

SANICHI TECHNOLOGY BERHADCompany No.661826-K
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE QUARTER ENDED
31 MARCH 2008**

(The figures below are unaudited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 31 March 2008 RM'000	Preceding Year Corresponding Quarter 31 March 2007 RM'000	Current Year To Date 31 March 2008 RM'000	Preceding Year Corresponding Period 31 March 2007 RM'000
Revenue	5,980	5,336	18,868	16,998
Operating expenses	(5,627)	(4,630)	(15,924)	(12,684)
Other operating income	177	3	238	110
Profit from operations	530	709	3,182	4,424
Finance costs	(318)	(102)	(877)	(414)
Profit before taxation	212	607	2,305	4,010
Income tax expense	(91)	13	(388)	(335)
Profit after taxation	121	620	1,917	3,675
Attributable to:				
Ordinary equity holders of the parent	121	620	1,917	3,675
Minority interest	-	-	-	-
	<u>121</u>	<u>620</u>	<u>1,917</u>	<u>3,675</u>
Earnings per share (sen)				
Basic (Note B13)	0.1	0.5	1.7	3.4
Diluted (Note B13)	0.1	0.5	1.7	3.4

(The condensed consolidated income statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2007 and accompanying explanatory notes attached to the interim financial statements.)

SANICHI TECHNOLOGY BERHADCompany No.661826-K
(Incorporated In Malaysia)**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2008**

	(Unaudited) As at 31 March 2008 RM'000	(Audited) As at 30 June 2007 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	24,114	19,481
Prepaid land lease payments	1,727	1,750
Development expenditure	259	242
Goodwill on consolidation	7	7
	<u>26,107</u>	<u>21,480</u>
Current assets		
Inventories	1,619	952
Trade receivables	24,998	22,034
Other receivables, deposits and prepayments	2,854	1,257
Tax recoverable	7	-
Fixed deposits	1,109	2,092
Cash and bank balances	515	1,475
	<u>31,102</u>	<u>27,810</u>
TOTAL ASSETS	<u>57,209</u>	<u>49,290</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	11,350	11,350
Share premium	10,586	10,586
Exchange translation reserve	(86)	(59)
Retained earnings	9,382	8,033
Equity attributable to equity holders of the parent	<u>31,232</u>	<u>29,910</u>
Non-current liabilities		
Long term borrowings	10,308	9,368
Deferred taxation	727	727
	<u>11,035</u>	<u>10,095</u>
Current liabilities		
Trade payables	3,468	1,542
Progress Billings	286	272
Other payables and accruals	1,894	1,052
Provision for taxation	-	223
Short term borrowings	9,031	5,919
Bank overdraft	263	277
	<u>14,942</u>	<u>9,285</u>
TOTAL LIABILITIES	<u>25,977</u>	<u>19,380</u>
TOTAL EQUITY AND LIABILITIES	<u>57,209</u>	<u>49,290</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.28	0.26

(The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the financial year ended 30 June 2007 and accompanying explanatory notes attached to the interim financial statements.)

SANICHI TECHNOLOGY BERHADCompany No.661826-K
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE QUARTER ENDED
31 MARCH 2008**

(The figures below are unaudited)

	Current Year To Date 31 March 2008 RM'000	Preceding Year Corresponding Period 31 March 2007 RM'000
Cash flows from/ (for) operating activities		
Profit before taxation	2,305	4,010
Adjustments for:-		
Non-cash items	3,109	1,721
Non-operating items	828	368
Operating profit before changes in working capital	6,242	6,099
Changes in working capital:-		
Net change in current assets	(5,228)	(6,508)
Net change in current liabilities	2,781	159
Net cash generated from/(for) operations	3,795	(250)
Interest paid	(877)	(392)
Tax paid	(617)	(468)
Net cash from/(for) operating activities	2,301	(1,110)
Cash flows from/ (for) investing activities		
Interest received	49	33
Increase in development expenditure	(16)	-
Proceeds from disposal of equipment	168	49
Purchase of plant and equipment	(2,460)	(2,827)
Net cash for investing activities	(2,259)	(2,745)
Cash flows from/ (for) financing activities		
Dividend paid	(568)	-
Drawdown of term loan	-	1,461
Proceeds from public issue	-	15,860
Payment of listing expenses	-	(2,224)
Net drawdown/(repayment) of other short-term bank borrowings	1,902	(5,137)
Repayment of term loan	(1,834)	(890)
Repayment of hire purchase liabilities	(1,444)	(713)
Net cash (for)/from financing activities	(1,944)	8,357
Net (decrease)/increase in cash and cash equivalents	(1,902)	4,502
Effects of changes in exchange rates	(27)	-
Cash and cash equivalents at beginning of the period	3,290	190
Cash and cash equivalents at end of the period	1,361	4,692
Cash and cash equivalents comprise:		
Fixed deposits with licensed banks	1,109	1,069
Cash and bank balances	515	3,750
Bank overdraft	(263)	(127)
	1,361	4,692

(The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 30 June 2007 and accompanying explanatory notes attached to the interim financial statements.)

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED
31 MARCH 2008**

(The figures below are unaudited)

Note	Attributable to Equity Holders of the Parent					Total Equity RM'000
	Non-Distributable				Distributable	
	Share Capital RM'000	Share Premium RM'000	Reserve on Consolidation RM'000	Translation reserve RM'000	Retained Profits RM'000	
At 1 July 2007	11,350	10,586	-	(59)	8,033	29,910
Dividend paid	-	-	-	-	(568)	(568)
Profit for the period	-	-	-	-	1,917	1,917
Exchange translation differences	-	-	-	(27)	-	(27)
Total recognised income for the period	-	-	-	(27)	1,349	1,322
At 31 March 2008	11,350	10,586	-	(86)	9,382	31,232
At 1 July 2006	8,300	-	1,693	-	(35)	9,958
Effect of adopting FRS 3	-	-	(1,693)	-	1,693	-
At 1 July 2006, restated	8,300	-	-	-	1,658	9,958
Issue of shares	3,050	12,810	-	-	-	15,860
Listing expenses	-	(2,224)	-	-	-	(2,224)
Profit for the period	-	-	-	-	3,675	3,675
At 31 March 2007	11,350	10,586	-	-	5,333	27,269

(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 2007 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 third quarter ended 31 March 2008 have been prepared in accordance with 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 MESDAQ Market ("MMLR"). The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of Sanichi Technology Berhad ("Sanichi" or "the Company") and its subsidiaries (collectively known as "Sanichi Group" or "the Group"), for the financial year ended ("FYE") 30 June 2007.

Changes in Accounting Policies

The accounting policies and presentations adopted by the Group for these interim condensed financial statements are consistent with the most recent audited financial statements for the FYE 30 June 2007.

FRS 124 - Related Party Disclosures has been issued and are effective for financial periods beginning on or after 1 October 2006 and will be effective for the Group's financial statements for the financial year ending 30 June 2008.

The following revised FRS have been issued and are effective for financial periods beginning on or after 1 July 2007 and will be effective for the Group's and the Company's financial statements for the financial year ending 30 June 2008:-

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 121	Amendment to Financial Reporting Standard FRS 121 - The Effects of Changes in Foreign Exchange Rates - <i>Net Investment in a Foreign Operation</i>
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

The adoption of the above FRS does not have any significant financial impact to the Group for the current quarter under review.

A2. Audit Report of Preceding Annual Financial Statements

The audited financial statements of the Company and its subsidiaries for the FYE 30 June 2007 were not subject to any qualification.

A3. Seasonality or Cyclicity Factors

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

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A4. 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.

A5. Material Change in Estimates

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

A6. Issuances, Repurchases and Repayments of Debt and Equity Securities

During the quarter, there were no issuance and repayment of debts and equity securities, share buy-backs, share cancellation, shares held as treasury shares and resale of treasury shares.

A7. Dividend Paid

During the quarter under review, on 28 January 2008, the Company paid an interim tax exempt dividend of 5% equivalent to 0.5 sen per share for the financial year ending 30 June 2008 to the holders of ordinary shares of Sanichi.

A8. Segmental Reporting

The primary basis of segmental reporting of the Group is by geographical segment. The Group's revenue by geographical market for the quarter ended 31 March 2008 is as follows:-

	Segment Revenue RM'000
Malaysia	3,945
Other ASEAN countries	2,035
	<hr/> 5,980 <hr/>

No other segmental information such as segment assets, liabilities and results are presented as the Group is principally engaged within one industry which involves the design and fabrication of precision moulds and tooling and operates principally from Malaysia only.

A9. Valuation of Property, Plant and Equipment

Property, plant and equipment of the Group are stated at cost less accumulated depreciation and impairment loss, if any. The property, plant and equipment of the Group have not been revalued for the period under review.

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A10. Material Events Subsequent to the End of the Quarter under Review

There was no material event subsequent to the end of the quarter under review up to the date of this report which has not been reflected in the financial statements for the quarter under review.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the quarter under review.

A12. 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.

B. ADDITIONAL INFORMATION REQUIRED BY MMLR (APPENDIX 9B)

B1. Review of Group's Results for the Current Quarter and Year-to-Date Ended 31 March 2008

The Group recorded revenue of RM5.98 million for the quarter and RM18.87 million for the 9 months period ended 31 March 2008. Advance Precision Injection Mould ("APIM") contributed approximately 69.12% of revenue for the 3 months ended 31 March 2008. The Group's profit after tax ("PAT") for the quarter and for the 9 months period ended 31 March 2008 was RM0.12 million and RM1.92 million respectively.

For the current quarter under review, the Group achieved revenue of RM5.98 million representing an increase of RM0.64 million as compared to the corresponding quarter last year. The Group's profit before tax ("PBT") decreased by RM0.40 million to RM0.21 million for the current quarter as compared to RM0.61 million as recorded in the preceding year's corresponding quarter. The Group achieved a PBT of RM2.31 million for the 9 months period ended 31 March 2008.

B2. Variation of Results for the Current Quarter Ended 31 March 2008 against Immediate Preceding Quarter

The Group recorded a decrease of approximately 10% in its revenue to RM5.98 million in the quarter ended 31 March 2008 against RM6.65 million in the immediate preceding quarter ended 31 December 2007 whilst PBT decreased by approximately 85% to RM0.21 million in the quarter ended 31 March 2008 as compared to RM1.37 million in the immediate preceding quarter ended 31 December 2007.

Revenue decreased by approximately 10% or RM0.67 million, as compared to the immediate preceding quarter ended 31 December 2007, due to slower sales. As a result of the decrease in revenue and higher operating costs due to higher depreciation, salary, marketing expenditure and loss arising from foreign exchange rates, the PBT, as compared to the immediate preceding quarter ended 31 December 2007, has decreased by approximately 85% or RM1.16 million.

B3. Group's Prospects for FYE 2008

Despite the increasing materials costs and challenges in the competitive markets, the Board expects that the performance of the Group will be satisfactory for the financial year ending 30 June 2008.

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B4. Variance of Profit Forecast

The Group did not publish any profit forecast for the period under review.

B5. Tax Expense

Taxation comprises the following:-

	Individual quarter ended		Cumulative quarter ended	
	31	31	31	31
	March	March	March	March
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:-				
Taxation	155	-	452	366
Deferred taxation	-	(13)	-	122
	<u>155</u>	<u>(13)</u>	<u>452</u>	<u>488</u>
In respect of the previous period:-				
Taxation	(64)	-	(64)	(153)
Deferred taxation	-	-	-	-
	<u>91</u>	<u>(13)</u>	<u>388</u>	<u>335</u>

The effective tax rate of the Group's current tax charge for the period was higher than statutory tax rate mainly due to tax incurred arising from other income, while the tax charge for the 9 months period ended 31 March 2008 was lower than the statutory tax rate mainly due to tax incentives enjoyed by its subsidiary company, Asia Pinnacle Sdn Bhd, which was granted pioneer status.

B6. Profit 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.

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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) On 5 December 2007, the Group announced the following corporate proposals:

(a) A proposed private placement of up to 11,350,000 new ordinary shares of RM0.10 each in the Company ("Sanichi Shares"), representing up to 10% of the existing issued and paid-up share capital at an issue price to be determined later ("Proposed Private Placement"); and

(b) A proposed special issue of up to 53,507,200 Sanichi Shares, representing up to 30% of the enlarged issued and paid-up share capital of the Company, (after the Proposed Private Placement and Proposed Special Issue), at an issue price to be determined later ("Proposed Special Issue").

(hereinafter, the Proposed Private Placement and Proposed Special Issue shall be collectively referred to as the "Proposals")

On 19 February 2008, the Group announced that the Securities Commission ("SC") had, *vide* its letter dated 18 February 2008 approved the Proposals subject to certain terms and conditions.

Further to the above, on 25 March 2008, the Group announced that the Ministry of International Trade and Industry ("MITI") approved the Proposals *vide* its letter dated 25 March 2008 subject to certain terms and conditions.

Apart from the approvals received from SC and MITI, the Proposals are conditional upon the approvals of the following:

(a) MITI for the recognition of the Bumiputera places to be identified;

(b) Bursa Malaysia Securities Berhad for the listing of and quotation for the placement shares and the special issue shares to be issued pursuant to the Proposals; and

(c) The shareholders of Sanichi at an extraordinary general meeting to be convened;

The Proposals are pending implementation.

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B8. Status of Corporate Proposals Announced (Cont'd)

(ii) Utilisation Of Proceeds Received From Public Issue

As at 31 March 2008, the status of utilisation of the gross proceeds of RM15.86 million raised from the public issue of 30,499,980 new ordinary shares of RM0.10 each in Sanichi at an issue price of RM0.52 per share pursuant to the listing of Sanichi on the MESDAQ Market of Bursa Securities is as follows:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation	Deviation Amount RM'000	%	Explanations
Capital expenditure	4,000	4,000	-	-	-	-
Research & Development	2,000	809	By 7 September 2008	1,191	60	-
Repayment of bank borrowings	4,000	4,000	-	-	-	-
Working Capital	4,160	4,160	-	-	-	-
Estimated Listing Expenses	1,700	1,700	-	-	-	-
TOTAL	15,860	14,669		1,191		

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
<u>Short Term Borrowings</u>	
Term Loans	2,528
Hire Purchase Payables	2,144
Trade Financing	4,359
Bank overdraft	263
	<hr/>
	9,294
<u>Long Term Borrowings</u>	
Term Loans	5,888
Hire Purchase Payables	4,420
	<hr/>
	10,308
Total	<hr/>
	19,602

The Group does not have any foreign borrowings and debt securities as at the date of this report.

B10. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at the date of this report.

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B11. Material Litigation

The Group is not engaged in any material litigation either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the Group as at the date of this report.

B12. Dividend Proposed

No dividend was declared and recommended for payment during the quarter under review.

B13. Earnings per Share ("EPS")

Basic EPS

	Current quarter ended		Cumulative quarter ended	
	31 March 2008 RM'000	31 March 2007 RM'000	31 March 2008 RM'000	31 March 2007 RM'000
Profit for the period (RM'000)	121	620	1,917	3,675
Weighted average number of shares in issue ('000)	113,500	113,500	113,500	106,932
Basic EPS (sen)	<u>0.1</u>	<u>0.5</u>	<u>1.7</u>	<u>3.4</u>

Basic EPS is calculated by dividing the net profit 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.