

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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010**

# K-One

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

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010

(The figures have not been audited)

|                                                   | INDIVIDUAL QUARTER                              |                                                                    | CUMULATIVE QUARTERS                             |                                                                   |
|---------------------------------------------------|-------------------------------------------------|--------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------------------------|
|                                                   | Current year<br>quarter<br>30.09.2010<br>RM'000 | Preceding year<br>corresponding<br>quarter<br>30.09.2009<br>RM'000 | Current year<br>to date<br>30.09.2010<br>RM'000 | Preceding year<br>corresponding<br>period<br>30.09.2009<br>RM'000 |
| Operating revenue                                 | 41,868                                          | 25,029                                                             | 100,015                                         | 52,456                                                            |
| Cost of sales                                     | (34,543)                                        | (17,542)                                                           | (80,841)                                        | (37,037)                                                          |
| Gross profit                                      | 7,325                                           | 7,487                                                              | 19,174                                          | 15,419                                                            |
| Other income                                      | 37                                              | 1,147                                                              | 55                                              | 1,336                                                             |
| Operating expenses                                | (3,997)                                         | (6,395)                                                            | (11,532)                                        | (15,531)                                                          |
| Profits from operations                           | 3,365                                           | 2,239                                                              | 7,697                                           | 1,224                                                             |
| Interest income                                   | -                                               | 1                                                                  | -                                               | 1                                                                 |
| Interest expense                                  | (304)                                           | (263)                                                              | (894)                                           | (832)                                                             |
| Profits before taxation                           | 3,061                                           | 1,977                                                              | 6,803                                           | 393                                                               |
| Taxation                                          | -                                               | (63)                                                               | -                                               | (73)                                                              |
| Profits after taxation before Minority interest   | 3,061                                           | 1,914                                                              | 6,803                                           | 320                                                               |
| Share of profits from associate company           | -                                               | (294)                                                              | -                                               | -                                                                 |
| Net profits for the period                        | 3,061                                           | 1,620                                                              | 6,803                                           | 320                                                               |
| <b><u>Attributable to:</u></b>                    |                                                 |                                                                    |                                                 |                                                                   |
| Equity holders of the parent                      | 2,994                                           | 1,435                                                              | 6,873                                           | 245                                                               |
| Minority interests                                | 67                                              | 185                                                                | (70)                                            | 75                                                                |
| Net profits for the period                        | 3,061                                           | 1,620                                                              | 6,803                                           | 320                                                               |
| <b><u>Earnings per share attributable to:</u></b> |                                                 |                                                                    |                                                 |                                                                   |
| Equity holders of the parent                      |                                                 |                                                                    |                                                 |                                                                   |
| Basic (sen)                                       | 2.63                                            | 1.27                                                               | 6.03                                            | 0.22                                                              |
| Diluted (sen)                                     | 2.21                                            | 1.27                                                               | 5.08                                            | 0.22                                                              |

### Notes

The unaudited Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes to the Interim Financial Report.

The unaudited Condensed Consolidated Results for the financial period ended 30 September 2010 announced by the Company is in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market.

# K-One

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

## CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2010

|                                                     | Note | (Unaudited)<br>As at<br>30.09.2010<br>RM'000 | (Audited)<br>As at<br>31.12.2009<br>RM'000 |
|-----------------------------------------------------|------|----------------------------------------------|--------------------------------------------|
| <b>ASSETS</b>                                       |      |                                              |                                            |
| <i>Non-current assets</i>                           |      |                                              |                                            |
| Property, plant and equipment                       |      | 10,166                                       | 10,889                                     |
| Prepaid land leases                                 |      | 835                                          | 853                                        |
| Intangible assets                                   |      | 851                                          | 903                                        |
| Goodwill                                            |      | 5,546                                        | 5,546                                      |
|                                                     |      | <u>17,398</u>                                | <u>18,191</u>                              |
| <i>Current assets</i>                               |      |                                              |                                            |
| Inventories                                         |      | 51,690                                       | 44,713                                     |
| Trade receivables                                   |      | 32,497                                       | 25,119                                     |
| Other receivables                                   |      | 1,880                                        | 2,923                                      |
| Tax in credit                                       |      | 301                                          | 195                                        |
| Cash and cash equivalents                           |      | 8,344                                        | 6,751                                      |
|                                                     |      | <u>94,712</u>                                | <u>79,701</u>                              |
| <b>Total Assets</b>                                 |      | <b><u>112,110</u></b>                        | <b><u>97,892</u></b>                       |
| <b>EQUITY AND LIABILITIES</b>                       |      |                                              |                                            |
| <i>Capital and Reserves</i>                         |      |                                              |                                            |
| Equity attributable to equity holders of the parent |      |                                              |                                            |
| Share capital                                       |      | 11,395                                       | 11,271                                     |
| Share premium                                       |      | 15,117                                       | 14,893                                     |
| Reserves                                            |      | 28,291                                       | 21,615                                     |
|                                                     |      | <u>54,803</u>                                | <u>47,779</u>                              |
| Minority interest                                   |      | 252                                          | 517                                        |
| <b>Total Equity</b>                                 |      | <b><u>55,055</u></b>                         | <b><u>48,296</u></b>                       |

# K-One

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

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2010- continued

|                                                                         |      | (Unaudited)<br>As at<br>30.09.2010<br>RM'000 | (Audited)<br>As at<br>31.12.2009<br>RM'000 |
|-------------------------------------------------------------------------|------|----------------------------------------------|--------------------------------------------|
|                                                                         | Note |                                              |                                            |
| <b>EQUITY AND LIABILITIES</b>                                           |      |                                              |                                            |
| <i>Non-current liabilities</i>                                          |      |                                              |                                            |
| Hire purchase creditors                                                 | 23   | 296                                          | 449                                        |
| Deferred taxation liability                                             |      | 76                                           | 76                                         |
| Long term loan                                                          | 23   | 2,953                                        | 3,235                                      |
|                                                                         |      | <u>3,325</u>                                 | <u>3,760</u>                               |
| <i>Current liabilities</i>                                              |      |                                              |                                            |
| Trade payables                                                          |      | 26,945                                       | 23,825                                     |
| Other payables and accruals                                             |      | 686                                          | 981                                        |
| Amount due to Directors                                                 |      | 2,220                                        | 2,210                                      |
| Bank overdraft                                                          | 23   | 3,272                                        | 3,216                                      |
| Borrowings                                                              | 23   | 20,392                                       | 15,374                                     |
| Hire purchase creditors                                                 | 23   | 212                                          | 218                                        |
| Tax payable                                                             |      | 3                                            | 12                                         |
|                                                                         |      | <u>53,730</u>                                | <u>45,836</u>                              |
| <b>Total Liabilities</b>                                                |      | 57,055                                       | 49,596                                     |
| <b>Total Equity and Liabilities</b>                                     |      | <u>112,110</u>                               | <u>97,892</u>                              |
| Net assets per share attributable to equity holders of the parent (sen) |      | 48.09                                        | 42.38                                      |

### Notes

The unaudited Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes to the Interim Financial Report.

The unaudited Condensed consolidated results for the financial period ended 30 September 2010 announced by the Company is in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market.



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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010**

|                                                               | <-----Attributable to equity holders of the parent -----> |               |                                 |                  |               | Minority Interest | Total Equity  |
|---------------------------------------------------------------|-----------------------------------------------------------|---------------|---------------------------------|------------------|---------------|-------------------|---------------|
|                                                               | <i>Non-distributable</i>                                  |               | <i>Distributable</i>            |                  | Total         |                   |               |
|                                                               | Share Capital                                             | Share Premium | Reserve Attributable to Revenue | Retained Profits |               |                   |               |
| RM'000                                                        | RM'000                                                    | RM'000        | RM'000                          | RM'000           | RM'000        | RM'000            |               |
| <b>At 1 January 2010</b>                                      | 11,271                                                    | 14,893        | 58                              | 21,557           | 47,779        | 517               | 48,296        |
| Exercised ESOS                                                | 124                                                       | 224           | -                               | -                | 348           | -                 | 348           |
| Exchange difference arising from foreign subsidiary companies | -                                                         | -             | (197)                           | -                | (197)         | (195)             | (392)         |
| Net profits/(loss) for the period                             | -                                                         | -             | -                               | 6,873            | 6,873         | (70)              | 6,803         |
| <b>At 30 September 2010</b>                                   | <b>11,395</b>                                             | <b>15,117</b> | <b>(139)</b>                    | <b>28,430</b>    | <b>54,803</b> | <b>252</b>        | <b>55,055</b> |

|                                                               | <-----Attributable to equity holders of the parent -----> |               |                                 |                  |               | Minority Interest | Total Equity  |
|---------------------------------------------------------------|-----------------------------------------------------------|---------------|---------------------------------|------------------|---------------|-------------------|---------------|
|                                                               | <i>Non-distributable</i>                                  |               | <i>Distributable</i>            |                  | Total         |                   |               |
|                                                               | Share Capital                                             | Share Premium | Reserve Attributable to Revenue | Retained Profits |               |                   |               |
| RM'000                                                        | RM'000                                                    | RM'000        | RM'000                          | RM'000           | RM'000        | RM'000            |               |
| <b>At 1 January 2009</b>                                      | 11,227                                                    | 14,813        | (84)                            | 20,272           | 46,228        | 252               | 46,480        |
| Net assets from minority interest                             |                                                           |               |                                 |                  |               |                   |               |
| Exercised ESOS                                                | 44                                                        | 80            | -                               | -                | 124           | -                 | 124           |
| Exchange difference arising from foreign subsidiary companies | -                                                         | -             | 5                               | -                | 5             | 31                | 36            |
| Net assets shared by MI                                       |                                                           |               |                                 |                  |               | 45                | 45            |
| Net profits for the period                                    | -                                                         | -             | -                               | 245              | 245           | 75                | 320           |
| <b>At 30 September 2009</b>                                   | <b>11,271</b>                                             | <b>14,893</b> | <b>(79)</b>                     | <b>20,517</b>    | <b>46,602</b> | <b>403</b>        | <b>47,005</b> |

**Notes**

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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010**

(The figures have not been audited)

|                                                         | (Unaudited)                   |                               |
|---------------------------------------------------------|-------------------------------|-------------------------------|
|                                                         | As at<br>30.09.2010<br>RM'000 | As at<br>30.09.2009<br>RM'000 |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>              |                               |                               |
| <i>Profit before taxation</i>                           | 6,803                         | 393                           |
| Adjustments for:                                        |                               |                               |
| Depreciation of property, plant and equipment           | 1,251                         | 1,268                         |
| Amortization of intangible assets                       | 52                            | 176                           |
| Amortization of leasehold land                          | 18                            | 17                            |
| Interest income                                         | -                             | (1)                           |
| Interest expenses                                       | 894                           | 832                           |
| Loss on disposal of property, plant and equipment       | 1                             | 20                            |
| Gain on disposal of property, plant and equipment       | (30)                          | -                             |
| Inventory written down                                  | -                             | 465                           |
| Dividend income                                         | -                             | (797)                         |
| Loss on disposal of associate company                   | -                             | 925                           |
| Operating profit before working capital changes         | 8,989                         | 3,298                         |
| Changes in working capital                              |                               |                               |
| Increase in inventory                                   | (6,977)                       | (8,271)                       |
| Increase in trade receivables                           | (7,378)                       | (5,550)                       |
| Decrease in other receivables                           | 1,043                         | 548                           |
| Increase in trade payables                              | 3,120                         | 5,608                         |
| Decrease in other payables                              | (295)                         | (1,069)                       |
| Increase in amount due to Directors                     | 10                            | -                             |
| Cash used in operations                                 | (1,488)                       | (5,436)                       |
| Interest paid                                           | (894)                         | (832)                         |
| Taxation paid                                           | (121)                         | (157)                         |
| <i>Net cash used in operating activities</i>            | <b>(2,503)</b>                | <b>(6,425)</b>                |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>              |                               |                               |
| Proceeds from disposal of an associate company          | -                             | 4,593                         |
| Proceeds from issuance of shares to minority interests  | -                             | 45                            |
| Purchase of property, plant and equipment               | (530)                         | (275)                         |
| Proceeds from disposal of property, plant and equipment | 31                            | 170                           |
| <i>Net cash (used in) / from investing activities</i>   | <b>(499)</b>                  | <b>4,533</b>                  |



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

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010- continued**  
(The figures have not been audited)

|                                                            | (Unaudited)                   |                               |
|------------------------------------------------------------|-------------------------------|-------------------------------|
|                                                            | As at<br>30.09.2010<br>RM'000 | As at<br>30.09.2009<br>RM'000 |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                 |                               |                               |
| Proceeds from exercised ESOS                               | 348                           | 124                           |
| Repayment of hire purchases                                | (159)                         | (171)                         |
| Repayment of borrowings, net of drawdown                   | 4,736                         | 4,588                         |
| Drawdown of fixed deposits                                 | -                             | 276                           |
| Interest income                                            | -                             | 1                             |
| <b><i>Net cash from financing activities</i></b>           | <b><u>4,925</u></b>           | <b><u>4,818</u></b>           |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>           | 1,923                         | 2,926                         |
| <b>EFFECT OF EXCHANGE RATE DIFFERENCES</b>                 | (386)                         | (131)                         |
| <b>CASH AND CASH EQUIVALENT AT BEGINNING OF THE PERIOD</b> | 3,535                         | 161                           |
| <b>CASH AND CASH EQUIVALENT AT END OF PERIOD</b>           | <b><u>5,072</u></b>           | <b><u>2,956</u></b>           |
| Cash and cash equivalent comprise of the following:        |                               |                               |
|                                                            | As at<br>30.09.2010<br>RM'000 | As at<br>30.09.2009<br>RM'000 |
| Overdraft                                                  | (3,272)                       | (5,985)                       |
| Cash and bank balances                                     | 8,344                         | 8,941                         |
|                                                            | <b><u>5,072</u></b>           | <b><u>2,956</u></b>           |

**Notes**

The unaudited Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes to the Interim Financial Report.

The unaudited Condensed consolidated results for the financial period ended 30 September 2010 announced by the Company is in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market.



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## **Interim Financial Reports for the Third Quarter Ended 30 September 2010**

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

The interim financial report of the Group is unaudited and has been prepared in accordance with FRS134 Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2009. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2009.

### **2. Significant Accounting Policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2009, except for the adoption of the following new Financial Reporting Standards (FRSs), Amendments to FRSs, Interpretations and Technical Release with effect from 1 January 2010.

#### **Adoption of FRSs, Amendments to FRSs, Interpretations and Technical Release**

On 1 January 2010, the Group adopted the following FRSs :-

|                      |                                                                 |
|----------------------|-----------------------------------------------------------------|
| FRS 4                | Insurance Contracts                                             |
| FRS 7                | Financial Instruments: Disclosures                              |
| FRS 8                | Operating Segments                                              |
| FRS 101              | Presentation of Financial Statements (Revised 2009)             |
| FRS 123              | Borrowing Costs                                                 |
| FRS 139              | Financial Instruments: Recognition and Measurement              |
| Amendment to FRS 1   | First-time Adoption of Financial Reporting Standards            |
| Amendment to FRS 2   | Share-based Payment – Vesting Conditions and Cancellations      |
| Amendment to FRS 7   | Financial Instruments: Disclosures                              |
| Amendment to FRS 8   | Operation Segments                                              |
| Amendment to FRS 107 | Statement of Cash Flows                                         |
| Amendment to FRS 108 | Accounting Policies, Changes in Accounting Estimates and Errors |
| Amendment to FRS 110 | Events after the Reporting Period                               |
| Amendment to FRS 116 | Property, Plant and Equipment                                   |
| Amendment to FRS 117 | Leases                                                          |
| Amendment to FRS 118 | Revenue                                                         |
| Amendment to FRS 119 | Employee Benefits                                               |



## 2. Significant Accounting Policies (cont'd)

|                      |                                                                                                   |
|----------------------|---------------------------------------------------------------------------------------------------|
| Amendment to FRS 120 | Accounting for Government Grants and Disclosure of Government Assistance                          |
| Amendment to FRS 123 | Borrowing Costs                                                                                   |
| Amendment to FRS 128 | Investments in Associates                                                                         |
| Amendment to FRS 129 | Financial Reporting in Hyperinflationary Economies                                                |
| Amendment to FRS 131 | Interest in Joint Ventures                                                                        |
| Amendment to FRS 132 | Financial Instruments: Presentation                                                               |
| Amendment to FRS 134 | Interim Financial Reporting                                                                       |
| Amendment to FRS 136 | Impairment of Assets                                                                              |
| Amendment to FRS 139 | Financial Instruments: Recognition and Measurement                                                |
| Amendment to FRS 140 | Investment Property                                                                               |
| IC Interpretation 9  | Reassessment of Embedded Derivatives                                                              |
| IC Interpretation 10 | Interim Financial Reporting and Impairment                                                        |
| IC Interpretation 11 | FRS 2 – Group and Treasury Share Transactions                                                     |
| IC Interpretation 13 | Customer Loyalty Programmes                                                                       |
| IC Interpretation 14 | FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction |
| TR <i>i</i> - 3      | Presentation of Financial Statements of Islamic Financial Institutions                            |
| SOP <i>i</i> - 1     | Financial Reporting from an Islamic Perspective                                                   |

Other than for the application of FRS 8, FRS 101 and FRS 139, the application of the above FRSs, Amendments to FRSs, Interpretations and Technical Release did not result in any significant changes in the accounting policies and presentation of the financial results of the Group.

### Application of FRSs

#### **FRS 8: Operating Segments (FRS 8)**

FRS 8 requires segment information to be presented on a similar basis to that used for internal reporting purposes. As a result, the Group's segmental reporting had been presented based on the internal reporting to the chief operation decision maker who makes decisions on the allocation of resources and assesses the performance of the reportable segments. This standard does not have any impact on the financial position and results of the Group.

#### **FRS 101: Presentation of Financial Statements (FRS 101)**

FRS 101 separates owner and non-owner changes in equity. Therefore, the current consolidated statement of changes in equity only includes details of transactions with owners. All non-owner changes in equity are presented as a single line labeled as total comprehensive income. Comparative information, with exception of the requirements under FRS 139, had been re-presented so that it is also in conformity with the revised standard. This standard does not have any impact on the financial position and results of the Group.

## 2. Significant Accounting Policies (cont'd)

### **FRS 139: Financial Instruments – Recognition and Measurement (FRS 139)**

FRS 139 sets out the new requirements for the recognition and measurement of the Group's financial instruments. Financial instruments are recorded initially at fair value. Subsequent measurement of the financial instruments in the statement of financial position reflects the designation of the financial instruments. The Group determines the classification at initial recognition and for the purpose of the first adoption of the standard, as at transitional date on 1 January 2010.

#### **Financial Assets**

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, as appropriate.

The Group's financial assets include cash, fixed deposits, loans and receivables.

#### **Loans and Receivables**

Prior to 1 January 2010, loans and receivables were stated at gross receivables less provision for doubtful debts. Under FRS 139, loans and receivables are initially measured at fair value and subsequently at amortised cost using the effective interest method. Gains and losses arising from the derecognition of the loans and receivables, amortization under the effective interest method and impairment losses are recognized in the income statement.

#### **Financial Liabilities**

Financial liabilities include trade and other payables are classified as financial liabilities at fair value through profit or loss, loans and borrowings, as appropriate.

### **FRSs, Amendments to FRSs, Interpretations and Technical Releases issued but not yet effective**

At the date of authorisation of these interim financial statements, the following FRSs, Amendments to FRSs, Interpretations and Technical Releases were issued but not yet effective and have not been applied by the Group:

| <b>FRSs, Amendments to FRSs, Interpretations and Technical Releases</b> |                                                                                                                               | <b>Effective for financial periods beginning on or after</b> |
|-------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|
| FRS 1 (revised)                                                         | First-time Adoption of Financial Reporting Standards                                                                          | 1 July 2010                                                  |
| FRS 3 (revised)                                                         | Business Combinations                                                                                                         | 1 July 2010                                                  |
| FRS 127                                                                 | Consolidated and Separate Financial Statements                                                                                | 1 July 2010                                                  |
| Amendment to FRS 2                                                      | Shared-based Payment: Vesting Conditions and Cancellations                                                                    | 1 July 2010                                                  |
| Amendment to FRS 5                                                      | Non-current Assets Held for Sale and Discontinued Operations                                                                  | 1 July 2010                                                  |
| Amendment to FRS 127                                                    | Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate | 1 July 2010                                                  |
| Amendment to FRS 138                                                    | Intangible Assets                                                                                                             | 1 July 2010                                                  |

## 2. Significant Accounting Policies (cont'd)

|                                  |                                                                               |                |
|----------------------------------|-------------------------------------------------------------------------------|----------------|
| Amendment to FRS 1               | Limited Exemption from Comparatives FRS 7 Disclosures for First-time Adopters | 1 January 2011 |
| Amendment to FRS 1               | Additional Exemptions for First-time Adopters                                 | 1 January 2011 |
| Amendment to FRS 2               | Group Cash-settled Share-based Payment Transactions                           | 1 January 2011 |
| Amendment to FRS 7               | Improving Disclosures about Financial Instruments                             | 1 January 2011 |
| Amendment to IC Interpretation 9 | Reassessment of Embedded Derivatives                                          | 1 July 2010    |
| IC Interpretation 12             | Service Concession Arrangements                                               | 1 July 2010    |
| IC Interpretation 16             | Hedges of a Net Investment in a Foreign Operation                             | 1 July 2010    |
| IC Interpretation 17             | Distributions of Non-cash Assets to Owners                                    | 1 July 2010    |
| IC Interpretation 14             | Determining Whether an Arrangement contains a Lease                           | 1 January 2011 |
| IC Interpretation 18             | Transfer of Assets from Customers                                             | 1 January 2011 |
| IC Interpretation 15             | Agreements for the Construction of Real Estate                                | 1 January 2012 |
| TR – 3                           | Guidance on Disclosure on Transition to IFRSs                                 | 31 Dec 2010    |
| TR i – 4                         | Shariah Compliant Sale Contracts                                              | 1 January 2011 |

For the purpose of presenting consolidated financial statements, the assets and liabilities for the Group's foreign operations (including comparative figures) are expressed in Ringgit Malaysia using exchange rate prevailing on the balance sheet date. Income and expenses items (including comparative figures) are translated at the average exchange rate for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of transactions are used.

The closing rates per unit of foreign currencies used in the retranslation of subsidiary companies' functional currencies are as follows:

|                      | <u>30.09.2010</u> |
|----------------------|-------------------|
| Australia Dollar     | 2.99              |
| United States Dollar | 3.06              |
| Euro Dollar          | 4.22              |
| Hong Kong Dollar     | 0.40              |
| 1000 Korea Won       | 2.70              |
| Singapore Dollar     | 2.35              |

Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such exchange differences are recognised in the income statement during the period in which the foreign operation is disposed off.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

## 3. Auditors' Report on Preceding Annual Financial Statement

The auditors' report on the financial statements for the financial year ended 31 December 2009 was not qualified.

**4. Comments about Seasonal or Cyclical Factors**

The Group's business is subject to seasonal fluctuations. 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 – cont'd

### (b) Sales Contribution by Geography

The geographical sales breakdowns are as follows:

|              | 9 months ended<br>30 September 2010<br>RM'000 | 9 months ended<br>30 September 2009<br>RM'000 |
|--------------|-----------------------------------------------|-----------------------------------------------|
| Malaysia     | 13,102                                        | 8,566                                         |
| Europe       | 46,633                                        | 25,860                                        |
| USA          | 6,476                                         | 1,961                                         |
| Oceania      | 35                                            | 2,493                                         |
| North Asia * | 33,769                                        | 13,576                                        |
|              | <b>100,015</b>                                | <b>52,456</b>                                 |

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

### (c) Sales from Major Customers

For the 9 months period ended 30 September 2010, 3 major customers contributed RM67.9 million which represents approximately 68% of total sales revenue (2009: RM29.3 million, representing 56% of total sales revenue).

## 10. Material Events Subsequent to 30 September 2010

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

### 13. Changes in Contingent Liabilities or Contingent Assets

The contingent liabilities as at 30 September 2010 and up to the date of this report are as follows:-

Secured:

Corporate guarantee for credit facilities granted to subsidiary companies are:-

|                           | RM'000       |
|---------------------------|--------------|
| a) K-One Industry Sdn Bhd | 38,392       |
| b) Syslink Sdn Bhd        | 6,660        |
|                           | <hr/> 45,052 |

### 14. Capital Commitments

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

### 15. Review of Performance

For the third quarter ended 30 September 2010, the Group achieved sales revenue of RM41.9 million and profit attributable to equity holders of the parent company of RM3.0 million as compared to sales revenue of RM25.0 million and profit attributable to equity holders of the parent company of RM1.4 million for the corresponding third quarter ended 30 September 2009.

Sales revenue increased by 68% comparing the current quarter and the same quarter last year. The significant increase in sales is attributed to the continuing momentum generated from the mass production of new network cameras, new electronic sports headlamps and new USB cables.

Profit attributable to equity holders of the parent company stood at RM3.0 million for the current quarter against profit of RM1.4 million for the same quarter last year. The significant improvement in profit of 114% is attributable to the increased sales, the benefits of economies of scale, vigilant on-going cost reduction exercises and last but not least, the elimination of foreign exchange risks caused by foreign hedging contracts, which the Group has replaced with natural hedging ie paying key suppliers in the same inward remittance currency, thus markedly reducing foreign exchange risks.

**16. Comparison of Current Quarter Results with the Preceding Quarter**

Sales turnover for the third quarter of 2010 was higher at RM41.9 million as compared to RM33.8 million in the second quarter of 2010, representing an increase of 24%. This increase is due to not only sustained but increasing market demand of our niche products in the global arena.

The Group recorded profit attributable to equity holders of the parent company of RM3.0 million for the current quarter as compared to RM2.2 million profit attributable to equity holders for the preceding quarter ended 30 June 2010, representing an increase of 36%. Increased sales, economies of scale and continuous materials cost down efforts helped to produce the increased profit and also the slightly higher profit margin.

**17. Prospects for the current financial year**

Notwithstanding the on-going financial uncertainties in the European and US markets, we are optimistic and expect that the Group will continue to show escalating sales growth in the 4<sup>th</sup> quarter of year ending 2010, in view of our niche products and our focus in the “sunrise” industries. We thus anticipate to close the year 2010 with a significant jump in sales and profit as compared to the preceding year.

With a few new major development and manufacturing projects in the pipeline and awaiting to be streamed next year, we expect the business outlook for the Group to be healthy moving forward. One of such confirmed projects involve the manufacturing of hygiene-care products for a US based multinational as announced on Bursa’s website on 14 October 2010.

**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**

During the financial period under review, there is no tax expense in respect of other income. There is also no provision of taxation in respect of subsidiary companies which has no tax exemption because of operating loss and unabsorbed losses brought forward. There is no other tax expense during the financial year as the Company is awarded with MSC-Status, which carries with it tax exemption until 2012.

Noting that 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 25% on the estimated taxable profit.

**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.

**23. Group Borrowings and Debt Securities**

Particulars of the Group's borrowings denominated in Ringgit Malaysia as at 30 September 2010 are as follows:

|                              | RM'000        |
|------------------------------|---------------|
| <b>Short term borrowings</b> |               |
| <b><u>Unsecured</u></b>      |               |
| Bankers' Acceptance          | 17,906        |
| Revolving Credits            | 1,000         |
| Letter of Credits            | 56            |
| Trust Receipt                | 55            |
| ECR                          | 979           |
| Bank Overdraft               | 3,272         |
| <b><u>Secured</u></b>        |               |
| Term Loan                    | 396           |
| Hire Purchase Creditors      | 212           |
|                              | <b>23,876</b> |
| <b><u>Secured</u></b>        |               |
| Hire Purchase Creditors      | 296           |
| Term Loan                    | 2,953         |
|                              | <b>3,249</b>  |
| <b>Total Borrowings</b>      | <b>27,125</b> |

## 24. Off Balance Sheet Financial Instruments

As at the end of the current quarter and up to the date of this report, there is no off balance sheet financial instruments which have a material impact to the financial statements under review.

## 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 |          | 9 months ended |          |
|--------------------------------------------------------------|----------------|----------|----------------|----------|
|                                                              | 30.09.10       | 30.09.09 | 30.09.10       | 30.09.09 |
| Profit attributable to equity holders of the parent (RM'000) | 2,994          | 1,435    | 6,873          | 245      |
| Weighted average number of Ordinary Shares in issue ('000)   | 113,953        | 112,711  | 113,953        | 112,711  |
| Basic Earnings Per Ordinary Share (sen)                      | 2.63           | 1.27     | 6.03           | 0.22     |

### (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.

|                                                                                                                                                        | 3 months ended |          | 9 months ended |          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------|----------------|----------|
|                                                                                                                                                        | 30.09.10       | 30.09.09 | 30.09.10       | 30.09.09 |
| Profit attributable to equity holders of the parent (RM'000)                                                                                           | 2,994          | 1,435    | 6,873          | 245      |
| Weighted average number of Ordinary shares of RM0.10 each ('000)                                                                                       | 113,953        | 112,711  | 113,953        | 112,711  |
| Effect of dilution of share options ('000)<br><i>Based on post- bonus issue, Esos exercise price of RM0.28 (rounded up to nearest 2 decimal place)</i> | 21,326         | -        | 21,326         | -        |
| Adjusted weighted average number of ordinary shares in issue and issuable ('000)                                                                       | 135,279        | 112,711  | 135,279        | 112,711  |
| Diluted Earnings Per Ordinary Share (sen)                                                                                                              | 2.21           | 1.27     | 5.08           | 0.22     |

**27. Authorized For Issue**

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the Directors on 1 November 2010.

BY ORDER OF THE BOARD

**NG YIM KONG** (LS 0009297)

Company Secretary

Dated: 1 November 2010