

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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2008**



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

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FIRST QUARTER ENDED 31 MARCH 2008
(The figures have not been audited)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current year quarter 31.03.2008 RM'000	Preceding year corresponding quarter 31.03.2007 RM'000	Current year to date 31.03.2008 RM'000	Preceding year corresponding period 31.03.2007 RM'000
Operating revenue	16,17	10,856	9,206	10,856	9,206
Cost of sales		(7,497)	(6,308)	(7,497)	(6,308)
Gross profit		3,359	2,898	3,359	2,898
Other income		19	20	19	20
Operating expenses		(2,078)	(1,762)	(2,078)	(1,762)
Profit from operations		1,300	1,156	1,300	1,156
Interest income		21	12	21	12
Interest expense		(67)	(50)	(67)	(50)
Profits before taxation		1,254	1,118	1,254	1,118
Taxation		-	-	-	-
Profits after taxation before Minority interest		1,254	1,118	1,254	1,118
Share of loss from associate company		(248)	-	(248)	-
Net profits for the period		1,006	1,118	1,006	1,118
<u>Attributable to:</u>					
Equity holders of the parent		1,053	1,118	1,053	1,118
Minority interests		(47)	-	(47)	-
Net profits for the period		1,006	1,118	1,006	1,118
<u>Earnings per share</u>					
<u>attributable to:</u>					
Equity holders of the parent					
Basic (sen)		0.94	1.09	0.94	1.09
Diluted (sen)		0.91	1.00	0.91	0.96

Notes

The unaudited Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007 and the accompanying explanatory notes to the Interim Financial Report.

The unaudited Condensed consolidated results for the financial period ended 31 March 2008 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)
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**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2008**

	(Unaudited) As at 31.03.2008 RM'000	(Audited) As at 31.12.2007 RM'000
ASSETS		
<i>Non-current assets</i>		
Property, plant and equipment	10,400	9,598
Intangible assets	307	307
Investment in associate company	4,805	5,053
Goodwill	5,545	5,545
	<u>21,057</u>	<u>20,503</u>
<i>Current assets</i>		
Inventories	22,367	18,389
Trade receivables	12,031	15,692
Other receivables	2,015	1,397
Time deposits - pledged	266	266
Cash and cash equivalents	2,796	7,590
	<u>39,475</u>	<u>43,334</u>
Total Assets	<u>60,532</u>	<u>63,837</u>
EQUITY AND LIABILITIES		
<i>Capital and Reserves</i>		
Equity attributable to equity holders of the parent		
Share capital	11,227	11,227
Share premium	14,813	14,813
Reserves	15,273	14,220
	<u>41,313</u>	<u>40,260</u>
Minority interest	100	147
Total Equity	<u>41,413</u>	<u>40,407</u>

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CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2008- continued

		(Unaudited) As at 31.03.2008 RM'000	(Audited) As at 31.12.2007 RM'000
EQUITY AND LIABILITIES			
<i>Non-current liabilities</i>			
Hire purchase creditors	24	338	376
Deferred taxation liability		82	82
Long term loan	24	1,385	1,404
		<u>1,805</u>	<u>1,862</u>
<i>Current liabilities</i>			
Trade payables		6,573	9,195
Other payables and accruals		3,872	4,049
Amount due to Directors		60	122
Bank overdraft	24	3,747	4,220
Borrowings	24	2,792	3,699
Hire purchase creditors	24	214	228
Tax payable		55	55
		<u>17,313</u>	<u>21,568</u>
Total Liabilities		19,118	23,430
Total Equity and Liabilities		<u>60,531</u>	<u>63,837</u>
Net assets per share attributable to equity holders of the parent (sen)		36.80	35.86

Notes

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

	<-----Attributable to equity holders of the parent ----->				Minority interest	Total Equity
	<i>Non-distributable</i>		<i>Distributable</i>			
	Share capital RM'000	Share premium RM'000	Retained profits RM'000	Total RM'000		
At 1 January 2008	11,227	14,813	14,220	40,260	147	40,407
Net assets from minority interest						-
Net profits for the period	-	-	1,053	1,053	(47)	1,006
At 31 March 2008	11,227	14,813	15,273	41,313	100	41,413

	<-----Attributable to equity holders of the parent ----->				Minority interest	Total Equity
	<i>Non-distributable</i>		<i>Distributable</i>			
	Share capital RM'000	Share premium RM'000	Retained profits RM'000	Total RM'000		
At 1 January 2007	10,206	-	8,948	19,154	-	19,154
Net assets from minority interest	-	-	-	-	-	-
Net profits for the period	-	-	1,118	1,118	-	1,118
At 31 March 2007	10,206	-	10,066	20,272	-	20,272

Notes

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K-One Technology Berhad (539757-K)
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CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2008
(The figures have not been audited)

	(Unaudited) As at 31.03.2008 RM'000	As at 31.03.2007 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
<i>Profit before taxation</i>	1,254	1,118
Adjustments for:		-
Depreciation of property, plant and equipment	83	158
Amortisation of intangible assets		-
Interest income	(21)	(12)
Interest expenses	67	50
Loss/(Gain) on disposal of property, plant and equipment	-	(9)
Operating profit before working capital changes	1,383	1,305
Changes in working capital		
Increase in inventory	(3,977)	(953)
(Increase)/Decrease in trade receivables	3,661	2,147
Decrease in other receivables	(617)	99
Increase/(Decrease) in trade payables	(2,621)	(3,859)
Decrease in other payables	(239)	(470)
Cash generated from operations	(2,410)	(1,731)
Interest paid	(67)	(50)
Taxation paid		-
<i>Net cash used in operating activities</i>	(2,477)	(1,781)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	-	9
Purchase of property, plant and equipment	(887)	(2,018)
<i>Net cash used in investing activities</i>	(887)	(2,009)



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CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2008- continued
(The figures have not been audited)

	(Unaudited) As at 31.03.2008 RM'000	As at 31.03.2007 RM'000
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of hire purchases	(52)	(16)
Drawdown of borrowings, net of repayment	(926)	3,363
Interest income	21	12
<i>Net cash generated from financing activities</i>	<u>(957)</u>	<u>3,359</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,321)	(431)
CASH AND CASH EQUIVALENT AT BEGINNING OF THE YEAR	3,370	4,646
CASH AND CASH EQUIVALENT AT END OF YEAR	<u>(951)</u>	<u>4,215</u>
Cash and cash equivalent comprise of the following:		
	As at 31.03.2008 RM'000	As at 31.03.2007 RM'000
Overdraft	(3,747)	(932)
Cash and bank balances	2,796	5,147
	<u>(951)</u>	<u>4,215</u>

Notes

The unaudited Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007 and the accompanying explanatory notes to the Interim Financial Report.

The unaudited Condensed consolidated results for the financial period ended 31 March 2008 announced by the Company is in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for MESDAQ Market.



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Interim Financial Reports for the First Financial Quarter Ended 31 March 2008

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 2007. 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 2007.

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 2007.

3. Auditors’ Report on preceding Annual Financial Statement

The auditors’ report on the financial statements for the financial year ended 31 December 2007 was not qualified.

4. 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.

5. 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.

6. 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.

7. 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.

8. Dividends

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

9. 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.

9. Segment Information – cont'd

(b) Sales Contribution by Geography

The geographical sales breakdowns are as follows:

	3 months ended 31 March 2008 RM'000	3 months ended 31 March 2007 RM'000
Malaysia	2,822	394
Europe	4,230	6,904
USA	711	244
North Asia *	3,093	1,664
	10,856	9,206

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

10. Material Events Subsequent to 31 March 2008

There was no material events subsequent to the end of the current quarter under review that have not been reflected in the financial statements.

11. Property, Plant and Equipment

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

12. Changes in the Composition of the Group

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

13. Changes in Contingent Liabilities or Contingent Assets

The contingent liabilities as at 31 March 2008 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>

14. Capital Commitments

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

15. Review of Performance

For the first quarter ended 31 December 2008, the Group achieved revenue of RM10.9 million and profit attributable to equity holders of the parent company of RM1.05 million as compared to revenue of RM9.2 million and profit attributable to equity holders of the parent of RM1.12 million for the first quarter ended 31 March 2007. The revenue was 18% higher while profits attributable to equity holders declined by about 6%. The revenue growth was mainly due to spill over effect of increased sales contributed by the desk stand charger cum communication port and contributions from the cable assembly business. Profits attributable to equity holders was lower due to higher expenses built-in to cater for the substantial impending sales order expected which is deferred to materialize by the second half of the year and also the share of losses from its associate company.

16. Comparison of Current Quarter Results with the Preceding Quarter

Sales turnover for the 1st quarter of 2008 was lower at RM 10.9 million as compared to RM 18.4 million in the 4th quarter of 2007, representing a decrease of 41% due to the effect of slower global economic growth resulting in the delay in the launching of the USB cable business and new version of desk top charge cum communication port. The Group recorded a profit attributable to equity holders of the parent company of RM1.05 million for the quarter ended 31 March 2008 which is 56% lower as compared to the RM2.4 million for the preceding quarter ended 31 December 2007. Profits attributable to equity holders was lower due to higher expenses built-in to cater for the substantial impending sales order and also the share of losses from its associate company.

17. Prospects for the current financial year

Despite the subdued global economic outlook and the possibility of going into a recession, the Board is optimistic of the Group's sales and financial performance for the financial year ending 31 December 2008 for reasons that the reliance on sales contribution from the US is insignificant and our business being niche markets wherein sales growth is less adversely affected.

18. Variance on Profit forecast and Profit Guarantee

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

19. Taxation

Current period tax expense in respect of the interest income earned during the financial period and business income derived from subsidiary companies that has no tax exemption is insignificant. There is no provision for taxation in respect of its core activities 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% (2007: 20%) on the first RM 500,000 of the estimated taxable profit and 27% (2007: 28%) on the estimated taxable profit in excess of RM 500,000.

20. Profit on Sale of Unquoted Investment and/or Properties

There was no disposal of unquoted investment or properties during the financial quarter under review.

21. Purchase and Disposal of Quoted Securities

There were no purchases or disposal of quoted securities during the financial quarter under review.

22. Status of Corporate Proposals

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

Status of Utilisation of Proceeds

As at 31 March 2008, 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:

22. Status of Corporate Proposals – cont'd

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	-	-
TOTAL	8,369	7,469	900			

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.

The Company raised total gross proceeds of RM16.534 million from the Rights Issue with Warrants. As at 31 March 2008, the proceeds were fully utilized as working capital and expenses for Rights Issues with Warrants of RM15.834 million and RM0.7 million respectively.

22. Status of Corporate Proposals – cont'd

Purpose	Proposed utilization RM'000	Actual utilized RM'000	Balance RM'000	Intended timeframe for utilization	Deviation	Explanation
(i) Working capital	15,834	15,834	-	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	-	-
TOTAL	16,534	16,534	-			

23. Group Borrowings and Debt Securities

Particulars of the Group's borrowings denominated in Ringgit Malaysia as at 31 March 2008 are as follows:

	RM'000
Short term borrowings	
<u>Unsecured</u>	
Bankers' acceptance	2,682
Bank overdraft	3,747
<u>Secured</u>	
Term loan	110
Hire purchase creditors	214
	6,753
Long term borrowings	
<u>Secured</u>	
Hire purchase creditors	338
Term loan	1,385
	1,723
Total Borrowings	8,476

24. Off Balance Sheet Financial Instruments

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

25. 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.

26. 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 and year to-date	
	31.03.08	31.03.07
Profit attributable to equity holders of the parent (RM'000)	1,053	1,118
Weighted average number of Ordinary Shares in issue ('000)	112,266	102,060
Basic Earnings per Ordinary Share (sen)	0.94	1.09

26. 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 and year to-date	
	31.03.08	31.03.07
Profit attributable to equity holders of the parent (RM'000)	1,053	1,118
Weighted average number of Ordinary shares of RM0.10 each ('000)	112,266	102,060
Effect of dilution of share options ('000) <i>Based on post- bonus issue Esos exercise price of RM0.28 (rounding up to nearest 2 decimal place)</i>	2,761	3,447
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	115,027	105,507
Diluted Earnings per Ordinary Share (sen)	0.92	1.06

27. Authorised For Issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the Directors on 26 May 2008.