

**K-One**  
**K-One Technology Berhad (539757-K)**  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2007**

# K-One

**K-One Technology Berhad (539757-K)**

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2007

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current year quarter 31.12.2007 RM'000	Preceding year corresponding quarter 31.12.2006 RM'000	Current year to date 31.12.2007 RM'000	Preceding year corresponding period (Audited) 31.12.2006 RM'000
Operating revenue	16,17	18,397	15,571	56,055	45,377
Cost of sales		(13,403)	(12,543)	(42,063)	(34,310)
Gross profit		4,994	3,028	13,992	11,067
Other income		195	-	229	-
Operating expenses		(2,583)	(1,111)	(8,333)	(4,990)
Profit from operations		2,606	1,917	5,888	6,077
Interest income		52	15	157	24
Interest expense		(158)	(47)	(351)	(87)
Profits before taxation		2,500	1,885	5,694	6,014
Taxation		(91)	(6)	(91)	(6)
Profits after taxation before Minority interest		2,409	1,879	5,603	6,008
Share of profits from associate company		61	-	332	-
Net profits for the period		2,470	1,879	5,935	6,008
<b><u>Attributable to:</u></b>					
Equity holders of the parent		2,368	1,879	5,833	6,080
Minority interests		102	-	102	(72)
Net profits for the period		2,470	1,879	5,935	6,008
<b><u>Earnings per share</u></b>					
<b><u>attributable to:</u></b>					
Equity holders of the parent					
Basic (sen)		2.11	1.84	5.20	5.96
Diluted (sen)		2.05	1.78	5.05	5.76

### Notes

The unaudited Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2006 and the accompanying explanatory notes to the Interim Financial Report.

The unaudited Condensed consolidated results for the financial period ended 31 December 2007 announced by the Company is in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for MESDAQ Market.



**K-One Technology Berhad (539757-K)**  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2007**

	Note	(Unaudited) As at 31.12.2007 RM'000	(Audited) As at 31.12.2006 RM'000
<b>ASSETS</b>			
<i>Non-current assets</i>			
Property, plant and equipment		9,598	3,937
Intangible assets		307	137
Investment in associate company		5,053	-
Goodwill		5,545	23
		<u>20,503</u>	<u>4,097</u>
<i>Current assets</i>			
Inventories		18,389	9,499
Trade receivables		15,692	16,084
Other receivables		1,397	1,459
Tax recoverable		-	11
Time deposits - pledged		266	-
Cash and cash equivalents		7,590	4,968
		<u>43,334</u>	<u>32,021</u>
<b>Total Assets</b>		<b><u>63,837</u></b>	<b><u>36,118</u></b>
<b>EQUITY AND LIABILITIES</b>			
<i>Capital and Reserves</i>			
Equity attributable to equity holders of the parent			
Share capital		11,227	10,206
Share premium		14,813	-
Reserves		14,220	8,948
		<u>40,260</u>	<u>19,154</u>
Minority interest		147	-
<b>Total Equity</b>		<b><u>40,407</u></b>	<b><u>19,154</u></b>

# K-One

**K-One Technology Berhad (539757-K)**  
(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2007- continued

		(Unaudited) As at 31.12.2007 RM'000	(Audited) As at 31.12.2006 RM'000
<b>EQUITY AND LIABILITIES</b>			
<i>Non-current liabilities</i>			
Hire purchase creditors	24	376	185
Deferred taxation liability		82	-
Long term loan	24	1,404	1,533
		<u>1,862</u>	<u>1,718</u>
<i>Current liabilities</i>			
Trade payables		9,195	11,946
Other payables and accruals		4,049	728
Amount due to Directors		122	170
Bank overdraft	24	4,220	322
Borrowings	24	3,699	2,013
Hire purchase creditors	24	228	67
Tax payable		55	1
		<u>21,568</u>	<u>15,246</u>
<b>Total Liabilities</b>		23,430	16,964
<b>Total Equity and Liabilities</b>		<u><b>63,837</b></u>	<u><b>36,118</b></u>
Net assets per share attributable to equity holders of the parent (sen)		35.86	18.77

### Notes

The unaudited Condensed Consolidated Balance Sheets should be read in conjunction with the audited financial statements for the financial year ended 31 December 2006 and the accompanying explanatory notes to the Interim Financial Report.

The unaudited Condensed Balance Sheet as at 31 December 2007 announced by the Company is in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the MESDAQ Market.

# K-One

**K-One Technology Berhad (539757-K)**  
(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2007

	<-----Attributable to equity holders of the parent ----->				Minority interest RM'000	Total Equity RM'000
	<i>Non-distributable</i>		<i>Distributable</i>			
	Share capital RM'000	Share premium RM'000	Retained profits RM'000	Total RM'000		
<b>At 1 January 2007</b>	10,206	-	8,948	19,154	-	19,154
Net assets of minority interest	-	-	-	-	-	-
Issuance of Rights Shares	1,021	14,813	-	15,834	-	15,834
Dividends paid	-	-	(561)	(561)	-	(561)
Net assets from minority interest	-	-	-	-	45	45
Net profits for the year	-	-	5,833	5,833	102	5,935
<b>At 31 December 2007</b>	<b>11,227</b>	<b>14,813</b>	<b>14,220</b>	<b>40,260</b>	<b>147</b>	<b>40,407</b>

	<-----Attributable to equity holders of the parent ----->				Minority interest RM'000	Total Equity RM'000
	<i>Non-distributable</i>		<i>Distributable</i>			
	Share capital RM'000	Share premium RM'000	Retained profits RM'000	Total RM'000		
<b>At 1 January 2006</b>						
As previously stated	3,780	5,007	2,352	11,139	-	11,139
Effect of adopting FRS 3	-	-	2,124	2,124	-	2,124
<b>At 1 January 2006 (restated)</b>	<b>3,780</b>	<b>5,007</b>	<b>4,476</b>	<b>13,263</b>	<b>-</b>	<b>13,263</b>
Bonus issue	6,426	(5,007)	(1,419)	-	-	-
Dividends paid	-	-	(189)	(189)	-	(189)
Net assets of minority interest	-	-	-	-	72	72
Net profits for the period	-	-	6,080	6,080	(72)	6,008
<b>At 31 December 2006</b>	<b>10,206</b>	<b>-</b>	<b>8,948</b>	<b>19,154</b>	<b>-</b>	<b>19,154</b>

### Notes

The unaudited Condensed Consolidated Statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2006 and the accompanying explanatory notes to the Interim Financial Report.

The unaudited Condensed Statement of changes in equity for the financial period ended 31 December 2007 announced by the Company is in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the MESDAQ Market .



**K-One Technology Berhad (539757-K)**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

(The figures have not been audited)

	(Unaudited) As at 31.12.2007 RM'000	As at 31.12.2006 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<i>Profit before taxation</i>	5,694	6,014
Adjustments for:		-
Depreciation of property, plant and equipment	792	412
Amortisation of intangible assets	92	40
Foreign currency exchange loss - unrealised	391	421
Interest income	(157)	(24)
Interest expenses	351	87
Loss/(Gain) on disposal of property, plant and equipment	(8)	1
Operating profit before working capital changes	7,155	6,951
Changes in working capital		
Increase in inventory	(6,136)	(4,275)
(Increase)/Decrease in trade receivables	3,595	(9,898)
Decrease in other receivables	321	1,274
Increase/(Decrease) in trade payables	(4,089)	6,907
Decrease in other payables	(656)	(1,305)
Cash generated from operations	190	(346)
Interest paid	(351)	(87)
Taxation paid	(25)	(3)
<i>Net cash used in operating activities</i>	<b>(186)</b>	<b>(436)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of subsidiary, net of cash acquired	(6,755)	33
Acquisition of shares in associate company	(4,721)	90
Proceeds from disposal of property, plant and equipment	13	-
Purchase of property, plant and equipment	(5,604)	(1,791)
Proceeds from issuance of shares to minority shareholders	45	-
<i>Net cash used in investing activities</i>	<b>(17,022)</b>	<b>(1,668)</b>



**K-One Technology Berhad (539757-K)**  
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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2007- continued**  
(The figures have not been audited)

	(Unaudited) As at 31.12.2007 RM'000	As at 31.12.2006 RM'000
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of Rights Shares	16,534	-
Dividend Paid	(561)	(189)
Repayment of hire purchases	(80)	(55)
Repayment of borrowings, net of drawdown	1,025	788
Right Issues Expenses Paid	(700)	-
Interest income	137	24
<b><i>Net cash generated from financing activities</i></b>	<b>16,355</b>	<b>568</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(853)</b>	<b>(1,536)</b>
<b>EFFECT OF EXCHANGE RATE CHANGES</b>	<b>(423)</b>	<b>(209)</b>
<b>CASH AND CASH EQUIVALENT AT BEGINNING OF THE YEAR</b>	<b>4,646</b>	<b>6,391</b>
<b>CASH AND CASH EQUIVALENT AT END OF YEAR</b>	<b>3,370</b>	<b>4,646</b>

Cash and cash equivalent comprise of the following:

	As at 31.12.2007 RM'000	As at 31.12.2006 RM'000
Overdraft	(4,220)	(322)
Cash and bank balances	7,590	4,968
	<b>3,370</b>	<b>4,646</b>

**Notes**

The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2006 and the accompanying explanatory notes to the Interim Financial Report.

The unaudited Condensed Consolidated Cash Flow Statement for the financial period ended 31 December 2007 announced by the Company is in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad("Bursa Securities") for the MESDAQ Market



**K-One Technology Berhad (539757-K)**  
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## **Interim Financial Reports for the 4th quarter ended 31 December 2007**

### **1. Basis of Preparation**

The interim financial report is unaudited and has been prepared in accordance with FRS134 “Interim Financial Reporting” and Chapter 9 of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market.

The interim financial report should be read in conjunction with the annual audited financial statements of the Group for the year ended 31 December 2006. These explanatory notes attached to the financial report provides an explanation of the events and transactions that are significant to give an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2006.

### **2. Changes in Accounting Policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2006 except for the adoption of the following new/revised Financial Reporting Standards (“FRS”) effective for the financial period beginning on or after 1 January 2007:

FRS 117	Leases
FRS 119	Employee Benefits
FRS 124	Related Party Disclosures

The adoption of the above mentioned FRSs does not result in significant changes in accounting policies of the Group.

### **3. Comparatives**

The comparative figures have been restated due to adoption of FRS 3:

	Previously stated RM'000	FRS 3 RM'000	Restated RM'000
Balance at 1 January 2006			
<i>Distributable</i>			
Retained earnings	2,352	2,124	4,476



**3. Comparatives – cont'd**

The comparative figures for intangible assets and its amortisation charges have been reflected in Balance Sheet and Cash Flow Statement.

**4. Auditors' Report on preceding Annual Financial Statement**

The auditors' report on the financial statements for the financial year ended 31 December 2006 was not qualified.

**5. Comments About Seasonal or Cyclical Factors**

The Group's business is subject to seasonal fluctuation. Business in the first half of the year is normally weaker than the second half of the year. Sales usually peak in the last quarter of the year in preparation for surge in consumer demand during the Christmas and New Year seasons overseas.

**6. Unusual Items Due To Their Nature, Size or Incidence**

During the current quarter under review, there were no items or events that arose, which affected the assets, liabilities, equity, net income or cash flows, to the effect that is unusual in nature, size or incidence.

**7. Significant Estimates and Change in Estimates**

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

**8. Issuances, Cancellations, Repurchase, Resale and Repayments of Debt and Equity Securities**

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity security during the current quarter under review.

**9. Dividends**

The payment of a first and final tax-exempt dividend of 0.5 sen per ordinary share for the financial year ended 31 December 2006 which was approved by the shareholders at the Annual General Meeting of the Company has been paid on 9 July 2007.

For the quarter under review, there were no dividends declared.

## 10. Segment Information

Segment information is provided based on contribution by activities and sales contribution by geography. Expenses, assets and liabilities which are common and cannot be meaningfully allocated to the segments are presented under unallocated expenses, assets and liabilities respectively.

### (a) Contribution by Activities

	Research, design and develop- ment RM'000	Manu- facturing RM'000	Digital Pen & Paper Solutions RM'000	Invest- ment Holding RM'000	Elimina- tion RM'000	Total RM'000
<b>Sales</b>						
External sales	2,741	51,441	1,873	-		56,055
Internal sales	2,808	-	42	-	(2,850)	-
<b>Total operating sales</b>	<b>5,549</b>	<b>51,441</b>	<b>1,915</b>	<b>-</b>	<b>(2,850)</b>	<b>56,055</b>
Other income	125	97	7	-	-	229
Interest income	135	22	-	-	-	157
	<b>5,809</b>	<b>51,560</b>	<b>1,922</b>	<b>-</b>	<b>(2,850)</b>	<b>56,441</b>
<b>Results</b>						
Segment results	1,815	3,997	279	(46)	-	6,045
Finance cost	(6)	(345)	-	-	-	(351)
Income tax	(45)	(36)	(10)	-	-	(91)
Profits after tax before MI	1,764	3,616	269	(46)	-	5,603
Minority interest						(102)
Share of profits from associate company						332
Profits after tax after MI						<b>5,833</b>

## 10. Segment Information – cont'd

	Research, design and develop- ment RM'000	Manu- facturing RM'000	Digital Pen & Paper Solutions RM'000	Invest- ment holding RM'000	Elimina- tion RM'000	Total RM'000
<b>Other information</b>						
Segment assets	32,518	43,117	1,570	624	(13,992)	<b>63,837</b>
Unallocated assets						-
						<b>63,837</b>
Segment liabilities	3,832	8,953	660	58	-	<b>13,503</b>
Unallocated liabilities						<b>9,927</b>
						<b>23,430</b>

### (b) Sales Contribution by Geography

The geographical sales breakdowns are as follows:

	12 months ended 31 December 2007 RM'000	12 months ended 31 December 2006 RM'000
Malaysia	4,889	3,039
Europe	21,032	35,525
USA	2,292	1,692
North Asia	*27,842	*5,121
	<b>56,055</b>	<b>45,377</b>

\* It should be noted that the majority of this sales is attributed to a European customer with manufacturing and distribution facilities located in China.

## 11. Material Events Subsequent to 31 December 2007

There was no material events subsequent to the end of the current quarter under review that have not been reflected in the financial statements, except for those disclosed at Note 23.

## 12. Property, Plant and Equipment

There was no revaluation on property, plant and equipment of the Group during the current quarter under review.

## 13. Changes in the Composition of the Group

On 29 November 2007, the Board of Directors announced that K-One Technology Berhad's wholly-owned subsidiary, EMB Technology Sdn Bhd ("EMB") has on 22 November 2007 acquired three (3) ordinary shares of RM1.00 each representing 100% of the total issued and paid-up capital of K-One Manufacturing Sdn Bhd ("K-One Mfg") for a consideration sum of RM3.00 only. Upon the acquisition, K-One Mfg becomes a wholly-owned subsidiary of EMB.

On 29 November 2007, the Board of Directors also announced that K-One Technology Berhad has on 22 November 2007 acquired three (3) ordinary shares of RM1.00 each representing 100% of the total issued and paid-up capital of K-One Resources Sdn Bhd ("K-One Resources") for a consideration of RM3.00 only. Upon the acquisition, K-One Resources becomes a wholly-owned subsidiary of K-One Tech.

On 21 November 2007, MIDF Amanah Investment Bank Berhad, on behalf of K-One Technology Berhad announced that the shareholders had at the Extraordinary General Meeting ("EGM") held on 21 November 2007, approved the ordinary resolution in relation to the proposed acquisition of the entire equity interest in Syslink Sdn Bhd ("Syslink") for a cash consideration of RM6,434,311. The acquisition of Syslink Sdn. Bhd. as a wholly owned subsidiary of K-One Technology Bhd. was completed on 30 November 2007.

There were no other changes in the composition of the Group during the quarter and up to the date of this report.

## 14. Changes in Contingent Liabilities or Contingent Assets

The contingent liabilities as at 31 December 2007 and up to the date of this report are as follows:-

Secured	RM'000
Corporate guarantee for credit facilities granted to subsidiary company - K-One Industry Sdn Bhd	<u>14,380</u>

## 15. Capital Commitments

There were no material capital commitments for the quarter under review.

## **16. Review of Performance**

For the fourth quarter ended 31 December 2007, the Group achieved revenue of RM18.4 million and profit attributable to equity holders of the parent company of RM2.4 million as compared to a revenue of RM15.6 million and profit attributable to equity holders of the parent of RM1.9 million for the fourth quarter ended 31 December 2006. Revenue was 18% higher while profit attributable to equity holders was up by 26%. The growth in revenue was mainly due to the increased sales contributed by the desk-top chargers cum communication port and the electronic sports head lamp while economy of scale and cost cutting measures implemented resulted in higher profit attributable to equity holders.

## **17. Comparison of Current Quarter Results with the Preceding Quarter**

Sales turnover for the 4<sup>th</sup> quarter of 2007 was higher at RM 18.4 million as compared to RM 17.5 million in the 3<sup>rd</sup> quarter of 2007, representing an increase of 5%. The increase in revenue was mainly due to ramping up of desk-top chargers cum communication port and electronic sports head lamp. The Group recorded a profit attributable to equity holders of the parent company of RM 2.4 million for the quarter ended 31 December 2007 (“4Q07”), which is 85% higher as compared to the RM1.3 million same for the preceding quarter ended 30 September 2007 (“3Q07”). The improvement in profitability was due primarily to materialization of cost down measures implemented in the previous quarters.

## **18. Prospects for the current financial year**

Despite the likelihood of the US going into a recession in the coming months and against the backdrop of a volatile global economy, the Board is optimistic of the Group’s sales and financial performance for the financial year ending 31 December 2008 for reason that sales contribution from the US is insignificant (only 5% of total sales for financial year 2007) and it is expected to complete development of a few new high volume products slated for staggered mass production in the first and second quarters of 2008 respectively.

## **19. Variance on Profit Forecast and Profit Guarantee**

The Group has not provided any profit forecast or profit guarantee in a public document.

Reference is made to the K-One Group’s announcement dated 24 July 2007 wherein the Company had clarified, in response to an earlier query from Bursa Securities that the senior management of the Group was in discussion to secure a major mobile phone accessories project. Given the relatively large size of the project, if secured, it will contribute positively to the Group’s financial performance in 2008.

As at the date of this report, the Group has put in place manufacturing facilities for production of this product.

## 20. Taxation

	12 months ended 31 December 2007 RM'000
Malaysia taxation	
Current year tax expense	62
Deferred taxation	91
	<u>153</u>
Under/(over) provision in prior year	
Tax expenses	-
Deferred taxation	(62)
	<u>(62)</u>
Total tax expense	<u><u>91</u></u>

Current year tax expense is in respect of the interest income earned during the financial year and business income derived from subsidiary companies which has no tax exemption. There is no other tax expense during the financial year as the Company is awarded with MSC-Status, which grants tax exemption for a period of five years, renewable for another five years, with effect from the financial year 2003. The Multimedia Development Corporation Sdn Bhd had, vide its letter dated 31 January 2008 approved the extension of the company's MSC-Status and its associated Pioneer Status for another 5 years to 10 September 2012.

As mentioned in the preceding paragraph, the Company's business income is exempted from tax in accordance to its MSC-Status. However, non-business income is chargeable to tax and income tax is calculated at the rate of 20% (2006: 20%) on the first RM 500,000 of the estimated taxable profit and 27% (2006: 28%) on the estimated taxable profit in excess of RM 500,000.

## 21. Profit on Sale of Unquoted Investment and/or Properties

There was no disposal of unquoted investment or properties during the financial quarter under review and the financial year-to-date ended 31 December 2007.

## 22. Purchase and Disposal of Quoted Securities

There were no purchases or disposal of quoted securities during the financial quarter under review and the financial year-to-date ended 31 December 2007.

## 23. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this Report.

## 23. Status of Corporate Proposals – cont'd

### Status of Utilisation of Proceeds

As at 31 December 2007, the proceeds arising from the rights issue and public issue in conjunction with the listing of the Company in the MESDAQ Market of Bursa Securities of approximately RM8.369 million were utilised as follows:

Purpose	Proposed utilization RM'000	Actual utilized RM'000	Balance RM'000	Intended timeframe for utilization	Deviation	Explanation
(i) Upgrading of Design & Development Center	1,500	1,500	-	Within 2 years from Listing date of 5 January 2006	-	-
(ii) Establishment of global sales offices	900	-	900	Within 2 years from Listing date of 5 January 2006	-	Note 1
(iii) Expansion plans for manufacturing facilities	1,550	1,550	-	Within 2 years from Listing date of 5 January 2006	-	-
(iv) Working capital	3,219	3,219	-	Immediately after 5 January 2006	-	-
(v) Estimated share issue expenses	1,200	1,200	-	Within 3 months from Listing date of 5 January 2006	-	-
<b>TOTAL</b>	<b>8,369</b>	<b>6,615</b>	<b>900</b>			

#### Note 1

The Securities Commission has vide its letter dated 9 January 2008 approved the extension of time of 2 years until 5 January 2010 to utilize the said amount.

### 23. Status of Corporate Proposals – cont'd

The Company raised a total gross proceeds of RM16.534 million from the Rights Issue with Warrants. The utilization of proceeds as at 31 December 2007 was as follows:

Purpose	Proposed utilization RM'000	Actual utilized RM'000	Balance RM'000	Intended timeframe for utilization	Deviation	Explanation
(i) Working capital	15,834	14,834	1,000	Within 12 months from the date of listing of the Rights Shares on 7 June 2007	-	-
(ii) Estimated total expenses for Rights Issues with Warrants	700	700	-	Within 1 month from the date of listing of the Rights Shares on 7 June 2007	-	-
<b>TOTAL</b>	<b>16,534</b>	<b>15,534</b>	<b>1,000</b>			

### 24. Group Borrowings and Debt Securities

Particulars of the Group's borrowings denominated in Ringgit Malaysia as at 31 December 2007 are as follows:

	RM'000
<b>Short term borrowings</b>	
<b><u>Unsecured</u></b>	
Bankers' acceptance	3,222
Trust receipt	477
Bank overdraft	4,220
<b><u>Secured</u></b>	
Hire purchase creditors	228
	<b>8,147</b>
<b>Long term borrowings</b>	
<b><u>Secured</u></b>	
Hire purchase creditors	376
Term loan	1,404
	<b>1,780</b>



**Total Borrowings**

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**9,927**

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**25. Off Balance Sheet Financial Instruments**

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

**26. Material Litigations**

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

**27. Earnings Per Share**

**(a) Basic earnings per share**

Basic earning per share is calculated by dividing the profits for the period attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	3 months ended		12 months ended and year to-date	
	31.12.07	31.12.06	31.12.07	31.12.06
Profit attributable to equity holders of the parent (RM'000)	2,368	1,879	5,833	6,080
Weighted average number of Ordinary Shares in issue ('000)	112,266	102,060	112,266	102,060
Basic Earnings per Ordinary Share (sen)	2.11	1.84	5.20	5.96

## 27. Earnings Per Share – cont'd

### (b) Fully diluted earnings per share

For the purpose of calculating diluted earnings per share, the weighted average number of shares has been adjusted for the dilutive effects of the shares options granted to the employees and the rights issue.

	3 months ended		12 months ended and year to-date	
	31.12.07	31.12.06	31.12.07	31.12.06
Profit attributable to equity holders of the parent (RM'000)	2,368	1,879	5,833	6,080
Weighted average number of Ordinary shares of RM0.10 each ('000)	112,266	102,060	112,266	102,060
Effect of dilution of share options ('000)	3,055	3,483	3,350	3,483
<i>Based on post- bonus issue Esos exercise price of RM0.28 (rounding up to nearest 2 decimal place)</i>				
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	115,321	105,543	115,616	105,543
Diluted Earnings per Ordinary Share (sen)	2.05	1.78	5.05	5.76

## 28. Authorised For Issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the Director on 25 February 2008.