

**SANICHI TECHNOLOGY BERHAD**Company No.661826-K  
(Incorporated In Malaysia)**CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE QUARTER ENDED****30 JUNE 2009**

(The figures below are unaudited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 30 June 2009 RM'000	Preceding Year Corresponding Quarter 30 June 2008 RM'000	Current Year to 30 June 2009 RM'000	Preceding Year Corresponding Quarter to 30 June 2008 RM'000
Revenue	2,368	5,286	16,921	24,154
Operating expenses	(8,386)	(6,761)	(21,781)	(22,685)
Other operating (expenses)/income	(50)	(83)	65	155
<b>(Loss)/Profit from operations</b>	<b>(6,068)</b>	<b>(1,558)</b>	<b>(4,795)</b>	<b>1,624</b>
Finance costs	(328)	(390)	(1,454)	(1,267)
<b>(Loss)/Profit before taxation</b>	<b>(6,396)</b>	<b>(1,948)</b>	<b>(6,249)</b>	<b>357</b>
Tax income	73	885	27	498
<b>(Loss)/Profit after taxation</b>	<b>(6,323)</b>	<b>(1,063)</b>	<b>(6,222)</b>	<b>855</b>
<b>Attributable to:</b>				
Ordinary equity holders of the parent	(6,323)	(1,063)	(6,222)	855
Minority interest	-	-	-	-
	<b>(6,323)</b>	<b>(1,063)</b>	<b>(6,222)</b>	<b>855</b>
<b>(Loss)/Earnings per share (sen)</b>				
Basic (note B13)	(5.6)	(0.9)	(5.5)	0.8
Diluted (note B13)	(5.6)	(0.9)	(5.5)	0.8

(The condensed consolidated income statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2008 and accompanying explanatory notes attached to the interim financial statements.)

**SANICHI TECHNOLOGY BERHAD**Company No.661826-K  
(Incorporated In Malaysia)**CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2009**

	(Unaudited) As at 30 June 2009 RM'000	(Audited) As at 30 June 2008 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	26,003	28,124
Prepaid land lease payments	1,690	1,720
Development expenditure	234	234
Goodwill on consolidation	7	7
	27,934	30,085
<b>Current assets</b>		
Inventories	5,275	1,131
Trade receivables	18,352	22,288
Other receivables, deposits and prepayments	1,968	2,871
Tax recoverables	981	608
Fixed deposits	740	1,119
Cash and bank balances	86	744
	27,402	28,761
<b>TOTAL ASSETS</b>	55,336	58,846
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	11,350	11,350
Share premium	10,586	10,586
Exchange translation reserve	(15)	3
Retained earnings	2,098	8,320
Equity attributable to equity holders of the parent	24,019	30,259
<b>Non-current liabilities</b>		
Long term borrowings	9,154	9,988
Deferred taxation	-	122
	9,154	10,110
<b>Current liabilities</b>		
Trade payables	3,826	2,650
Other payables and accruals	3,926	2,450
Amount owing to directors	1,481	-
Provision for taxation	10	18
Short term borrowings	11,154	12,579
Bank overdrafts	1,766	780
	22,163	18,477
<b>TOTAL LIABILITIES</b>	31,317	28,587
<b>TOTAL EQUITY AND LIABILITIES</b>	55,336	58,846
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.21	0.27

(The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the financial year ended 30 June 2008 and accompanying explanatory notes attached to the interim financial statements.)

**SANICHI TECHNOLOGY BERHAD**Company No.661826-K  
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30 JUNE 2009**

(The figures below are unaudited)

	Current Year to 30 June 2009 RM'000	Preceding Year Corresponding Year to 30 June 2008 RM'000
<b>Cash flows from operating activities</b>		
(Loss)/Profit before tax	(6,249)	357
Adjustments for:-		
Non-cash items	5,293	4,308
Non-operating items	1,402	1,186
Operating profit before changes in working capital	446	5,851
Changes in working capital:-		
Net change in current assets	695	(2,315)
Net change in current liabilities	4,131	2,507
Net cash from operations	5,272	6,043
Interest paid	(1,454)	(1,244)
Tax paid	(475)	(921)
Net cash from operating activities	3,343	3,878
<b>Cash flows for investing activities</b>		
Interest received	52	59
Increase in development expenditure	-	(16)
Proceeds from disposal of equipment	14	275
Purchase of plant and equipment	(3,155)	(6,530)
Net cash for investing activities	(3,089)	(6,212)
<b>Cash flows for financing activities</b>		
Dividend paid	-	(568)
Net drawdown of other short-term bank borrowings	1,961	5,116
Repayment of term loans	(1,910)	(2,480)
Repayment of hire purchase liabilities	(2,310)	(2,003)
Net cash from/(for) financing activities	(2,259)	65
Net decrease in cash and cash equivalents	(2,005)	(2,269)
Effects of changes in exchange rates	(18)	62
Cash and cash equivalents at beginning of the period	1,083	3,290
<b>Cash and cash equivalents at end of the year</b>	<b>(940)</b>	<b>1,083</b>
<b>Cash and cash equivalents comprise:</b>		
Fixed deposits with licensed banks**	740	1,119
Cash and bank balances	86	744
Bank overdrafts	(1,766)	(780)
	<b>(940)</b>	<b>1,083</b>

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

(The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 30 June 2008 and accompanying explanatory notes attached to the interim financial statements.)

**SANICHI TECHNOLOGY BERHAD**Company No.661826-K  
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30 JUNE 2009**

(The figures below are unaudited)

	← Attributable to Equity Holders of the Parent →				Total Equity RM'000
	Share Capital RM'000	Non-Distributable Share Premium RM'000	Translation reserve RM'000	Distributable Retained Profit RM'000	
At 1 July 2008	11,350	10,586	3	8,320	30,259
Loss for the year	-	-	-	(6,222)	(6,222)
Exchange translation differences	-	-	(18)	-	(18)
Total recognised expenses for the year	-	-	(18)	(6,222)	(6,240)
At 30 June 2009	11,350	10,586	(15)	2,098	24,019
At 1 July 2007	11,350	10,586	(59)	8,033	29,910
Profit for the year	-	-	-	855	855
Dividend paid	-	-	-	(568)	(568)
Exchange translation differences	-	-	62	-	62
Total recognised income for the year	-	-	62	287	349
At 30 June 2008	11,350	10,586	3	8,320	30,259

(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 2008 and accompanying explanatory notes attached to the interim financial statements.)

# **SANICHI TECHNOLOGY BERHAD**

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## **A. EXPLANATORY NOTES IN ACCORDANCE WITH FRS 134**

### **A1. Basis of Preparation**

The unaudited condensed interim financial statements for the fourth quarter ended 30 June 2009 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 "Company") and its subsidiary companies (collectively known as "Sanichi Group" or "Group") for the financial year ended ("FYE") 30 June 2008.

#### 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 2008.

### **A2. Seasonality or Cyclicity 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.

### **A6. Dividend Paid**

There was no dividend paid during the quarter under review.

### **A7. Segmental Reporting**

*(A) By Business Segment*

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No business segmental information is presented as the Group is operating principally within a single business segment.

## (B) By Geographical Segment

Segment sales	Current	Preceding Year
	Quarter	Corresponding
	30.6.2009	Period to
	RM'000	30.6.2008
		RM'000
Malaysia	1,286	175
European countries	1,082	1,580
Other countries in Asia Pacific	-	3,531
	<u>2,368</u>	<u>5,286</u>

Segment assets	As at	As at
	30.6.2009	30.6.2008
	RM'000	RM'000
Malaysia	53,734	55,696
Thailand	1,602	3,150
	<u>55,336</u>	<u>58,846</u>

Capital expenditure	Current Year To Date	
	30.6.2009	30.6.2008
	RM'000	RM'000
Malaysia	3,003	11,955
Thailand	152	1,220
	<u>3,155</u>	<u>13,175</u>

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### **A8. 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.

### **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 MMLR (APPENDIX 9B)**

#### **B1. Review of Group's Results for the Current Quarter and Year-to-Date Ended 30 June 2009**

The Group recorded a revenue of RM2.368 million and RM16.921 million for the fourth financial quarter and cumulative 12-month financial year ended 30 June 2009 respectively. Advance Precision Injection Mould ("APIM") contributed RM1.082 million, representing approximately 46% of the revenue for the quarter under review. The Group's loss before tax ("LBT") for the quarter was RM6.396 million and loss after tax ("LAT") for the quarter was RM6.323 million.

The Group's revenue of RM16.921 million for the cumulative 12-month financial year ended 30 June 2009 represents a decrease of approximately 43% as compared to the preceding year corresponding year. As a result of the decline in revenue, the Group incurred LBT and LAT of RM6.249 million and RM6.222 million respectively for the cumulative 12-month financial year ended 30 June 2009, as compared to a profit before tax ("PBT") of RM0.357 million and a profit after tax ("PAT") of RM0.855 million for the preceding year corresponding year ended 30 June 2008. The reasons for the decline in the Group's financial performance were mainly due to the following:

- (a) Impact of the global economic crisis on the automotive and consumer electronic industries especially in the second half of year 2008;
- (b) The Group's total cumulative depreciation charge is RM5.175million for the 12-month financial year ended 30 June 2009 as compared to RM4.316 million for the FYE 30 June 2008; and
- (c) The Group's penetration into the European automotive market by adopting competitive pricing strategy in the 1<sup>st</sup> and 2<sup>nd</sup> quarter of the FYE 30 June 2009.

#### **B2. Variation of Results for the Current Quarter Ended 30 June 2009 against Immediate Preceding Quarter**

The Group recorded a decrease of approximately 50% in its revenue to RM2.368 million for the quarter ended 30 June 2009 against RM4.774 million for the immediate preceding quarter ended 31 March 2009. As a result thereof, the Group registered a LBT of RM6.396 million for the quarter ended 30 June 2009 as compared to a PBT of RM2.075 million in the immediate preceding quarter ended 31 March 2009.

The decrease in revenue by approximately RM2.406 million for the current quarter under review compared to preceding quarter ended 31 March 2009 was mainly due to dropped in local sales in automotive and electronics.

In tandem with the decrease in revenue, PBT for the quarter ended 30 June 2009 had dropped by RM8.471 million to a LBT of RM6.396 million as compared to the preceding quarter ended 31 March 2009. In addition, the Group also recorded higher production related overhead and fixed costs, which further compounded on the decline in the Group's LBT for the quarter under review.



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### **B3. Group's Prospects for FYE 30 June 2010**

The Group is confident that the results for the financial year ending 30 June 2010 will improve due to greater market recovery. There has been an increase in quotation or sales order from local and overseas market, both from consumer electronic industry and automotive industry recently. The encouraging sentiments are as a result of the recovery from global economic market which had seen returning confidence in consumer market. It is expected that sales of moulds and tooling to the consumer electronics industry will increase in the financial year ending 30 June 2010.

The Group expects the profit will further strengthen if the major raw material cost; i.e. oil price, metal and copper remains constant at the existing level. Furthermore, the Board of Directors of Sanichi continue to monitor the cost cutting measures presently being undertaken by the management to improve the Group's results for the financial year ending 30 June 2010.

### **B4. Variance of Profit Forecast**

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

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### B5. Tax Income/ (Expense)

Taxation comprises the following:-

	Individual quarter ended		Cumulative quarter ended	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:-				
Current taxation	(53)	272	(99)	(179)
Deferred taxation	122	652	122	652
	<u>69</u>	<u>924</u>	<u>23</u>	<u>473</u>
In respect of the previous period:-				
Taxation	4	8	4	72
Deferred taxation	-	(47)	-	(47)
Net tax charge	<u>73</u>	<u>885</u>	<u>27</u>	<u>498</u>

The Group's effective tax rate is not applicable for this quarter as the Group has recorded losses for the current quarter under review.

The tax expense for the cumulative year to date was incurred at the holding company and one of subsidiary on its other income. However, tax expense was set-off against the deferred tax assets during the year.

### 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.

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### **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") ("Placement 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 ("Special Issue Shares"), (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 collectively be 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 placees 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.

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

On behalf of the Company, Alliance Investment Bank Berhad ("Alliance") had submitted applications to the SC to seek its approval for an extension of time up to 18 February 2009 ("First Extension") for the implementation of the Proposals. The SC had, *vide* its letters dated 10 July 2008 and 11 August 2008, approved the First Extension.

Further to the above and on behalf of the Company, Alliance had, on 4 February 2009, submitted an application to the SC for a further extension of time up to 18 August 2009 and 18 February 2010 for the implementation of the Proposed Private Placement and the Proposed Special Issue respectively ("Second Extension").

Concurrent to the above, Alliance had also submitted an application to the Equity Compliance Unit of the SC ("ECU") for the following:

- (a) waiver for the implementation of the Proposed Special Issue; and
- (b) waiver for the requirement of having to set-aside 30% of the Placement Shares for subscription by Bumiputera investors to be issued pursuant to the Proposed Private Placement,

(collectively referred to as the "Waiver Proposals")

based on the flexibility accorded by SC on the enhancement of Bumiputera allocation process announced on 12 November 2008.

The SC *vide* its letter dated 18 March 2009 ("SC Approval Letter") had granted an exemption to Sanichi in respect of the Waiver Proposals subject to MITI confirming that MITI is unable to allocate the Special Issue Shares to Bumiputera investors by 24 April 2009 ("Exemption").

MITI had *vide* its letter dated 18 May 2009 informed that as at 15 May 2009, despite several rounds of offer/ invitation extended to Bumiputera investors to subscribe for the Special Issue Shares, MITI has not received any positive response on the said offer/ invitation.

Premised on the above and on behalf of Sanichi, Alliance had written to inform the SC on 20 May 2009 that the Exemption is deemed effective based on the condition stipulated in the SC Approval Letter.

On behalf of Sanichi, Alliance had announced that the proposed Private Placement has not been implemented and lapse on 18 August 2009.

### **(ii) Utilisation Of Proceeds Received From Public Issue**

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As at 30 June 2009, 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 in conjunction with the listing of Sanichi on the MESDAQ Market of the Bursa Securities is as follows:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Timeframe for Utilisation	Deviation Amount RM'000	%	Explanations
Capital expenditure	4,000	4,000	-	-	-	-
Research & Development	2,000	1,644	By 7 September 2009*	356	18	-
Repayment of bank borrowings	4,000	4,000	-	-	-	-
Working Capital	4,160	4,160	-	-	-	-
Estimated Listing Expenses	1,700	1,700	-	-	-	-
<b>TOTAL</b>	<b>15,860</b>	<b>15,504</b>		<b>356</b>	<b>18</b>	

**Note:**

- \* The SC had, vide its letter dated 3 September 2008, approved an extension of time up to 7 September 2009 for the utilisation of the remaining R&D proceeds and stipulated that any further extension of time or variation of utilisation of listing proceeds in the future will not require the SC's approval.

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### 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	945
Hire Purchase Payables	674
Trade Financing	9,535
Bank overdraft	1,766
	<u>12,920</u>
<u>Long Term Borrowings</u>	
Term Loans	4,913
Hire Purchase Payables	4,241
	<u>9,154</u>
<b>Total</b>	<u><b>22,074</b></u>

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.

### 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.

## SANICHI TECHNOLOGY BERHAD

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### B13. Loss Per Share ("LPS") / Earnings Per Share ("EPS")

#### Basic (LPS)/EPS

	Current quarter ended		Cumulative quarter ended	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
Net (loss)/profit for the period (RM'000)	(6,323)	(1,063)	(6,222)	855
Weighted average number of shares in issue ('000)	113,500	113,500	113,500	113,500
Basic (LPS)/EPS (sen)	(5.6)	(0.9)	(5.5)	0.8

Basic (LPS)/EPS is calculated by dividing the net (loss)/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.

### B14. Audit Report of Preceding Annual Financial Statements

The audited financial statements of the Company and its subsidiary companies for the FYE 30 June 2008 were not subject to any qualification.