

SANICHI TECHNOLOGY BERHAD

Company No. 661826-K
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2017

(The figures below are unaudited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter 30 September 2017	Preceding Year Corresponding Quarter 30 September 2016	Current Year to date 30 September 2017	Preceding Year Corresponding Period 30 September 2016 (Restated)
	RM'000	RM'000	RM'000	RM'000
Revenue	3,890	8,815	33,911	45,477
Cost of sales	(2,053)	(6,746)	(21,495)	(31,408)
Gross profit	1,837	2,069	12,416	14,069
Other income	1,229	359	1,229	2,989
Operating expenses	(1,896)	(2,332)	(15,605)	(9,869)
(Loss) / Profit from operations	1,170	96	(1,960)	7,189
Finance costs	(80)	(54)	(243)	(302)
(Loss) / Profit before taxation	1,090	42	(2,203)	6,887
Tax credit / (expense)	42	-	45	(3,065)
(Loss) / Profit for the financial period	1,132	42	(2,158)	3,822
Other Comprehensive Profit /(Loss), net of tax				
Foreign currency translation	307	(340)	(7,105)	(486)
Overprovision of taxation	-	-	-	-
	307	(340)	(7,105)	(486)
Total Comprehensive Income / (Loss) For The Financial Period	1,439	(298)	(9,263)	3,336
(Loss) / Income attributable to:				
Owners of the Parent	1,132	42	(2,158)	3,822
Non-controlling interest	-	-	-	-
	1,132	42	(2,158)	3,822
Total comprehensive Income / (Loss) attributable to:				
Owners of the Parent	1,439	(298)	(9,263)	3,336
Non-controlling interest	-	-	-	-
	1,439	(298)	(9,263)	3,336
(Loss) / Profit per share (sen)				
Basic (note B13)	0.39	0.01	(0.74)	0.33
Diluted (note B13)	0.39	0.01	(0.74)	0.33

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 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 2017

	(Unaudited) As at 30 September 2017 RM'000	(Audited) As at 30 June 2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	37,825	36,245
Deferred tax assets	489	489
	38,314	36,734
Current assets		
Inventories	11,723	5,305
Short term Investment	11,797	501
Property development cost	48,918	16,589
Trade and other receivables	55,575	72,845
Tax assets	171	551
Cash and cash equivalents	43,332	21,443
	171,516	117,234
TOTAL ASSETS	209,830	153,968
EQUITY AND LIABILITIES		
EQUITY		
Share capital	87,597	28,614
Retained earnings/(Accumulated losses)	63,466	91,963
Share premium	14,087	8,365
Warrant reserve	36,257	10,211
ICULS	579	685
Exchange translation reserve	(7,547)	(442)
Equity attributable to owners of the parent	194,439	139,396
Non-current liabilities		
Borrowings	571	689
Deferred tax liabilities	1,921	1,921
	2,492	2,610
Current liabilities		
Trade and other payables	12,850	11,048
Borrowings	49	914
	12,899	11,962
TOTAL LIABILITIES	15,391	14,572
TOTAL EQUITY AND LIABILITIES	209,830	153,968
Net assets per share attributable to owners of the parent (RM)	0.66	0.49

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 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 PERIOD ENDED 30 SEPTEMBER 2017

	← Attributable to Owners of the Parent →						Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Translation reserve RM'000	Warrant reserve RM'000	ICULS RM'000	Accumulated Losses RM'000	
At 1 July 2016	28,614	8,365	(442)	10,211	685	91,963	139,396
Loss for the financial period	-	-	-	-	-	(2,158)	(2,158)
Foreign currency translation	-	-	(7,105)	-	-	-	(7,105)
Issuance and listing of Rights Issue Shares with Warrants D	57,227	5,722	-	26,046	-	(26,339)	62,656
Issuance of ESOS	1,650	-	-	-	-	-	1,650
ICULS	106	-	-	-	(106)	-	-
At 30 September 2017	87,597	14,087	(7,547)	36,257	579	63,466	194,439
At 1 July 2015	114,400	8,365	(295)	32,949	731	(20,396)	135,754
Profit/(Loss) for the financial year	-	-	(147)	-	-	3,780	3,633
Foreign currency translation	-	-	-	-	-	-	-
ICULS	55	-	-	-	(46)	-	9
Effect of par value reduction	(85,841)	-	-	(22,738)	-	108,579	-
At 30 June 2016	28,614	8,365	(442)	10,211	685	91,963	139,396

(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 2016 and accompanying explanatory notes attached to the interim financial statements.)

SANICHI TECHNOLOGY BERHAD

Company No. 661826-K
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30 SEPTEMBER 2017

(The figures below are unaudited)

	Current Year to 30 September 2017 RM'000	Preceding Year Corresponding Period to 30 September 2016 RM'000
Cash flows from operating activities		
(Loss) / Profit before tax	(2,203)	42
Adjustments for:-		
Bad debts written off	-	-
Depreciation of property, plant and equipment	4,566	868
Fair value changes in short term investment	-	-
Interest expenses	243	-
Interest income	(1,559)	(40)
Loss/(gain) on disposal of property, plant and equipment	2,158	-
Unrealised loss/(gain) on foreign exchange	(1,602)	(329)
Operating profit before working capital changes	1,603	541
Property development costs	(32,329)	(3,728)
Inventories	17,270	(113)
Receivables	(2,682)	2,014
Payables	1,802	(4,815)
Cash (used in) / from operations	(14,336)	(6,101)
Interest received	1,559	40
Tax paid	(127)	-
Net cash (used in) / from operating activities	(12,904)	(6,061)
Cash flows from investing activities		
Purchase of short term investment	(11,296)	(4,730)
Proceeds from disposal of plant and equipment	236	-
Purchase of plant and equipment	(6,382)	(2,096)
Net cash used in investing activities	(17,442)	(6,826)
Cash flows from financing activities		
Interest paid	(243)	-
Proceeds from issuance of shares	64,705	62,949
Repayment of borrowings	(983)	(274)
Net cash from/(used in) financing activities	63,479	62,675
Effects of changes in exchange rates	(7,105)	(665)
Net increase/(decrease) in cash and cash equivalents	26,028	49,123
Cash and cash equivalents at beginning of the period	17,304	21,443
Cash and cash equivalents at end of the period	43,332	70,566
Cash and cash equivalents comprise:		
Fixed deposits with licensed banks	38,300	15,000
Cash and bank balances**	5,032	55,566
	43,332	70,566

** Cash and bank balances include amounts held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966

(The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and accompanying explanatory notes attached to the interim financial statements.)

SANICHI TECHNOLOGY BERHAD

Company No. 661826-K
(Incorporated in Malaysia)

A. EXPLANATORY NOTES IN ACCORDANCE WITH FRS 134

A1. Basis of Preparation

The unaudited condensed interim financial statements for the quarter ended 30 September 2017 have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 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 subsidiaries (collectively known as “Sanichi Group” or “Group”) for the financial year ended (“FYE”) 30 June 2016.

The significant accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2016, except in the current financial year, the Group has adopted all the new and revised standards which are effective for the financial year beginning 1 July 2016. The adoption of these standards did not have any effect on the financial performance or position of the Group and of the Company.

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 materials 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 except for the exercise of 10,000,000 shares at RM0.165 per share under employee share option scheme (“ESOS”).

A6. Dividend Paid

There was no dividend paid during the quarter under review.

SANICHI TECHNOLOGY BERHAD

Company No. 661826-K
(Incorporated in Malaysia)

A7. Segmental Information

The board views the Group as having two segments from an industry perspective. The reportable segments are the Precision Mould business and the Property Development business. The Precision Mould business is geographically located in Malaysia and Thailand. The Property Development business is geographically located in Malaysia only.

The Group accounted for the construction and development of the Klebang Marina Point property development in accordance with MFRS 111 and MFRS 118, whereby Revenues from the sale of units can only be recognized once the unit is sold and handed over to the buyer.

The Group	Precision Mould	Property Development	Elimination	Consolidated
30 September 2017	RM'000	RM'000	RM'000	RM'000
Revenue				
External sales	33,911	-	-	33,911
Inter segment sales	-	-	-	-
Total revenue	<u>33,911</u>	<u>-</u>	<u>-</u>	<u>33,911</u>
Results				
Profit/(Loss) from operations	2,201	(4,161)	-	(1,960)
Finance cost	(243)	-	-	(243)
Income from other investment	-	-	-	-
Loss before tax				<u>(2,203)</u>
Income tax				45
Net loss for the period				<u>(2,158)</u>
Other Information				
Additions of fixed assets	6,382	-	-	6,382
Depreciation and amortization	4,566	-	-	4,566
Consolidated Balance Sheet Assets				
Segment assets	151,933	57,897	-	209,830
Segment liabilities	14,164	1,227	-	15,391

SANICHI TECHNOLOGY BERHAD

Company No. 661826-K
(Incorporated in Malaysia)

The Group	Precision Mould RM'000	Property Development RM'000	Elimination RM'000	Consolidated RM'000
30 September 2016				
Revenue				
External sales	8,370	445	-	8,815
Inter segment sales	-	-	-	-
Total revenue	<u>8,370</u>	<u>445</u>	<u>-</u>	<u>8,815</u>
Results				
Profit/(Loss) from operation	88	8	-	96
Finance cost	(54)	-	-	<u>(54)</u>
Profit before tax				42
Income tax expenses				<u>-</u>
Net profit for the period				<u>42</u>
Other Information				
Additions of fixed assets	2,096	-	-	2,096
Depreciation and amortization	833	35	-	868
Consolidated Balance Sheet Assets				
Segment assets	208,523	2,091	-	210,614
Segment liabilities	8,626	233	-	8,859
Segment sales				
			Current Quarter 30.09.2017 RM'000	Preceding Year Corresponding Quarter to 30.09.2016 RM'000
Precision Mould			3,890	8,370
Property Development			-	445
			<u>3,890</u>	<u>8,815</u>

SANICHI TECHNOLOGY BERHAD

Company No. 661826-K
(Incorporated in Malaysia)

Segment sales	Current Year To date 30.09.2017 RM'000	Preceding Year Corresponding Period to 30.09.2016 RM'000
Precision Mould	33,911	45,032
Property Development	-	445
	<hr/>	<hr/>
	33,911	45,477
	<hr/>	<hr/>

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 except for those disclosed in note B7.

A9. Changes in the Composition of the Group

During the quarter under review, there were no significant changes in the composition of the Group.

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.

- The rest of this page has been intentionally left blank -

SANICHI TECHNOLOGY BERHAD

Company No. 661826-K
(Incorporated in Malaysia)

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 2017

	Individual period (period ended 30 Sep 2017)			Cumulative period		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes (in Amount)	Current Year-to-date	Preceding Year Corresponding Period	Changes (in Amount)
	30 Sep 2017	30 Sep 2016		30 Sep 2017	30 Sep 2016	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	3,890	8,815	(4,925)	33,911	45,477	(11,566)
Operating profit / (loss)	1,170	96	1,074	(1,960)	7,189	(9,149)
Profit / (Loss) before interest and tax	1,170	96	1,074	(1,960)	7,189	(9,149)
Profit / (Loss) before tax	1,090	42	1,048	(2,203)	6,887	(9,090)
Profit / (Loss) after tax	1,132	42	1,090	(2,158)	3,822	(5,980)
Profit / (Loss) attributable to ordinary equity holders of the parent	1,132	42	1,090	(2,158)	3,822	(5,980)

The Group recorded a revenue of RM 3.890 million for the quarter ended 30 September 2017. The Group's profit before tax ("PBT") and profit after tax ("PAT") for the quarter were RM 1.09 million and RM 1.132 million for the period respectively.

The Group's revenue of RM 33.911 million for the year to date 30 September 2017 represents a decrease of approximately 25% as compared to the preceding corresponding period. The Group achieved loss before tax ("LBT") and loss after tax ("LAT") of RM 2.203 million and RM 2.158 respectively for the year to date 30 September 2017, as compared to profit before tax ("PBT") and profit after tax ("PAT") of RM 6.887 million and RM 3.822 million respectively for the preceding year to date 30 September 2016.

SANICHI TECHNOLOGY BERHAD

Company No. 661826-K
(Incorporated in Malaysia)

The reason for the Group's lower revenue for the current year to date was mainly due to the slow down of business from precision mould segment. The higher gross profit margin is attributed to the improvement of overall operation. The profit from operations is mainly due to interest income earned from fixed deposits.

An unfavorable foreign currency translation of RM 7.105 million for the year to date contributed to a Total Comprehensive Loss of RM 9.263 million for the Group.

B2. Variation of Results for the Current Quarter Ended 30 September 2017 against Immediate Preceding Quarter

	Current Quarter 30/09/2017 RM'000	Preceding Quarter 30/06/2017 RM'000	Variance RM'000
Revenue	3,890	9,403	(5,513)
Operating (Loss) / Profit	1,170	(1,057)	2,227
(Loss) / Profit before Interest and tax	1,170	(1,057)	2,227
(Loss) / Profit before tax	1,090	(1,098)	2,188
(Loss) / Profit after tax	1,132	(1,095)	2,227
Loss attributable to ordinary equity holders of the parent holders of the parent	1,132	(1,095)	2,227

The Group recorded a decrease of approximately 59% in its revenue to RM 3.890 million for the quarter ended 30 September 2017 against RM 9.403 million for the immediate preceding quarter ended 30 June 2017. The Group registered PBT and PAT of RM 1.09 million and RM 1.132 million respectively for the current quarter ended 30 September 2017, as compared to LBT and LAT of RM 1.098 million and RM 1.095 million respectively in the immediate preceding quarter ended 30 June 2017. The reason for the Group's lower revenue for the current quarter was mainly due to slower of tooling job completion recorded within the quarter ended 30 September 2017. A higher profit was mainly due to the interest earned from pledging of fixed deposits.

B3. Group's Prospects for FYE 31 December 2017

Barring any unforeseen circumstances, the Board expects the Group's performance to be satisfactory for the financial year ending 31 December 2017. Volatility of foreign exchange rates will continue to impose challenges for the Group's tooling business as a significant percentage of its revenue is derived from overseas markets. The Group continues to pursue in property segment to thrive, assess growth potential and opportunities towards enhancing its bottom line and improving shareholder value. The successful of the Group heavily rely on the operation efficiency, ability to secure contracts, interest rate, government policies as well as changes in global environment. The Group would focus in its core values and take all necessary initiatives to create value for shareholders.

SANICHI TECHNOLOGY BERHAD

Company No. 661826-K
(Incorporated in Malaysia)

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	30	30	30
	September	September	September	September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:-				
Current taxation	(42)	-	(45)	21
Deferred taxation	-	-	-	2,203
	<u>(42)</u>	<u>-</u>	<u>(45)</u>	<u>2,224</u>
In respect of the previous period:-				
Taxation	-	-	-	(275)
Deferred taxation	-	-	-	1,116
Net tax charge/(credit)	<u>(42)</u>	<u>-</u>	<u>(45)</u>	<u>3,065</u>

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. Status of Corporate Proposals Announced

There were no corporate proposal announced but not completed as at the date of this report except for on 9 October 2017 the Company proposes to undertake the proposed renounceable rights issue of up to 990,585,448 new ordinary shares in Sanichi ("Sanichi Shares" or "Shares") ("Rights Shares") together with up to 495,292,724 free detachable warrants in Sanichi ("Warrants E") on the basis of 2 Rights Shares together with 1 free Warrant E for every 1 existing Sanichi Share held by entitled shareholders of Sanichi on an entitlement date to be determined later ("Proposed Rights Issue With Warrants"). For more details, please refer to Bursa Malaysia announcement.

SANICHI TECHNOLOGY BERHAD

Company No. 661826-K
(Incorporated in Malaysia)

Status of Utilisation of Proceeds

Purpose	Proposed Utilisation	Actual Utilisation as at 30/09/2017	Intended Timeframe for Utilisation	Balance Unutilised	
	RM'000	RM'000		RM'000	%
Completing the construction of a factory building	5,500	4,800	Within eighteen (18) months	700	13
Expansion of production capacity	6,000	6,000	Within twenty four (24) months	-	-
Marketing expenses	4,000	4,000	Within twenty four (24) months	-	-
Acquisition of properties for investment	36,000	-	Within twenty four (24) months	36,000	100
Acquisition and/or investment in other complementary businesses	4,957	4,957	Within twenty four (24) months	-	-
Working capital	5,493	4,793	Within twenty four (24) months	700	13
Estimated expenses for the corporate exercise	1,000	1,000	Immediate	-	-
	62,950	25,550		37,400	59

SANICHI TECHNOLOGY BERHAD

Company No. 661826-K
(Incorporated in Malaysia)

B8. 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	-
Hire Purchase Payables	49
	<hr/>
	49
<u>Long Term Borrowings</u>	
Term Loans	443
ICULS	128
Hire Purchase Payables	-
	<hr/>
	571
	<hr/>
Total	620

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

B9. Trade Receivables

The Group's normal trade credit terms granted to trade receivables ranged from 1 month to 2 months (2016: 1 month to 2 months). Other credit terms are assessed and approved on a case by case basis. There are no trade receivables from related parties.

	As at quarter ended 30 September 2017				
	Current	1 – 3 months	3 – 6 months	More than 6 months	Total
	RM'00	RM'00	RM'00	RM'00	RM'00
	0	0	0	0	0
Precision mould division	2,899	2,566	3,271	30,103	38,839
Property development division	841	189	-	39	1,069
Total	3,740	2,755	3,271	30,142	39,908

B10. Off Balance Sheet Financial Instruments

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

SANICHI TECHNOLOGY BERHAD

Company No. 661826-K
(Incorporated in Malaysia)

B11. Material Litigation

There was no material litigation involving 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	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
Net (loss) / profit for the period (RM'000)	1,132	42	(2,158)	3,822
Weighted average number of shares in issue ('000)	291,305	1,144,334	291,305	1,144,334
Basic (LPS) / EPS (sen)	<u>0.39</u>	<u>0.01</u>	<u>(0.74)</u>	<u>0.33</u>

Basic EPS/(LPS) 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 earnings per share of the Group is calculated by dividing the profit for the financial period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial period adjusted for the effects of dilutive potential ordinary shares.

The diluted earnings per share is the same as basic earnings per share as the exercise prices of warrant, ICULS and ESOS are higher than the average market price of the ordinary shares during the financial period.

SANICHI TECHNOLOGY BERHAD

Company No. 661826-K
(Incorporated in Malaysia)

B14. Retained Profits/(Accumulated Losses)

	As at 30 September 2017 RM'000	As at 30 June 2016 RM'000
Realized Gain	69,746	75,396
Unrealized Gain / (Loss)	1,602	(4,228)
	<hr/>	<hr/>
Less Consolidation adjustments	71,348 (7,882)	71,168 20,795
	<hr/>	<hr/>
Total group retained profit	63,466	91,963

B15. Comprehensive Income / (Expenses) Disclosure

	Current quarter ended		Cumulative quarter ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 (Restated) RM'000
Interest income	1,313	-	1,559	141
Interest expense	(80)	(40)	(243)	(288)
Depreciation and amortization	(1,086)	(868)	(4,566)	(4,127)
Unrealized Gain / (Loss) on foreign exchange	868	329	1,602	(264)
Realized (loss) / gain on foreign exchange	(78)	73	110	842
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

B16. Audit Report of Preceding Annual Financial Statements

The audited financial statements of the Company and its subsidiaries for the FYE 30 June 2016 were not subject to any qualification.