

SANICHI TECHNOLOGY BERHAD

Registration No.: 200401023320 (661826-K)

(Incorporated In Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 30 JUNE 2024**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(The figures below are unaudited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 30 June 2024 RM'000	Preceding Year Corresponding Quarter 3 months ended 30 June 2023 RM'000	Current Year to Date 30 June 2024 RM'000	Preceding Year Corresponding Period 3 months ended 30 June 2023 RM'000
Revenue	2,517	-	2,517	-
Cost of sales	(2,445)	-	(2,445)	-
Gross (Loss)/Profit	72	-	72	-
Other income	4,037	-	4,037	-
Operating expenses	(5,649)	-	(5,649)	-
Loss from operations	(1,540)	-	(1,540)	-
Finance costs	(572)	-	(572)	-
Loss before taxation	(2,112)	-	(2,112)	-
Tax expense	(289)	-	(289)	-
Loss after tax from continuing operation	(2,401)	-	(2,401)	-
Loss from discontinued operations, net of tax	-	-	-	-
Loss for the period	(2,401)	-	(2,401)	-
Other Comprehensive Loss, net of tax				
Foreign currency translation	-	-	-	-
	-	-	-	-
Total Comprehensive Loss For The Financial Period	(2,401)	-	(2,401)	-
Loss attributable to:				
Owners of the Parent	(2,456)	-	(2,456)	-
Non-controlling interest	55	-	55	-
	(2,401)	-	(2,401)	-
Total Comprehensive Loss attributable to:				
Owners of the Parent	(2,456)	-	(2,456)	-
Non-controlling interest	55	-	55	-
	(2,401)	-	(2,401)	-
Loss Per Share (sen)				
Basic/Diluted (note B13)	(0.18)	-	(0.18)	-

Notes:

The financial year end of the group has been changed from 31 December 2023 to 31 March 2024. As such, there are no comparative figures for the preceding year corresponding cumulative period.

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2024 and accompanying explanatory notes attached to the interim financial statements

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INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 30 JUNE 2024**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(The figures below are unaudited)

	(Unaudited) As at 30 June 2024 RM'000	(Audited) As at 31 March 2024 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	29,235	29,813
Right-of-use of asset	1,085	1,227
Investment properties	33,739	33,925
Other investments	4,249	7,644
	68,308	72,609
Current assets		
Inventories	100,468	100,024
Trade and other receivables	22,770	24,461
Contract assets	15,135	13,910
Tax assets	1,173	1,124
Cash and cash equivalents	92,592	93,865
	232,138	233,384
	300,446	305,993
TOTAL ASSETS		
EQUITY AND LIABILITIES		
EQUITY		
Share capital	332,886	332,886
Accumulated losses	(93,928)	(92,359)
Other reserve	8,836	9,330
Equity attributable to owners of the parent	247,794	249,857
Non-controlling interests	9,527	9,487
Total equity	257,321	259,344
Non-current liabilities		
Bank borrowings	27,673	28,273
Hire purchase payable	49	53
Lease liabilities	-	113
	27,722	28,439
Current liabilities		
Trade and other payables	10,934	12,658
Bank borrowings	4,242	5,313
Hire purchase payable	16	16
Lease liabilities	53	87
Current tax liabilities	158	136
	15,403	18,210
	43,125	46,649
TOTAL LIABILITIES		
TOTAL EQUITY AND LIABILITIES		
	300,446	305,993
Net assets per share attributable to owners of the parent (RM)	0.18	0.18

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2024 and accompanying explanatory notes attached to the interim financial statements)

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INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 30 JUNE 2024**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

(The figures below are unaudited)

	Attributable to Owners of the Parent					
	Share Capital RM'000	Translation reserve RM'000	Warrant reserve RM'000	Accumulated Losses RM'000	Non-controlling interest RM'000	Total Equity RM'000
At 1 April 2024	332,886	97	9,233	(92,359)	9,487	259,344
Loss for the financial period	-	-	-	(2,456)	55	(2,401)
Reversal of warrant reserve			(887)	887	(15)	(15)
Foreign currency translation	-	393	-	-	-	393
At 30 June 2024 (unaudited)	332,886	490	8,346	(93,928)	9,527	257,321
<u>15 months ended 31 March 2024</u>						
At 1 January 2023	332,886	41	9,233	(72,307)	9,221	279,074
Loss for the financial period	-	-	-	(20,052)	250	(19,802)
Strike off of a subsidiary company	-	-	-	-	16	16
Foreign currency translation	-	56	-	-	-	56
At 31 March 2024 (audited)	332,886	97	9,233	(92,359)	9,487	259,344

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2024 and accompanying explanatory notes attached to the interim financial statements)

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INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 30 JUNE 2024**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

(The figures below are unaudited)

	Current Year to 30 June 2024 RM'000	Preceding Year Corresponding Period to 30 June 2023 RM'000
Cash flows from operating activities		
Loss before tax	(2,112)	-
Adjustments for:-		
Non-cash items	825	-
Non operating items	122	-
Operating profit before working capital changes	(1,165)	-
Changes in working capital:		
Net changes in current assets	22	-
Net changes in current liabilities	(1,724)	-
Cash used in operations	(2,867)	-
Interest received	451	-
Interest paid	(573)	-
Tax paid	(245)	-
Net cash used in operating activities	(3,234)	-
Cash flows from investing activities		
Proceeds from disposal of quoted shares	3,441	-
Addition of right of use assets	(32)	-
(Uplift)/Additional of fixed deposits with licenced banks	(45,475)	-
Net cash generated from investing activities	(42,066)	-
Cash flows from financing activities		
Repayment of bank borrowings	(1,671)	-
Repayment of hire purchase	(4)	-
Repayment of lease liabilities	(147)	-
Net cash used in financing activities	(1,822)	-
Effects of changes in exchange rates	40	-
Net decrease in cash and cash equivalents	(47,082)	-
Cash and cash equivalents at beginning of the period/year	53,955	-
Cash and cash equivalents at end of the period/year	6,873	-

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(The figures below are unaudited)

	Current Year to 30 June 2024 RM'000	Preceding Year Corresponding Period to 30 June 2023 RM'000
Cash and cash equivalents comprise:		
Cash and bank balances**	5,054	-
Fixed deposits with licensed bank	1,819	-
Fixed deposits with cooperative	85,719	-
Less: Fixed deposit with a maturity period more than 3 months	<u>(85,719)</u>	<u>-</u>
	<u>6,873</u>	<u>-</u>

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

Notes:

The financial year end of the group has been changed from 31 December 2023 to 31 March 2024. As such, there are no comparative figures for the preceding year corresponding cumulative period.

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 31 March 2024 and accompanying explanatory notes attached to the interim financial statements.

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INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 30 JUNE 2024

A. EXPLANATORY NOTES IN ACCORDANCE WITH FRS 134

A1. Basis of Preparation

The unaudited condensed interim financial statements for the quarter ended 30 June 2024 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 period ended (“FYE”) 31 March 2024.

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 period ended 31 March 2024, 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 April 2024. 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 disclosed in Note B7.

A6. Dividend Paid

There were no dividends declared or paid during the current financial quarter under review.

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A7. Segmental Information

The Group's reportable segments comprise of precision mould, property development, investment holding and other (represented an entity which yet to commence operation). The precision mould business is geographically located in Malaysia and Thailand. The property development business and investment holding is geographically located in Malaysia only.

For each reportable segment, the Group's chief operating decision makers which is the Board of Directors of the Company, reviews internal management reports on quarterly basis.

The Group	Precision Mould	Property Development	Investment Holding	Others/ Elimination	Consolidated
30 June 2024	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External sales	278	1,954	286	-	2,517
Inter segment sales	-	-	33	(33)	-
Total revenue	<u>278</u>	<u>1,954</u>	<u>319</u>	<u>(33)</u>	<u>2,517</u>
Results					
Loss from operations	(1,305)	(37)	(4,231)	(3)	(5,577)
Finance cost	(75)	(1)	(497)	1	(572)
Other income	132	9	3,715	181	4,037
Loss before tax					<u>(2,112)</u>
Income tax					<u>(289)</u>
Net loss for the period					<u>(2,401)</u>

Note:

The financial year end of the Group has been changed from 31 December 2023 to 31 March 2024. As such, there are no comparative figures for the cumulative preceding year corresponding cumulative period.

A8. Material Events Subsequent to the End of the Quarter under Review

There were no material events subsequent to the end of the current quarter under and financial period to date that have not been reflected in the financial statement for the interim period, except for:-

Share Option Scheme ("ESOS")

The Company issued 240,000,000 new ordinary shares at RM0.016 per share arising from the share option scheme dated 15 August 2024.

A9. Changes in the Composition of the Group

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

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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.

A11. Capital Commitments

There were no material capital commitments in respect of property, plant and equipment as at the end of the current quarter under review.

A12. Significant Related Parties Transactions

During the current financial quarter, the Directors are of the opinion that the Group has no related party transactions which would have a significant impact on the financial position and business of the Group.

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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 June 2024

	Individual period (period ended 30 June 2024)		Cumulative period	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-to-date	Preceding Year Corresponding Period
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	RM'000	RM'000	RM'000	RM'000
Revenue	2,517	-	2,517	-
Operating loss	(5,577)	-	(5,577)	-
Loss before interest and tax	(1,540)	-	(1,540)	-
Loss before tax	(2,112)	-	(2,112)	-
Loss after tax	(2,401)	-	(2,401)	-
Loss attributable to ordinary equity holders of the parent	(2,456)	-	(2,456)	-

The Group recorded a revenue of RM2.52 million for the quarter ended 30 June 2024. The Group's loss before tax ("LBT") and loss after tax ("LAT") for the quarter were RM2.11 million and RM2.40 million for the period respectively.

The lower revenue was mainly due to the decrease in revenue contribution from precision mould division and property development division which resulted a decrease in revenue as compared to immediate current preceding year as at 30 June 2023. The lower loss before tax as at 30 June 2024 as compared to immediate current preceding quarter ended 30 June 2023 mainly was due to higher fair value recognition on quoted share incurred in prior year.

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B2. Variation of Results for the Current Quarter Ended 30 June 2024 against Immediate Preceding Quarter

	Current Quarter 30/06/2024 RM'000	Preceding Quarter 31/03/2024 RM'000	Variance RM'000
Revenue	2,517	4,141	(1,624)
Operating loss	(5,577)	(8,669)	3,092
Loss before Interest and tax	(1,540)	(6,854)	5,314
Loss before tax	(2,112)	(7,306)	5,194
Loss after tax	(2,401)	(7,523)	5,122
Loss attributable to ordinary equity holders of the parent holders of the parent	(2,456)	(7,652)	5,196

The Group recorded the decrease of approximately 39.22% in its revenue to RM2.52 million for the quarter ended 30 June 2024 against RM4.14 million for the immediate preceding quarter ended 31 March 2024. The Group registered LBT and LAT of RM2.11 million and RM2.40 million respectively for the current quarter ended 30 June 2024, as compared to LBT and LAT of RM7.31 million and RM7.52 million respectively in the immediate preceding quarter ended 31 March 2024.

The reason for the Group's decrease in revenue for the current quarter was mainly due slow recognition from property development segment and slow recovery of tooling job completion recorded within the quarter ended 30 June 2024 as compared to preceding quarter 31 March 2024. The lower loss before tax report in the current quarter was mainly due to impairment loss on property, plant and equipment, higher labour cost, loss on disposal of quoted shares, unrealized loss on investment in quoted shares and impairment loss on trade receivables incurred in the immediate preceding quarter ended 31 March 2024.

B3. Group's Prospects for FYE 31 March 2025

The Board expects the Group's performance to be challenging for the financial period ending 30 June 2024. Volatility of foreign exchange rates will continue to affect the Group's tooling business as a significant percentage of its revenue is derived from overseas markets. The uncertainty caused the overall market in a downtrend which has an adverse impact that trigger the adjustment of fair value for Sanichi's financial assets. However, the completion of several share issuances in the previous year and the expected completion of property development in Marina Point Melaka would strengthen the financial health of the Group. The Group would cautiously observe the market and explore every business opportunities despite this uncertain market.

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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 and cumulative quarter ended	
	30 June 2024 RM'000	30 June 2023 RM'000
In respect of the current year:-		
Current taxation	(289)	-

B6. Profits / (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.

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B7. Status of Corporate Proposals

There were no corporate proposal announced but not completed as at the date of this report except for:-

- 1.) On 17 July 2020, the Company announced that the Company had entered into a Collaboration Agreement (“the Agreement”) with PDZ Holdings Bhd (“PDZ”) (individually and collectively known as “Party” or “the Parties”) to jointly develop and operate a regional e-Commerce logistics hub located in Desaru, Kota Tinggi, Johor which will eventuate to the forming of Special Purpose Vehicle (“SPV”). Please refer to announcement dated 17 July 2020 and 30 October 2020 for further details. There were no major developments after the agreement signed.
- 2.) Warrants F 2021/2024 of 601,311,751 units expired on 20 May 2024.

Status of utilization of proceeds raised from corporate proposals

a) Rights Issue with Warrants

The status of utilization of proceeds of RM96.21 million from the Rights Issue with Warrants of 1,202,623,503 new ordinary share of RM0.08 each with 601,311,751 Warrants F of RM0.10 each and 63,302,561 additional Warrants E is as follow:

Purpose	Proposed Utilisation	Actual Utilisation as at 23/08/2024	Balance Unutilised	Revisions to Utilisation	Balance Revised Unutilised Proceeds
	RM'000	RM'000	RM'000	RM'000	RM'000
Acquisition of factory building for the Gloves Business	38,000	-	38,000	-	38,000
Capital expenditure for the Gloves Business	41,500	15,000	26,500	(15,000)	26,500
Working capital	16,050	4,815	11,235	(4,815)	11,235
Estimated expenses for the corporate exercise	660	660	-	-	-
# Development of Marina Point Project	-	-	-	15,000	-
# Working capital for Group staff salaries	-	-	-	4,815	-
	96,210	20,475	75,735	-	75,735

There was no deviation between the approved utilization amount and actual utilized amount.

Note #: RM15 million has been used for development of Marina Point Project and RM4.82 has been used for working capital for group staff salaries.

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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:

	As at 30 June 2024 (Unaudited) RM'000	As at 30 June 2023 (Unaudited) RM'000
<u>Short Term Borrowings</u>		
Bank Overdraft	1,928	2,912
Finance Lease Payables	65	80
Lease Liabilities	53	7
Term Loans	2,314	2,132
	<u>4,360</u>	<u>5,131</u>
<u>Long Term Borrowings</u>		
Term Loans	27,673	30,352
	<u>27,673</u>	<u>30,352</u>
Total	<u>32,033</u>	<u>35,483</u>

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 (2024 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 June 2024				
	Current	1 – 3 months	3 – 5 months	More than 6 months	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Precision mould division	69	55	2	1,090	1,216
Property development division	1,394	-	-	130	1,524
Investment holding division	20	36	30	30	116
Total	1,483	91	32	1,250	2,856

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B10. Off Balance Sheet Financial Instruments

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

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. Loss Per Share (“LPS”)

Basic and Diluted Loss Per Share

	Current and cumulative quarter ended	
	30 June 2024	30 June 2023
Loss attributable to owners of the Company (RM'000)	(2,456)	-
Weighted average number of shares in issue ('000)	1,403,096	-
Basic ⁽¹⁾ / Diluted ⁽²⁾ LPS (sen)	<u>(0.18)</u>	<u>-</u>

Notes:

- (1) Basic loss per share for the quarter and cumulative quarter is calculated based on the net loss attributable to owners of the Company divided by the weighted average number of ordinary shares for the quarter and cumulative quarter respectively.
- (2) Diluted loss per share of the Company for the current quarter and cumulative quarter is equivalent to the basic loss per share as the effects on the assumed exercise of the share options under warrants are anti-dilutive.

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B14. Financial Instruments

(a) **Derivatives**

There were no outstanding derivatives as at 30 June 2024.

(b) **Gain/(Loss) arising from fair value changes in financial liabilities**

There were no gain/(loss) arising from fair value changes in financial liabilities during the current quarter and period to date.

B15. Comprehensive Expenses Disclosure

	Current and cumulative quarter ended	
	30 June 2024 RM'000	30 June 2023 RM'000
Interest income	451	-
Other income (excluded interest income)	156	-
Interest expense	(573)	-
Depreciation and amortization	(828)	-
Impairment loss on property, plant and equipment	-	-
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
Loss on disposal of quoted shares	(3,383)	-
Unrealised gain on investments	3,430	-
Foreign exchange (gain)/loss	(20)	-
Gain or loss on derivatives	-	-
Exceptional items	-	-
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B16. Audit Report of Preceding Annual Financial Statements

The audited financial statements of the Company and its subsidiaries for the FYE 31 March 2024 were not subject to any qualification.