB Share(s)" or "Share(s)" shall refer to the ordinary shares of RM0.10 each in STB before the Par Value Reduction and Consolidation or where the context requires, the ordinary shares of RM0.10 each in STB after the Par Value Reduction and Consolidation.

2. **Basis of preparation**

The proforma consolidated statements of financial position of STB have been prepared for illustrative purposes only to provide information about the consolidated statement of financial position of STB as at 30 June 2012 as if the Corporate Exercises stated in Note 1 above have been implemented and completed as of that date.

The proforma consolidated statements of financial position of STB, for which the Board of Directors of STB ("Board") is solely responsible, have been prepared using financial statements that have been prepared in accordance with applicable approved Financial Reporting Standards in Malaysia.

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2. Basis of preparation (cont'd)

The audited consolidated statement of financial position as at 30 June 2012 has been extracted from the audited consolidated financial statements of STB for the financial year ended 30 June 2012, of which the statutory auditors expressed an unqualified opinion with emphasis of matters on going concern.

The proforma consolidated statements of financial position of STB have been prepared in a manner consistent with both the format of the financial statements and the accounting policies of STB as disclosed in STB's audited consolidated financial statements for the financial year ended 30 June 2012, except for the adoption of the following new accounting policies:

Warrant reserve

Amount allocated in relation to the issuance of free Warrants are credited to a warrant reserve which is non-distributable. Warrant reserve is transferred to the share premium account upon the exercise or expiry of Warrants.

3. Proforma Consolidated Statements of Financial Position

Minimum Subscription Scenario

Proforma I

Proforma I incorporates the effects of the share premium account reduction of RM 10,586,318.

The effects arising from the share premium reduction are set out as follows:-

	RM'000
Share premium account	
Audited as at 30 June 2012	10,586
Share premium reduction	(10,586)
As per Proforma I	-

3. Proforma Consolidated Statements of Financial Position (cont'd)

Minimum Subscription Scenario

Proforma I (cont'd)

Accumulated losses

	RM'000
Audited as at 30 June 2012	(24,632)
Share premium reduction	10,586
As per Proforma I	(14,046)

Proforma II

Proforma II includes the effects of Proforma I and the par value reduction via the cancellation of RM 0.08 from the par value of each of the existing ordinary share and consolidation of five (5) ordinary shares of RM 0.02 each into one (1) new STB Share of RM 0.10 each.

	Par value	No. of STB Shares ('000)	RM'000
Existing issued and paid-up shares as at 30 June 2012	0.10	179,850	17,985
After par value reduction	0.02	179,850	3,597
After consolidation	0.10	35,970	3,597

The effects of the Par Value Reduction and Consolidation on the accumulated losses/retained earnings are as follows:-

	RM'000
Accumulated losses as per Proforma I	(14,046)
Credit arising from the par value reduction*	14,388
Retained earnings as per Proforma II	342

Note:
*The consolidation would not have an effect on the accumulated losses/retained earnings.

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3. Proforma Consolidated Statements of Financial Position (cont'd)

Minimum Subscription Scenario

Proforma III

Proforma III incorporates the effects of Proforma II and the restricted issue of 85,000,000 Restricted Issue Shares together with 42,500,000 free Warrants A to Protev Asia at an issue price of RM 0.10 per Restricted Issue Share on the basis of one (1) free Warrant A for every two (2) Restricted Issue Shares subscribed by Protev Asia. Based on the issue price of the Restricted Issue Shares subscribed, the Restricted Issue with Warrants raised gross proceeds of RM 8,500,000. The details of the utilisation of proceeds are set out as follows:-

	RM'000
Working capital *	5,000
Estimated expenses pursuant to the Corporate Exercises*	1,000
Purchase of new machineries #	2,500
Total	8,500

Notes:
* Included in cash and bank balances
# Included in property, plant and equipment

The estimated expenses to be incurred for the Corporate Exercises amounted to RM 1,000,000 have been charged to retained earnings.

The fair value of RM 0.05 per Warrant is determined using the Black-Scholes option pricing model based on the following key assumptions:

Interest rate	3.42%
Expected volatility of STB share price	166.35%

After the completion of the Restricted Issue with Warrants, the issued and paid-up share capital of STB had increased to RM 12,097,000. According to FRSIC Consensus 9, there is a value attached to the free warrants, correspondingly there will be a creation of a warrant reserve of RM 2,125,000 which is charged to retained earnings based on the fair value of RM 0.05 per Warrant.

3. Proforma Consolidated Statements of Financial Position (cont'd)

Minimum Subscription Scenario

Proforma IV

Proforma IV incorporates the effects of Proforma III and the Debt Restructuring.

The Debt Restructuring entails the followings:-

a) issuance of RM 4,623,656 nominal value of ICULS at 100% of the nominal value of RM 0.10 each in respect of trade and other payables and borrowings amounting to RM 1,797,194 and RM 2,826,462 respectively;

b) issuance of 8,766,320 Settlement Shares at the issue price of RM 0.10 each;

c) disposal of one (1) unit of land and building at the price of RM 2,150,043;

d) settlement of fixed deposit of RM 500,000; and

e) waiver of debts in respect of trade and other payables and borrowings amounting to RM 2,695,791 and RM 5,554,641 respectively.

The effects arising from the Debt Restructuring are as follows:-

Property, plant and equipment

	RM'000
As per Proforma III	38,355
Asset disposal under the scheme	(4,649)
As per Proforma IV	33,706

Deferred tax asset

	RM'000
As per Proforma III	-
Arising from the liability component of ICULS	389
As per Proforma IV	389

Fixed deposits

	RM'000
As per Proforma III	543
Settlement of debts	(500)
As per Proforma IV	43

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3. **Proforma Consolidated Statements of Financial Position (cont'd)**

Minimum Subscription Scenario

Proforma IV (cont'd)

Share capital

	RM'000
As per Proforma III	12,097
Issuance of Settlement Shares	877
As per Proforma IV	12,974

Revaluation reserve

	RM'000
As per Proforma III	7,245
Reversal of revaluation reserve due to disposal of revalued asset	(455)
As per Proforma IV	6,790

ICULS

ICULS is segregated into equity and liability component. The following fair value of the liability component of the ICULS is arrived at by discounting the yearly coupon payments over the tenure of five (5) years at a discount rate of 6.56%, the weighted average cost of capital of STB.

	RM'000
Liability component of the ICULS	1,555

The fair value of the ICULS' equity component is determined based on the issuance of ICULS for settlement, net of the ICULS' liability component and include the deferred tax asset arising from the liability component as follows:-

	RM'000
Issuance of ICULS for settlement	4,624
Deferred tax asset arising from the liability component	389
	5,013
Less: ICULS' liability component	(1,555)
	3,458

The deferred tax asset is computed based on the statutory tax rate of 25% on the liability component.

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3. **Proforma Consolidated Statements of Financial Position (cont'd)**

Minimum Subscription Scenario

Proforma IV (cont'd)

Retained earnings

	RM'000
As per Proforma III	(2,783)
Loss on disposal of one (1) unit of land and building	(2,499)
Reversal of revaluation reserve due to disposal of revalued asset	455
Waiver of debts	8,250
As per Proforma IV	3,423

Trade and other payables

	RM'000
As per Proforma III	8,490
Issuance of ICULS	(1,797)
Waiver of debts	(2,695)
As per Proforma IV	3,998

Borrowings - current

	RM'000
As per Proforma III	25,841
Reclassification of bank overdrafts	1,742
Reclassification of borrowings - non-current	108
Settlement of debts by fixed deposit	(500)
Settlement of debts by issuance of Settlement Shares	(877)
Proceeds from disposal of one (1) unit of land and building	(2,150)
Issuance of ICULS	(2,827)
Waiver of debts	(5,555)
As per Proforma IV	15,782

3. **Proforma Consolidated Statements of Financial Position (cont'd)**

Minimum Subscription Scenario

Proforma V

Proforma V incorporates the effects of Proforma IV and the renounceable rights issue of 65,000,000 Rights Shares together with 32,500,000 free Warrants B at an issue price of RM 0.10 per Rights Share on the basis of two (2) Rights Shares together with one (1) free Warrant B for every two (2) existing STB Shares held at 5.00 p.m. on 19 February 2013. Based on the issue price of the Rights Shares subscribed, the Rights Issue with Warrants will raise gross proceeds of RM 6,500,000. The details of the utilisation of proceeds are set out as follows:-

	RM'000
Working capital *	6,500
Total	6,500

Note:
* Included in cash and bank balances

Upon completion of the Rights Issue with Warrants, the issued and paid-up share capital of STB will increase to RM 19,473,632. Correspondingly, there will be an additional of a warrant reserve of RM 1,625,000 which is charged to retained earnings based on the fair value of RM 0.05 per Warrant.

Proforma VI

Proforma VI incorporates the effects of Proforma V and assuming that the RM 4,623,656 nominal value of ICULS at 100% of the nominal value of RM 0.10 each are fully converted into 46,236,560 new STB Shares at the conversion price of RM 0.10 for one (1) new STB Share. The equity and liability components of the ICULS and deferred tax asset arising from the liability component of the ICULS will be reversed accordingly.

3. **Proforma Consolidated Statements of Financial Position (cont'd)**

Minimum Subscription Scenario

Proforma VII

Proforma VII incorporates the effects of Proforma VI and the full exercise of 42,500,000 Warrants A and 32,500,000 Warrants B, based on the exercise price of RM 0.10 per Warrant for one (1) new STB Share.

Pursuant to the full exercise of 42,500,000 Warrants A and 32,500,000 Warrants B, 75,000,000 new STB Shares will be issued and this will increase the issued and paid-up share capital of STB by RM 7,500,000. The warrant reserve of RM 3,750,000 will be transferred to share premium account.

Maximum Subscription Scenario

Proforma I

Proforma I incorporates the effects of the share premium account reduction of RM 10,586,318.

The effects arising from the share premium reduction are set out as follows:-

Share premium account	RM'000
Audited as at 30 June 2012	10,586
Share premium reduction	(10,586)
As per Proforma I	-

Accumulated losses	RM'000
Audited as at 30 June 2012	(24,632)
Share premium reduction	10,586
As per Proforma I	(14,046)

3. **Proforma Consolidated Statements of Financial Position (cont'd)**

Maximum Subscription Scenario

Proforma II

Proforma II includes the effects of Proforma I and the par value reduction via the cancellation of RM 0.08 from the par value of each of the existing ordinary share and consolidation of five (5) ordinary shares of RM 0.02 each into one (1) new STB Share of RM 0.10 each.

	Par value	No. of STB Shares '000	RM'000
Existing issued and paid-up shares as at 30 June 2012	0.10	179,850	17,985
After par value reduction	0.02	179,850	3,597
After consolidation	0.10	35,970	3,597

The effects of the Par Value Reduction and Consolidation on the accumulated losses/retained earnings are as follows:-

	RM'000
Accumulated losses as per Proforma I	(14,046)
Credit arising from the par value reduction*	14,388
Retained earnings as per Proforma II	342

Note:
* The consolidation would not have an effect on the accumulated losses/retained earnings.

Proforma III

Proforma III incorporates the effects of Proforma II and the restricted issue of 85,000,000 Restricted Issue Shares together with 42,500,000 free Warrants A to Protev Asia at an issue price of RM 0.10 per Restricted Issue Share on the basis of one (1) free Warrant A for every two (2) Restricted Issue Shares subscribed by Protev Asia. Based on the issue price of the Restricted Issue Shares subscribed, the Restricted Issue with Warrants raised gross proceeds of RM 8,500,000. The details of the utilisation of proceeds are set out as follows:-

3. **Proforma Consolidated Statements of Financial Position (cont'd)**

Maximum Subscription Scenario

Proforma III (cont'd)

	RM'000
Working capital *	5,000
Estimated expenses pursuant to the Corporate Exercises*	1,000
Purchase of new machineries #	2,500
Total	8,500

Notes:
* Included in cash and bank balances
# Included in property, plant and equipment

The estimated expenses to be incurred for the Corporate Exercises amounted to RM 1,000,000 have been charged to retained earnings.

The fair value of RM 0.05 per Warrant is determined using the Black-Scholes option pricing model based on the following key assumptions:

Interest rate	3.42%
Expected volatility of STB share price	166.35%

After the completion of the Restricted Issue with Warrants, the issued and paid-up share capital of STB had increased to RM 12,097,000. According to FRSIC Consensus 9, there is a value attached to the free warrants, correspondingly there will be a creation of a warrant reserve of RM 2,125,000 which charged to retained earnings based on the fair value of RM 0.05 per Warrant.

3. **Proforma Consolidated Statements of Financial Position (cont'd)**

Maximum Subscription Scenario

Proforma IV

Proforma IV incorporates the effects of Proforma III and the Debt Restructuring.

The Debt Restructuring entails the followings:-

a) issuance of RM 4,623,656 nominal value of ICULS at 100% of the nominal value of RM 0.10 each in respect of trade and other payables and borrowings amounting to RM 1,797,194 and RM 2,826,462 respectively;

b) issuance of 8,766,320 Settlement Shares at the issue price of RM 0.10 each;

c) disposal of one (1) unit of land and building at the value of RM 2,150,043;

d) settlement of fixed deposit of RM 500,000; and

e) waiver of debts in respect of trade and other payables and borrowings amounting to RM 2,695,791 and RM 5,554,641 respectively.

The effects arising from the Debt Restructuring are as follows:-

Property, plant and equipment

	RM'000
As per Proforma III	38,355
Asset disposal under the scheme	(4,649)
As per Proforma IV	33,706

Deferred tax asset

	RM'000
As per Proforma III	-
Arising from the liability component of ICULS	389
As per Proforma IV	389

Fixed deposits

	RM'000
As per Proforma III	543
Settlement of debts	(500)
As per Proforma IV	43

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3. **Proforma Consolidated Statements of Financial Position (cont'd)**

Maximum Subscription Scenario

Proforma IV (cont'd)

Share capital

	RM'000
As per Proforma III	12,097
Issuance of Settlement Shares	877
As per Proforma IV	12,974

Revaluation reserve

	RM'000
As per Proforma III	7,245
Reversal of revaluation reserve due to disposal of revalued asset	(455)
As per Proforma IV	6,790

ICULS

ICULS is segregated into equity and liability component. The following fair value of the liability component of the ICULS is arrived at by discounting the yearly coupon payments over the tenure of five (5) years at a discount rate of 6.56%, the weighted average cost of capital of STB.

	RM'000
Liability component of the ICULS	1,555

The fair value of the ICULS' equity component is determined based on the issuance of ICULS for settlement, net of the ICULS' liability component and include the deferred tax asset arising from the liability component as follows:-

	RM'000
Issuance of ICULS for settlement	4,624
Deferred tax asset arising from the liability component	389
	5,013
Less: ICULS' liability component	(1,555)
	3,458

The deferred tax asset is computed based on the statutory tax rate of 25% on the liability component.

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3. Proforma Consolidated Statements of Financial Position (cont'd)

Maximum Subscription Scenario

Proforma IV (cont'd)

Retained earnings

	RM'000
As per Proforma III	(2,783)
Loss on disposal of one (1) unit of land and building	(2,499)
Reversal of revaluation reserve due to disposal of revalued asset	455
Waiver of debts	8,250
As per Proforma IV	3,423

Trade and other payables

	RM'000
As per Proforma III	8,490
Issuance of ICULS	(1,797)
Waiver of debts	(2,695)
As per Proforma IV	3,998

Borrowings - current

	RM'000
As per Proforma III	25,841
Reclassification of bank overdrafts	1,742
Reclassification of borrowings - non-current	108
Settlement of debts by fixed deposit	(500)
Settlement of debts by issuance of Settlement Shares	(877)
Proceeds from disposal of one (1) unit of land and building	(2,150)
Issuance of ICULS	(2,827)
Waiver of debts	(5,555)
As per Proforma IV	15,782

3. Proforma Consolidated Statements of Financial Position (cont'd)

Maximum Subscription Scenario

Proforma V

Proforma V incorporates the effects of Proforma IV and the renounceable rights issue of 120,970,000 Rights Shares together with 60,485,000 free Warrants B at an issue price of RM 0.10 per Rights Share on the basis of two (2) Rights Shares together with one (1) free Warrant B for every two (2) existing STB Shares held at 5.00 p.m. on 19 February 2013. Based on the issue price of the Rights Shares subscribed, the Rights Issue with Warrants will raise gross proceeds of RM 12,097,000. The details of the utilisation of proceeds are set out as follows:-

	RM'000
Working capital *	6,500
Repayment to the Secured Creditors and/or Hire Purchase Creditor	5,597
Total	12,097

Note:
* Included in cash and bank balances

Upon completion of the Rights Issue with Warrants, the issued and paid-up share capital of STB will increase to RM 25,070,632. Correspondingly, there will be an addition of a warrant reserve of RM 3,024,250 which is charged to retained earnings based on the fair value of RM 0.05 per Warrant.

Proforma VI

Proforma VI incorporates the effects of Proforma V and assuming that the RM 4,623,656 nominal value of ICULS at 100% of the nominal value of RM 0.10 each are fully converted into 46,236,560 new STB Shares at the conversion price of RM 0.10 for one (1) new STB Share. The equity and liability components of the ICULS and deferred tax asset arising from the liability component of the ICULS will be reversed accordingly.

Proforma VII

Proforma VII incorporates the effects of Proforma VI and the full exercise of 42,500,000 Warrants A and 60,485,000 Warrants B, based on the exercise price of RM 0.10 per Warrant for one (1) new STB Share.

Pursuant to the full exercise of 42,500,000 Warrants A and 60,485,000 Warrants B, 102,985,000 new STB Shares will be issued and this will increase the issued and paid-up share capital of STB by RM 10,298,500. The warrant reserve of RM 5,149,250 will be transferred to share premium account.

DIRECTORS' REPORT

STB

SANICHI TECHNOLOGY BERHAD (661826-K)

(Incorporated in Malaysia)

PLO 135, Jalan Cyber 5, Kawasan Perindustrian Senai Fasa 3, 81400 Senai, Johor, Malaysia.
Tel No : 607 - 598 8866 Fax No : 607 - 598 2886

Registered Office:

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Kompleks 1 Mont' Kiara
No. 1, Jalan Kiara, Mont' Kiara
50480 Kuala Lumpur

Date : 5 February 2013

To: The Shareholders of Sanichi Technology Berhad ("STB")

Dear Sir/Madam,

On behalf of the Board of Directors of STB, I wish to report that, after making due enquiries in relation to the interval between 30 June 2012 (being the date on which the last audited consolidated financial statements of STB and its subsidiaries ("**Group**") have been made up) to the date hereof, being a date not earlier than fourteen (14) days before the date of issue of this Abridged Prospectus ("**AP**"):

(a) the business of our Group has, in the opinion of our Directors, been satisfactorily maintained;

(b) in the opinion of our Directors, no circumstances have arisen since the last audited consolidated financial statements of our Group which have adversely affected the trading or the value of the assets of our Group;

(c) the current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(d) save as disclosed in Section 10.3 of this AP, there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by our Group;

(e) save as disclosed in Section 10.2 of this AP, there has been no default or any known event that could give rise to a default situation in respect of payments of either interest and/or principal sums in relation to any borrowings of our Group in which our Directors are aware of since the last audited consolidated financial statements of our Group; and

(f) save as disclosed in Section 8.2 of this AP, the risk factors discussed in Section 7 of this AP and Appendix IV of this AP, there have been no material changes in the published reserves or any unusual factors affecting the profits of our Group since the last audited consolidated financial statements of our Group.

Yours faithfully,
for and on behalf of our Board of Directors of
SANICHI TECHNOLOGY BERHAD

Tan Sri Dato' Sri Abdul Halil Bin Abd Mutalif
Chairman/Independent Non-Executive Director

FURTHER INFORMATION

1. SHARE CAPITAL

(i) Save for the Rights Shares, the Warrants B and the new STB Shares to be issued arising from the full exercise of the Warrants B, if any, no other securities will be allotted or issued on the basis of this AP later than twelve (12) months after the date of issue of this AP.

(ii) We have only one (1) class of shares, namely ordinary shares of RM0.10 each, all of which rank *pari passu* with one another as at the date of this AP.

(iii) Save as disclosed below, no securities in our Company have been issued or agreed to be issued, as partly or fully paid-up for a consideration in cash or otherwise than in cash, within two (2) years preceding the date of this AP:

(a) 16,350,000 STB Shares issued pursuant to the private placement exercise which was completed on 5 December 2011;

(b) 85,000,000 Restricted Issue Shares issued pursuant to the Restricted Issue with Warrants which was completed on 28 December 2012;

(c) 8,766,320 Settlement Shares to be issued pursuant to the Debt Restructuring;

(d) up to 120,970,000 Rights Shares to be issued pursuant to the Rights Issue with Warrants;

(e) 46,236,560 new STB Shares to be issued arising from the full conversion of the ICULS to be issued pursuant to the Debt Restructuring; and

(f) up to 102,985,000 new STB Shares to be issued arising from the full exercise of the Warrants A and the Warrants B issued/to be issued pursuant to the Restricted Issue with Warrants and the Rights Issue with Warrants, respectively.

(iv) As of the date of this AP, save for our Entitled Shareholders who will be provisionally allotted the Rights Shares with Warrants B to be issued pursuant to the Rights Issue with Warrants, the 42,500,000 Warrants A issued to Protev Asia pursuant to the Restricted Issue with Warrants and the RM4,623,656 nominal value of ICULS at 100% of the nominal value of RM0.10 each to be issued pursuant to the Debt Restructuring, no person has been or is entitled to be granted an option to subscribe for any securities of our Company.

2. REMUNERATION OF DIRECTORS

The following provisions are reproduced from our Company's Articles of Association. Terms defined in our Articles of Association shall have the same meanings when used herein unless they are otherwise defined herein or the context otherwise requires.

Article 110

Subject to these Articles, the remuneration of the Directors shall from time to time be determined by the Company in general meeting but:

(1) Directors' fees payable to Directors not holding any executive office in the Company shall be a fixed sum and shall not be payable by a commission on or percentage of profits or turnover;

(2) salaries payable to Directors holding executive office in the Company may not include a commission on or a percentage of turnover;

(3) *all remuneration payable to Directors shall be deemed to accrue from day to day;*

(4) *fees payable to Directors shall not be increased except pursuant to a resolution passed by the Company in general meeting, where notice of the proposed increase has been given in the notice convening the meeting;*

(5) *any fee paid to an alternate Director shall be agreed between him and his appointor and shall be deducted from his appointor's remuneration.*

Article 111

The Directors may be paid all travelling, hotel and other expenses, properly incurred by them in attending and returning from meetings of the Directors or any committee of Directors or general or other meetings of the Company or in connection with the business of the Company.

Article 112

The Directors may grant special remuneration to any Director who (on request by the Directors) is willing to:

(1) *render any special or extra services to the Company; or*

(2) *to go or reside outside his country of domicile or residence in connection with the conduct of any of the Company's affairs.*

Such special remuneration may be paid to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be paid in a lump sum or by way of salary, or by a percentage of profits, or by all or any of such methods but shall not include (where such special remuneration is paid by way of salary) a commission on or a percentage of turnover.

Article 140

Subject to the Act, the Directors may appoint 1 or more of their number to any executive office (by whatever title it is known) and may procure the Company to enter into a contract or arrangement with him for his employment or for the provision by him of any services outside the scope of the ordinary duties of a Director. Any such appointment, contract or arrangement may be made (subject to these Articles) on such terms as to remuneration and otherwise as the Directors think fit. A managing director shall be subject to the control of the Directors. A Director may be appointed to hold more than one executive office at a time.

3. MATERIAL CONTRACTS

Save as disclosed below, our Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) during the two (2) years immediately preceding the date of this AP:

(i) Memorandum of Understanding ("**MOU**") dated 1 June 2011 between our Company and PROTEV. This is a MOU executed as a continuance of the Letter of Undertaking dated 6 March 2012 whereby our Company intended to form an alliance with PROTEV to provide PROTEV with a one-stop plastic injection mould fabrication resolution centre. Our Company and PROTEV will mutually benefit with this alliance as it will result in both having higher capability and the expansion of our respective market shares. PROTEV expresses its interest (but not obligation) in the subscription of new Shares in our Company, which will represent a major stake in our Company, the amount of which shall only be determined at a later date. The subscription of shares shall also be applicable only after the completion of certain corporate exercises. The new Shares to be issued shall rank *pari passu* in all respects with and carry all rights similar to the ordinary shares in the capital of our Company;

(ii) Partnership Corporation Agreement dated 6 December 2011 between CV. Permata AL Zahra ("**CV Permata**") and our Company in which both parties agree that CV Permata and our Company collaborate in relation to a mining of coal. CV Permata has agreed to provide full warranty and support to meet the marketing seeds of coal in a minimum quantity of 3,000,000 metric tons per year to our Company. Our Company on the other hand has agreed to provide all things including a potential market in relation to the coal mining. This agreement is valid for two (2) years from the date of the agreement and is subject to the option to renew upon agreement by both parties;

(iii) Collaboration Framework Agreement dated 7 December 2011 between FIRC Trade (Malaysia) Sdn Bhd ("**FIRC**") and our Company whereby both parties intend to form an alliance to venture into the business of minerals mining and supply. Upon official confirmation of the alliance, our Company and FIRC shall carry out marketing, development, project bidding, project management together with cost and profit sharing. Each project initiative revenue sharing arrangement shall be agreed on per project basis, each with individual sub-agreements. FIRC will also provide technical expertise and dedicated engineering support to our Company to cater their customers' need and requirement. The expected schedule of activities commencement shall be on 2 January 2012 and shall continue to be in force for a minimum period of five (5) years and/or each surviving sub-agreement and/or from time to time as mutually agreed between the parties;

(iv) Power of attorney dated 25 June 2012 by SPMSB ("**the Donor**") in favour of United Overseas Bank (Malaysia) Bhd ("**the Attorney**"). The Donor created a first party first legal charge and a first party second legal charge over a unit of 1½ storey semi-detached factory at PLO 135, Jalan Cyber 5, Senai Industrial Estate, Phase 3, 81400 Senai, Johor held under HS(D) 45374 PTD 86552 Mukim of Senai, Daerah of Kulaijaya ("**Charged Property**") on 14 October 2005. Pursuant to the proposed Scheme of Arrangement and in order to facilitate the Attorney's consideration of the proposed Scheme of Arrangement, the Attorney has requested and the Donor has agreed to provide a power of attorney to deal with the Charged Property in accordance with the terms and conditions of this power of attorney;

(v) Letter of Offer dated 29 November 2012 from TA Capital Sdn Bhd ("**the Lender**") to our Company ("**the Borrower**"), Memorandum of an Agreement for a Loan made on 4 December 2012 between the Lender and the Borrower, and Facilities Agreement dated 4 December 2012 between the Lender and the Borrower, whereby the Lender has agreed to make available to the Borrower a loan of RM3,000,000.00 for a tenure of one (1) month from the date of drawdown with option to rollover for maximum of two (2) months. The interest rate is 8.5% per annum to be calculated on monthly basis for a period of one (1) month and the default interest is 4.0% per annum above the interest rate. The securities provided by the Borrower are a post dated cheque totalling RM3,021,250.00 dated 31 December 2012 and a personal guarantee and indemnity duly executed by Dato' Dr. Pang and Dato' Sri Teh Chee Teong in the form and substance acceptable to the Lender;

(vi) Deed Poll for Warrants A by our Company dated 18 December 2012 constituting the terms and conditions of the Warrants A issued pursuant to the Restricted Issue with Warrants;

(vii) Deed Poll for Warrants B by our Company dated 14 January 2013 constituting the terms and conditions of the Warrants B to be issued pursuant to the Rights Issue with Warrants. The principal terms of the Warrants B are set out in Section 2.4 of this AP; and

(viii) Trust Deed dated 14 January 2013 made between our Company as the issuer and TMF Trustees Malaysia Berhad as trustee for the ICULS holders constituting the terms and conditions of the ICULS to be issued pursuant to the Debt Restructuring.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

Save as disclosed below, as at the LPD, our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Directors have no knowledge of any proceedings pending or threatened against our Company and/or any of our subsidiaries or of any facts likely to give rise to any proceedings which might adversely and materially affect the financial position or business of our Company and/or any of our subsidiaries:

(i) EON Bank Berhad v SPMSB & our Company
Johor Bahru High Court NCvC No.22-78-2010
Civil Appeal J-02(1M)(NCvC)-1493-2011

On 30 November 2010, EON Bank Berhad filed a suit in the Johor Bahru High Court for arrears in repayment of banking facilities granted to the 1st Defendant. The sum claimed include RM2,547,024.38 as at 24 November 2010 and interests. Summary Judgment was obtained by the Plaintiff against the Defendants on 18 March 2011. The Defendants have filed an appeal to the Court of Appeal vide Civil Appeal J-02(IM)(NCVC)-1493-2011.

A statutory notice pursuant to Section 218 of the Act dated 6 May 2011 was served to both Defendants on 10 May 2011.

All legal action have been suspended pending the expiration of the stay orders granted by the Court to our Company and our subsidiaries, namely SPMSB and APSB, from all proceedings against the Scheme Companies ("**Stay Orders**") dated 26 July 2011, 19 January 2012, 25 July 2012 and 21 January 2013 made pursuant to Section 176 of the Act.

(ii) EON Bank Berhad v APSB & our Company
Johor Bahru High Court NCvC No.22-79-2010
Civil Appeal J-02(1M)(NCvC)-1492-2011

On 30 November 2010, EON Bank Berhad filed a suit in the Johor Bahru High Court for arrears in repayment of banking facilities granted to the 1st Defendant. The sum claimed include RM4,080,167.80 as at 24 November 2010 and interests. Summary Judgment was obtained by the Plaintiff against the Defendants on 18 March 2011. The Defendants have filed an appeal to the Court of Appeal vide Civil Appeal J-02(IM)(NCVC)-1492-2011.

A statutory notice pursuant to Section 218 of the Act dated 6 May 2011 was served to both Defendants on 10 May 2011, claiming for a debt in the sum of RM4,080,167.80.

All legal action have been suspended pending the expiration of the Stay Orders dated 26 July 2011, 19 January 2012, 25 July 2012 and 21 January 2013 made pursuant to Section 176 of the Act.

(iii) OCBC Bank (Malaysia) Berhad v SPMSB & our Company
Johor Bahru High Court NCvC No.22-21-2011
Civil Appeal J-02(IM)(NCvC)-1661-2011

On 17 January 2011, OCBC Bank (Malaysia) Berhad filed a suit in the Johor Bahru High Court for arrears in repayment of banking facilities granted to the 1st Defendant. The sum claimed include RM805,105.10, interests and cost. Judgment was obtained by the Plaintiff against the Defendants on 5 May 2011. The Defendants have filed an appeal to the Court of Appeal vide Civil Appeal J-02(1M)(NCVC)-1661-2011.

A statutory notice pursuant to Section 218 of the Act dated 11 May 2011 was served to both Defendants on 13 May 2011, claiming for a debt in the sum of RM838,534.00.

All legal action have been suspended pending the expiration of the Stay Orders dated 26 July 2011, 19 January 2012, 25 July 2012 and 21 January 2013 made pursuant to Section 176 of the Act.

(iv) RHB Bank Berhad v SPMSB & our Company
Johor Bahru High Court NCvC No.22-35-2011

On 2 February 2011, RHB Bank Berhad filed a suit in the Johor Bahru High Court for arrears in repayment of banking facilities granted to the 1st Defendant. The sum claimed include RM714,815.87 as at 12 January 2011, interests and cost.

All legal action have been suspended pending the expiration of the Stay Orders dated 26 July 2011, 19 January 2012, 25 July 2012 and 21 January 2013 made pursuant to Section 176 of the Act.

(v) Letter of Demand by RHB Bank Berhad

A Letter of Demand dated 20 April 2011 was served by RHB Bank Berhad to our Company, claiming for a debt in the sum of RM1,998,897.61. Our Company was a corporate guarantor for a banking facility given by RHB Bank Berhad to SPMSB whereby the latter had defaulted on the repayment of the loan.

All legal action have been suspended pending the expiration of the Stay Orders dated 26 July 2011, 19 January 2012, 25 July 2012 and 21 January 2013 made pursuant to Section 176 of the Act.

(vi) Letter of Demand by RHB Bank Berhad

A Letter of Demand dated 10 December 2010 was served by RHB Bank Berhad to our Company, claiming for a debt in the sum of RM709,592.86. Our Company was a corporate guarantor for a hire purchase agreement entered between RHB Bank Berhad and SPMSB whereby the latter had defaulted on the repayment of the agreement.

All legal action have been suspended pending the expiration of the Stay Orders dated 26 July 2011, 19 January 2012, 25 July 2012 and 21 January 2013 made pursuant to Section 176 of the Act.

(vii) Notice of Termination and Recall by RHB Islamic

A Notice of Termination and Recall dated 3 November 2010 was served by RHB Islamic to APSB, claiming for a debt in the sum of RM2,179,788.44. Our Company was a corporate guarantor for a banking facility given by RHB Islamic whereby APSB had defaulted on the repayment of the facility.

All legal action have been suspended pending the expiration of the Stay Orders dated 26 July 2011, 19 January 2012, 25 July 2012 and 21 January 2013 made pursuant to Section 176 of the Act.

(viii) Wise Tech Engineering – Petitioner
SPMSB - Respondent
Johor Bahru High Court Companies (Winding Up) No.28-212-2010

A statutory notice pursuant to Section 218 of the Act dated 28 September 2010 was served to the Respondents on 30 September 2010, claiming for a debt of RM33,480.00 with interest at the rate of 8% per annum from 6 June 2009 to the date of realisation.

On 21 October 2010, the Petitioner filed a winding up petition at the Johor Bahru High Court, seeking for an order to wind up the Respondent for a debt in the sum of RM33,480.00 with interest at the rate of 8% per annum from 6 June 2009 to the date of realisation.

All legal action have been suspended pending the expiration of the Stay Orders dated 26 July 2011, 19 January 2012, 25 July 2012 and 21 January 2013 made pursuant to Section 176 of the Act.

(ix) Notice Pursuant to Section 218 of the Act by Daido Amistar (M) Sdn Bhd

A statutory notice pursuant to Section 218 of the Act dated 2 December 2010 was served by Daido Amistar (M) Sdn Bhd to SPMSB on 2 December 2010, claiming for a debt in the sum of RM102,531.90.

All legal action have been suspended pending the expiration of the Stay Orders dated 26 July 2011, 19 January 2012, 25 July 2012 and 21 January 2013 made pursuant to Section 176 of the Act.

(x) Notice Pursuant to Section 218 of the Act by Daiei Etching (M) Sdn Bhd

Summary Judgment was obtained by Daiei Etching (M) Sdn Bhd against SPMSB vide Johor Bahru Sessions Court Civil Suit No.52-6140-2010 on 12 April 2011.

A statutory notice pursuant to Section 218 of the Act dated 14 June 2011 was served by Daiei Etching (M) Sdn Bhd to SPMSB, claiming for a debt in the sum of RM47,484.00, interest and costs.

All legal action have been suspended pending the expiration of the Stay Orders dated 26 July 2011, 19 January 2012, 25 July 2012 and 21 January 2013 made pursuant to Section 176 of the Act.

(xi) Letter of Demand in Form 16D pursuant to Section 254 of the National Land Code by RHB Bank Berhad

A Letter of Demand in Form 16D pursuant to Section 254 of the National Land Code dated 30 May 2011 was served by RHB Bank Berhad to SPMSB, claiming for a debt in the sum of RM1,998,897.61.

All legal action have been suspended pending the expiration of the Stay Orders dated 26 July 2011, 19 January 2012, 25 July 2012 and 21 January 2013 made pursuant to Section 176 of the Act.

(xii) United Overseas Bank (Malaysia) Bhd v SPMSB
Johor Bahru High Court Originating Summons No.MT-24-F1508-2011

A Letter of Demand in Form 16D pursuant to Section 254 of the National Land Code dated 11 April 2011 was served by United Overseas Bank (Malaysia) Bhd to SPMSB, claiming for debts in the sum of RM8,440,126.15.

On 31 May 2011, United Overseas Bank (Malaysia) Bhd filed a foreclosure suit in the Johor Bahru High Court for arrears in repayment of banking facilities granted to the Defendant. The suit prayed for an order to dispose the land held under H.S.(D) 370623, PTD 86552, Mukim Senai Kulai, Johor Bahru by way of public auction to settle the Defendant's debt against the Plaintiff.

All legal action have been suspended pending the expiration of the Stay Orders dated 26 July 2011, 19 January 2012, 25 July 2012 and 21 January 2013 made pursuant to Section 176 of the Act.

(xiii) Letter of Demand by RHB Bank Berhad

A Letter of Demand and Termination of Facility dated 10 December 2010 was served by RHB Bank Berhad to SPMSB, claiming for a debt in the sum of RM685,251.94, cost and interest. The debt is due pursuant to defaulted repayment of the Hire Purchase Agreement (Non-Controlled Items) dated 11 June 2008 and Variation Agreement dated 9 June 2009.

All legal action have been suspended pending the expiration of the Stay Orders dated 26 July 2011, 19 January 2012, 25 July 2012 and 21 January 2013 made pursuant to Section 176 of the Act.

(xiv) Notice Pursuant to Section 218 of the Act by Daiei Etching (M) Sdn Bhd

Summary Judgment was obtained by Daiei Etching (M) Sdn Bhd against APSB vide Johor Bahru Sessions Court Civil Suit No.52-6713-2010 on 19 April 2011.

A statutory notice pursuant to Section 218 of the Act dated 14 June 2011 was served by Daiei Etching (M) Sdn Bhd to APSB, claiming for a debt in the sum of RM48,202.20, interest and costs.

All legal action have been suspended pending the expiration of the Stay Orders dated 26 July 2011, 19 January 2012, 25 July 2012 and 21 January 2013 made pursuant to Section 176 of the Act.

(xv) Wise Tech Engineering – Petitioner
APSB - Respondent
Johor Bahru High Court Companies (Winding Up) No.28-211-2010

A statutory notice pursuant to Section 218 of the Act dated 29 September 2010 was served to the Respondents on 30 September 2010.

On 25 October 2010, the Petitioner filed a winding up petition at the Johor Bahru High Court, seeking for an order to wind up the Respondent for a debt in the sum of RM93,300.00 with interest at the rate of 8% per annum from 8 January 2009 to the date of realisation.

All legal action have been suspended pending the expiration of the Stay Orders dated 26 July 2011, 19 January 2012, 25 July 2012 and 21 January 2013 made pursuant to Section 176 of the Act.

(xvi) Notice Pursuant to Section 218 of the Act by Special Steel & Alliance Sdn Bhd

A statutory notice pursuant to Section 218 of the Act dated 14 June 2011 was served by Special Steel & Alliance Sdn Bhd to APSB, claiming for a debt in the sum of RM30,529.00, interest and costs.

All legal action have been suspended pending the expiration of the Stay Orders dated 26 July 2011, 19 January 2012, 25 July 2012 and 21 January 2013 made pursuant to Section 176 of the Act.

(xvii) Notice of Termination and Recall by RHB Islamic

A Notice of Termination and Recall dated 29 October 2010 was served by RHB Islamic to APSB, claiming for a debt in the sum of RM2,179,788.44.

All legal action have been suspended pending the expiration of the Stay Orders dated 26 July 2011, 19 January 2012, 25 July 2012 and 21 January 2013 made pursuant to Section 176 of the Act.

(xviii) Notice pursuant to Section 218 of the Act by Special Steel & Alliance Sdn Bhd

Summary Judgment was obtained by Special Steel & Alliance Sdn Bhd against SPMSB vide Kuala Lumpur Sessions Court Summons No.52-21971-2010 on 16 May 2011.

A statutory notice pursuant to Section 218 of the Act dated 27 April 2012 was served by Special Steel & Alliance Sdn Bhd to SPMSB, claiming for a debt in the sum of RM217,732.39, interest and costs.

All legal action have been suspended pending the expiration of the Stay Orders dated 26 July 2011, 19 January 2012, 25 July 2012 and 21 January 2013 made pursuant to Section 176 of the Act.

(xix) Notice pursuant to Section 218 of the Act by Special Steel & Alliance Sdn Bhd

A statutory notice pursuant to Section 218 of the Act dated 27 April 2012 was served by Special Steel & Alliance Sdn Bhd to SPMSB on 27 April 2012, claiming for a debt in the sum of RM27,276.80.

All legal action have been suspended pending the expiration of the Stay Orders dated 26 July 2011, 19 January 2012, 25 July 2012 and 21 January 2013 made pursuant to Section 176 of the Act.

5. GENERAL

(i) The nature of our Group's business is described in Sections 2 and 6 of Appendix II of this AP. There are no corporations which are deemed related to us by virtue of Section 6 of the Act, except as disclosed in Section 6 of Appendix II of this AP.

(ii) The estimated expenses in relation to the Corporate Exercises (excluding the Exemption) of RM1.00 million will be borne by our Company.

(iii) There are no existing or proposed service contracts between our Directors and our Company or our subsidiaries excluding contracts expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within one (1) year from the date of this AP.

(iv) Our Directors are not aware of any material information, including special trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Group, except as disclosed in Sections 7 and 9 of this AP.

(v) Save as disclosed in Section 9 of this AP and the risk factors mentioned in Section 7 of this AP, the financial conditions and operations of our Group are not affected by any of the following:

(a) known trends or known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the liquidity of our Group increasing or decreasing in any material way;

(b) material commitments for capital expenditure of our Group;

(c) unusual or infrequent events or transactions or any significant economic changes that materially affect the amount of reported income from our operations;

(d) known trends or uncertainties that have had, or that our Group reasonably expects will have, a material favorable or unfavorable impact on our revenue or operating income; and

(e) fluctuation in our Group's revenue.

6. CONSENTS

Our Adviser, Due Diligence Solicitors, Share Registrar, Company Secretary, Principal Banker, Trustee and Bloomberg Finance L.P. have given and have not subsequently withdrawn their respective written consents to the inclusion in this AP of their names and all references thereto, in the form and context in which they appear in this AP.

Messrs. Hasnan THL Wong & Partners, our Auditors and Reporting Accountants, has given and has not subsequently withdrawn its written consent to the inclusion in this AP of its name, the audited consolidated financial statements for the FYE 30 June 2012 together with the auditors' report of our Company and the proforma consolidated statements of financial position of our Company as at 30 June 2012 together with the Reporting Accountants' letter thereon, and all references thereto, in the form and context in which they appear in this AP.

7. CONFLICT OF INTERESTS

PIVB, Messrs. Iza Ng Yeoh & Kit and Messrs. Hasnan THL Wong & Partners have given their respective confirmations that they have no directorship with our Group nor any equity and/or financial relationship with our Group, our Directors and/or our substantial shareholders that may give rise to a conflict of interest situation in their capacity to act as the Adviser, Due Diligence Solicitors and Reporting Accountants, respectively in connection with the Rights Issue with Warrants.

8. DOCUMENTS FOR INSPECTION

Copies of the following documents will be made available for inspection at our Registered Office from Mondays to Fridays (excluding public holidays) during business hours for a period of twelve (12) months from the date of this AP:

(i) our Memorandum and Articles of Association;

(ii) our audited consolidated financial statements for the past two (2) FYEs 30 June 2011 and 2012;

(iii) our latest unaudited consolidated financial statements for the three (3) months FPE 30 September 2012 as set out in Appendix IV of this AP;

(iv) our proforma consolidated statements of financial position as at 30 June 2012 together with the Reporting Accountants' letter thereon as set out in Appendix V of this AP;

(v) the letters of irrevocable undertaking by Protev Asia dated 3 August 2012 and 11 January 2013 as referred to in Section 4 of this AP;

(vi) our Directors' Report as set out in Appendix VI of this AP;

(vii) the letters of consent as referred to in Section 6 of this Appendix;

(viii) the material contracts as referred to in Section 3 of this Appendix; and

(ix) the relevant cause papers in relation to the material litigation as referred to in Section 4 of this Appendix.

9. RESPONSIBILITY STATEMENTS

(i) Our Directors have seen and approved the Documents and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquires and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement in the Documents false or misleading; and

(ii) PIVB, being our Adviser, acknowledges that, based on all available information and to the best of its knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.