

K-One

K-One Technology Berhad (539757-K)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012**

**Condensed Consolidated Statements of Comprehensive Income
For The Fourth Quarter Ended 31 December 2012**

Figures in RM'000	3 months ended		12 months ended	
	31.12.2012 Unaudited	31.12.2011 Unaudited (Restated)	31.12.2012 Unaudited	31.12.2011 Audited (Restated)
Operating revenue	39,359	35,535	161,060	137,256
Other income	-	433	401	1,020
Cost of sales	39,359 (39,953)	35,968 (37,447)	161,461 (146,145)	138,276 (122,567)
Operation expenses	(3,388)	(5,754)	(15,841)	(15,630)
Inventory write-off/down	-	(10,629)	-	(10,629)
Property, plant and equipment and inventory write-down (due to fire mishap)	-	-	(9,082)	-
Loss from operations	(3,982)	(17,862)	(9,607)	(10,550)
Finance costs	(434)	(710)	(1,857)	(1,812)
Loss before tax	(4,416)	(18,572)	(11,464)	(12,362)
Income tax expense	(76)	115	(76)	79
Loss for the period	(4,492)	(18,457)	(11,540)	(12,283)
Non-controlling interests	-	-	-	-
Loss after tax after Non-controlling interest	(4,492)	(18,457)	(11,540)	(12,283)

Loss attributable to:

Owners of the Parent	(4,492)	(18,457)	(11,540)	(12,283)
Non-controlling interests	-	-	-	-
	(4,492)	(18,457)	(11,540)	(12,283)

Loss per share (EPS)

Attributable to owners
of the Parent (sen):

Basic EPS	(1.20)	(5.40)	(3.17)	(3.97)
Diluted EPS	(1.14)	(4.50)	(2.89)	(3.31)

The above condensed consolidated statements of comprehensive income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

**Condensed Consolidated Statements of Comprehensive Income
For The Fourth Quarter Ended 31 December 2012**

Figures in RM'000	3 months ended		12 months ended	
	31.12.2012 Unaudited	31.12.2011 Unaudited (Restated)	31.12.2012 Unaudited	31.12.2011 Audited (Restated)
Loss for the period	(4,492)	(18,457)	(11,540)	(12,283)
Currency translation differences arising from consolidation	93	(196)	7	39
Transfer to warrant reserves upon issuance of warrant	(1,405)	-	(1,405)	-
Total comprehensive income /(loss)	(5,804)	(18,653)	(12,938)	(12,244)

Profit / (loss) attributable to:

Owners of the Parent	(5,804)	(18,653)	(12,938)	(12,244)
Non-controlling interests	-	-	-	-
	(5,804)	(18,653)	(12,938)	(12,244)

The above condensed consolidated statements of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

**Condensed Consolidated Statements of Financial Position
As At 31 December 2012**

Figures in RM'000	Unaudited 31.12.2012	Restated (Audited) 31.12.2011	Restated (Audited) 1.1.2011
ASSETS			
<i>Non-Current Assets</i>			
Property, plant and equipment	15,298	16,518	15,084
Intangible assets	755	822	822
Goodwill	5,546	5,546	5,546
Non-Current Assets	21,599	22,886	21,452
<i>Current Assets</i>			
Inventories	38,750	50,935	56,304
Trade receivables	31,766	24,147	31,285
Other receivables	4,183	2,523	1,905
Tax recoverable	313	311	124
Fixed deposits - pledged	-	504	-
Cash and bank balances	8,471	12,776	7,473
	83,484	91,196	97,091
Assets classified as held for sale	1,563	-	-
Total Current Assets	85,046	91,196	97,091
TOTAL ASSETS	106,645	114,082	118,543

EQUITY AND LIABILITIES			
<i>Equity</i>			
Share capital	37,455	34,186	11,395
Share premium	3,596	-	15,117
Warrant reserves	1,405	-	-
Other reserves	(38)	(36)	(75)
Retained earnings	(2)	12,943	32,900
Equity Attributable to Owners of the Parent	42,416	47,093	59,337
Non-controlling interests	-	-	-
Total Equity	42,416	47,093	59,337

Condensed Consolidated Statements of Financial Position (Cont'd)
As At 31 December 2012

Figures in RM'000	Unaudited 31.12.2012	Restated (Audited) 31.12.2011	Restated (Audited) 1.1.2011
EQUITY AND LIABILITIES			
<i>Non-Current Liabilities</i>			
Deferred tax liability	55	-	77
Bank borrowings	1,595	2,169	3,307
Hire purchase payables	122	325	-
Non-Current Liabilities	1,772	2,494	3,384
<i>Current Liabilities</i>			
Trade payables	36,052	29,347	28,142
Other payables and accruals	862	1,371	1,565
Amount due to Directors	2	2,210	2,209
Bank overdraft	4,391	6,855	1,963
Bank borrowings	20,947	24,459	21,943
Hire purchase payables	203	253	-
Tax payables	-	-	-
Current Liabilities	62,457	64,495	55,822
Total Liabilities	64,229	66,989	59,206
TOTAL EQUITY AND LIABILITIES	106,645	114,082	118,543
Net assets per share attributable to Owners of the Parent (sen)	11.33	13.78	52.07

The above condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

**Condensed Consolidated Statements of Changes in Equity
For The Fourth Quarter Ended 31 December 2012**

Figures in RM'000	<-----Attributable to Owners of the Parent ----->							Non-controlling Interest	Total Equity
	Share Capital	Non-distributable Share Premium	Warrant Reserve	Reserve	Distributable Retained Profits	Total			
At 1 January 2012 - restated	34,186	-	-	(36)	12,943	47,093	-	47,093	
Transfer to warrant reserves after issuance of warrant	-	-	1,405	-	(1,405)	-	-	-	
Exchange difference arising from foreign subsidiary companies	-	-	-	(2)	-	(2)	-	(2)	
Private Placement	3,269	3,596	-	-	-	6,865	-	6,865	
Net (loss) for the period	-	-	-	-	(11,540)	(11,540)	-	(11,540)	
	3,269	3,596	1,405	(2)	(12,945)	(4,677)	-	(4,677)	
At 31 December 2012	37,455	3,596	1,405	(38)	(2)	42,416	-	42,416	

Figures in RM'000	<-----Attributable to Owners of the Parent ----->							Non-controlling Interest	Total Equity
	Share Capital	Non-distributable Share Premium	Warrant Reserve	Reserve	Distributable Retained Profits	Total			
At 1 January 2011	11,395	15,116	-	(75)	29,600	56,037	-	56,037	
Effect of MFRS 1 adoption	-	-	-	-	3,300	3,300	-	3,300	
At 1 January 2011, as restated	11,395	15,116	-	(75)	32,900	59,337	-	59,337	
Exercised ESOS	22,791	(15,116)	-	-	(7,674)	-	-	-	
Exchange difference arising from foreign subsidiary companies	-	-	-	39	-	39	-	39	
Net (loss) for the period	-	-	-	-	(12,283)	(12,283)	-	(12,283)	
	22,791	(15,116)	-	39	(19,957)	(12,244)	-	(12,244)	
At 31 December 2011-restated	34,186	-	-	(36)	12,943	47,093	-	47,093	

The above condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

**Condensed Consolidated Statements of Cash Flows
For The 12 Months Year Ended 31 December 2012**

Figures in RM'000	12 months ended	
	31.12.2012	31.12.2011 (Restated)
CASH FLOW FROM OPERATING ACTIVITIES		
<i>Profit / (loss) before taxation</i>	(11,464)	(12,362)
Adjustments for:		
Depreciation of property, plant and equipment	2,360	2,021
Amortization of intangible assets	71	81
Interest expenses	1,856	1,812
Bad debts written off	9	92
Inventory write-off/down	-	10,629
Intangible assets written off	-	1
Property, plant, and equipment and inventory write-down (due to fire mishap)	9,082	1
Interest income	(11)	(4)
Loss on disposal of property, plant and equipment	(18)	(57)
Foreign exchange loss/(gain) – unrealized	(267)	64
Operating profit before working capital changes	1,618	2,278
Changes in working capital		
Decrease/(Increase) in inventory	3,221	(5,261)
(Increase)/Decrease in receivables	(9,021)	6,707
Increase in payables	6,200	911
Decrease in amount due to Director	(2,207)	-
Cash (absorbed by) / generated from operations	(189)	4,635
Interest paid	(1,856)	(1,813)
Taxation paid	(23)	(185)
<i>Net cash (used in) / from operating activities</i>	(2,068)	2,637

Condensed Consolidated Statements of Cash Flows (Cont'd)
For The 12 Months Year Ended 31 December 2012

Figures in RM'000	12 months ended	
	31.12.2012	31.12.2011 (Restated)
CASH FLOW FROM INVESTING ACTIVITIES		
Interest income	11	1
Purchase of intangible assets	-	(81)
Purchase of property, plant and equipment	(2,828)	(3,466)
Proceeds from disposal of property, plant and equipment	20	66
Net cash used in investing activities	(2,797)	(3,480)
CASH FLOW FROM FINANCING ACTIVITIES		
Net repayment of hire purchase	(253)	(303)
Net proceeds from borrowings	-	2,788
Withdrawal / (Placement) of fixed deposits	504	(500)
Proceeds from issuance of share at premium	6,865	-
Net repayment of borrowings	(4,086)	(529)
Net cash from financing activities	3,030	1,456
Net (decrease) / increase in cash and cash equivalents	(1,835)	613
Effect of exchange rate changes	(6)	(202)
Cash and cash equivalents at beginning of the period	5,921	5,510
CASH AND CASH EQUIVALENT AT END OF THE PERIOD	4,080	5,921

COMPOSITION OF CASH AND CASH EQUIVALENTS

Figures in RM'000	12 months ended	
	31.12.2012	31.12.2011
Cash and Bank Balances	8,471	12,776
Overdraft	(4,391)	(6,855)
	4,080	5,921

The above condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

Part A: Explanatory Notes Pursuant to Financial Reporting Standard 134 (“FRS 134”) Interim Financial Reporting

1. BASIS OF PREPARATION

This interim financial report is based on the unaudited financial statements for the quarter ended 31 December 2012 and has been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad and MFRS134, Interim Financial Reporting in Malaysia. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2011.

These are the Group’s interim financial statements for part of the period covered by the Group’s first MFRS framework annual financial statements and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards which have been applied.

The accounting policies and presentation adopted for this interim report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2011 except for the following transitional exemptions arising from the adoption of MFRS.

(a) Property, plant and equipment

As at the date of transition of MFRS 1, certain property, plant and equipment previously stated at cost were fair valued and their fair values were regarded as deemed cost. The relevant differences were recognized to the retained earnings.

The reconciliation for the impact of financial statements reported under FRS framework and the MFRS framework at the date of transition and the comparative period are as follows:

Condensed Consolidated Statements of Comprehensive Income

Preceding year comparative quarter ended 31 December 2011

Figure in RM’000	As previously reported at 31.12.2011	Effect of adoption of MFRS	As restated at 31.12.2011
Profit / (loss) from operations	(17,848)	(14)	(17,862)
Profit / (loss) before tax	(18,558)	(14)	(18,572)
Profit / (loss) for the period	(18,443)	(14)	(18,457)

1. BASIS OF PREPARATION (cont'd)

Condensed Consolidated Statements of Comprehensive Income

Preceding year comparative year ended 31 December 2011

Figure in RM'000	As previously reported at 31.12.2011	Effect of adoption of MFRS	As restated at 31.12.2011
Profit / (loss) from operations	(10,493)	(57)	(10,550)
Profit / (loss) before tax	(12,305)	(57)	(12,362)
Profit / (loss) for the period	(12,226)	(57)	(12,283)

Condensed Consolidated Statements of Financial Position

At 1 Jan 2011 (Date of transition)

Figure in RM'000	Property, plant and equipment	Prepaid lease land	Retained earnings
As previously reported	10,955	829	29,600
Effect of transition to MFRS	4,129	(829)	3,300
As reported under MFRS	15,084	-	32,900

At 31 December 2011 (Comparative period)

Figure in RM'000	Property, plant and equipment	Prepaid lease land	Retained earnings
As previously reported	12,470	805	9,700
Effect of transition to MFRS	4,048	(805)	3,243
As reported under MFRS	16,518	-	12,943

1. BASIS OF PREPARATION (cont'd)

(b) Leases

The Group has reassessed and determined that the leasehold land of the Group is in substance a finance lease and has reclassified it as property, plant and equipment. This change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendments.

2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENT

The audited financial statements of the preceding financial year were not subjected to any qualification.

3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The Group's business, being predominantly export in nature and caters largely for the consumer electronics market, is subject to seasonal fluctuations. Business in the second half of the year is normally stronger than the first half of the year due to surge in consumer demand during Christmas and New Year seasons overseas.

4. UNUSUAL ITEM DUE TO THEIR NATURE, SIZE OR INCIDENCE

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

5. MATERIAL ESTIMATES AND CHANGES IN ESTIMATES

There were no changes in estimates that have had any material effect on the financial year-to-date results.

6. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issuances, repurchases and repayments of debt securities during the period under review and up to the date of this report.

7. DIVIDENDS PAID

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

8. Notes to Consolidated Statement of Comprehensive Income

Figures in RM'000	3 months ended		12 months ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Depreciation of property, plant and equipment	(631)	(507)	(2,360)	(2,021)
Amortization of intangible assets	(32)	(47)	(71)	(81)
Bad debts written off	(9)	(92)	(9)	(92)
Interest expenses	(433)	(709)	(1,856)	(1,812)
Inventory write-off/down	-	(10,629)	-	(10,629)
Property, plant, and equipment and inventory write-down (due to fire mishap)	-	-	(9,082)	(1)
Gain on disposal of property, plant and equipment	19	57	18	57
Foreign exchange (loss) / gain – unrealized	(829)	(1,424)	122	(64)
Interest income	2	4	11	4

9. SEGMENT INFORMATION

Segment information is provided based on contribution by activities, sales contribution by geography and sales by major customers. 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, D&D and Sales RM'000	Manu- facturing RM'000	Digital Pen & Paper Solutions RM'000	Invest- ment Holding RM'000	Elimina- tion RM'000	Total RM'000
Sales						
External sales	4,248	156,687	125	-	-	161,060
Internal sales	-	1,640	-	-	(1,640)	-
Total operating sales	4,248	158,327	125	-	(1,640)	161,060
Other income	32	369	-	-	-	401
	4,280	158,696	125	-	(1,640)	161,461
Results						
Segment results	(3,427)	(5,807)	(292)	(82)	-	(9,608)
Finance costs	-	(1,856)	-	-	-	(1,856)
Income tax	-	-	-	-	-	(76)
(Loss) after tax before non-controlling interest						(11,540)
Non-controlling interest						-
(Loss) after tax after non-controlling interest						(11,540)

	Research, D&D and Sales RM'000	Manu- facturing RM'000	Digital Pen & Paper Solutions RM'000	Invest- ment holding RM'000	Elimina- tion RM'000	Total RM'000
Other information						
Segment assets	13,181	92,528	308	315	-	106,332
Unallocated assets						313
						106,645
Segment liabilities	331	36,524	33	26	-	36,914
Unallocated liabilities						27,315
						64,229

9. SEGMENT INFORMATION (cont'd)

(b) Sales Contribution by Geography

The geographical sales breakdowns are as follows:

	12 months ended	
	31.12.2012	31.12.2011
	RM'000	RM'000
Malaysia	7,414	11,918
Europe	85,542	76,794
USA	1,341	2,000
Oceania	22	37
Africa	38	-
North Asia*	66,703	46,507
	<u>161,060</u>	<u>137,256</u>

* It should be noted that the majority of this sales is attributed to an European customer with manufacturing and distribution facilities based in China. This European customer had been acquired by its Japanese counterpart with effect from 4Q'2011.

(c) Sales from Major Customers

For the 12 months ended 31 December 2012, 3 major customers contributed RM123 million, representing approximately 77% of total sales revenue (2011: RM101 million, representing 74% of total sales revenue).

10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The Group's factories and Head Office buildings located in Ipoh and Petaling Jaya respectively were revalued to better reflect their current market prices since they were purchased about 7 years ago. The revaluation posted a gain of approximately RM 3.3 million for the said properties.

11. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the financial period ended 31 December 2012.

12. CONTINGENT ASSETS & LIABILITIES

As at the end of the quarter under review, the corporate guarantee for credit facilities granted to subsidiary companies are:-

	RM'000
K-One Industry Sdn Bhd	35,106
K-One Electronics Sdn Bhd	21,660
K-One Manufacturing Sdn Bhd	25,000
	81,766

13. CAPITAL COMMITMENTS

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

14. SUBSEQUENT EVENT

There are no subsequent events which have a material impact on the financial statements under review.

15. PERFORMANCE REVIEW

(a) Current quarter compared to the corresponding quarter of last year (4Q12vs4Q11)

For the fourth quarter ended 31 December 2012, the Group achieved sales revenue of RM39.4 million as compared to sales revenue of RM35.5 million for the corresponding quarter last year. The increase of 11% was mainly due to the increased market demand for mobile phone accessories, electronic headlamps, network cameras and floor-care products.

15. PERFORMANCE REVIEW(cont'd)

**(a) Current quarter compared to the corresponding quarter of last year
(4Q12vs4Q11)**

The Group made a loss attributable to equity holders of the parent company of RM 4.5million as compared to the same of RM 18.5 million for the corresponding quarter last year. In comparison, the loss was reduced by 76% or RM14 million. For the same quarter in 2011, the Group had to write-off slow moving and obsolete inventories for specific projects and inventory revaluation (write-down) of GPS to reflect current prices amounting to a total of RM10.6 million. It was not the case for the same fourth quarter of 2012, hence, the significant loss reduction. Furthermore, gross margin, in view of the continuing cost cutting exercises had improved although not enough for this quarter to enable it to make a profit has helped to reduce the loss further comparing this quarter against the same quarter last year (2011).

**(b) Current quarter versus the preceding quarter
(4Q12 vs 3Q12)**

Sales revenue for the fourth quarter ended 31 December 2012 at RM 39.4 million was 17 % lower than the preceding (third) quarter of RM 47.6 million. The decrease was due to the accelerating softness in the global economy, particularly, the Eurozone financial crisis which has not abated and remain volatile. As a result, the usual upsurge for the year end festive demand was weaker than expected, leading to a softer fourth quarter sales this year as compared to the preceding quarter for the same year.

The Group achieved loss attributable to equity holders of the parent company of RM 4.5 million as compared to profit attributable to equity holders of the parent company of RM 0.5 million in the preceding (third) quarter. The loss was mainly attributable to the decreasing margin in the household appliances business due to intense competition which suppressed and/or depressed selling prices, resulting in not being able to timely revise quarterly selling prices. The double whammy effect of the volatile and rising commodity/supply costs squeezed margin further in the preceding business segment.

16. COMMENTARY ON PROSPECTS AND TARGETS

At the beginning of 2012, the Group had expected it to be another challenging year in view of the spilling over effect from a subdued 2011. Notwithstanding it, the Group was hopeful that it would turnaround in 2012 with the intended implementation of cost cutting measures, selective selling price increase, customer retention programs, launching of new products with improved margins and the acquiring of new customers in new business segments, namely; the healthcare/medical and automotive markets. Overall, we had some successes in our cost cutting efforts and customer retention programs. However, it was challenging implementing selling price increase and embracing new businesses in the automotive and healthcare/medical industries as the global economy, comprising the major contributors of US, China and Europe were lack-lustre and volatile. In other words, global business growth was at best marginal and more likely remained stagnant or shrank in the electronics space, resulting in more intense competition.

In April 2012, the Group suffered a fire mishap in one of its secondary factories in Ipoh which resulted in damages totaling approximately RM 10 million. This certainly did not help in the turnaround process. Nevertheless and despite the dampened gloomy global economy, the Group achieved sales revenue of RM161 million in 2012, which was approximately 18% higher than that of 2011 (RM137 million). This growth came mainly from existing customers who are in niche markets which are quite recession proof. On the other hand, the loss for 2012 at RM 11.5 million decreased by 7% as compared to 2011. If not for the provision for the loss of inventories, plant and equipment due to the fire mishap amounting to approximately RM 10 million, the loss for 2012 would have been approximately RM1.5 million as compared to a loss of RM12.3 million in 2011. This affirmed the various mechanisms indicated above which were implemented in 2012, on the overall, were in the right direction.

The insurance claim process for the above fire mishap is still on-going. It has taken longer than expected but we are optimistic and anticipate it to be finalized in the first half of 2013. With its anticipated conclusion, the Group would be able to positively account for the insurance reimbursement back in its financial statements in 2013.

16. COMMENTARY ON PROSPECTS AND TARGETS(cont'd)

We expect 2013 to be another challenging year as the recovery process in the global economy remains uncertain. On the Management's part, we will persist in continuing with the implementation of cost cutting measures, labor productivity improvement to counter the recent minimum wage enforcement, pursue selling price increase whenever possible, re-balance our customer mix portfolio by advancing into the healthcare and automotive segments which present better margins, retiring long running products with new product launches with improved margins and exiting from businesses which are not viable or intensely competitive. These measures, if continued to be adopted vigorously, are expected to yield positive results for the Group. We therefore expect a turnaround in 2013. It will be progressive with more distinct visibility as we navigate through 2013. .

17. INCOME TAX EXPENSE

	3 months ended		12 months ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Deferred tax	-	-	-	-
Current tax	76	115	76	79
Total Income Tax Expense	76	115	76	79

Income tax is calculated at the Malaysian statutory tax rate of 25% of the estimated assessable profit for the year.

There is provision of taxation in respect of a subsidiary company on its other income and there is no provision for subsidiaries that have available unabsorbed business losses or with tax exemption status.

The holding company, K-One Technology Bhd. 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.

18. SALES OF UNQUOTED SECURITIES AND PROPERTIES

There were no purchases or disposal of unquoted securities during the quarter and financial year to-date. The Group has not disposed off any properties for the current quarter and financial year-to-date.

19. QUOTED SECURITIES

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

20. CORPORATE PROPOSALS

On 29 August and 1 October, 2012, the Group announced the proposed bonus issue of up to 95,409,300 Warrants on the basis of one (1) warrant for every four (4) existing ordinary shares of RM0.10 each in K-One Tech shares held on the entitlement date. Bursa Securities approved the preceding on 19 October 2012 while Bank Negara Malaysia approved the issuance of Warrants to non-resident shareholders on 1 November 2012. Shareholders during the EGM on 16 November 2012 approved the proposed exercise. The Warrants were listed for trading on 21 December 2012.

21. BORROWINGS AND DEBTS SECURITIES

Particulars of the Group's borrowings denominated in Ringgit Malaysia as at 31 December 2012 are as follows:

	RM'000
<i>Short term borrowings</i>	
Bankers' Acceptance	14,501
Revolving Credits	1,000
Bank Overdraft	4,392
Foreign currency trust receipts	4,907
Term Loan	538
Hire-purchase Payables	203
	25,541
<i>Long term borrowings</i>	
Term Loan	1,595
Hire-purchase Payables	122
	1,717
Total Borrowings	27,258

22. 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.

23. CHANGES IN MATERIAL LITIGATION

As at the date of this report, 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.

24. PROPOSED DIVIDEND

There is no dividend proposed in the current quarter and the previous corresponding quarters.

25. REALISED AND UNREALISED PROFITS / LOSSES

As at the end of the current quarter under review ended 31 December 2012, the realized and unrealized profits are as follows:

	3 months ended 31.12.2012 RM'000	12 months ended 31.12.2012 RM'000
Realised profit / (loss)	(4,798)	(10,345)
Unrealised (loss)	306	(401)
Total Retained Profit / (loss)	(4,492)	(11,540)

As at the end of the previous financial period ended 31 December 2011, the realized and unrealized profits are as follows:

	3 months ended 31.12.2011 RM'000	12 months ended 31.12.2011 RM'000
Realised profit	(19,033)	(12,381)
Unrealised profit	590	98
Total Retained Profit	(18,443)	(12,283)

26. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings 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	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Profit / (loss) attributable to equity holders of the parent (RM'000)	(4,492)	(18,457)	(11,540)	(12,283)
Weighted average number of Ordinary Shares in issue '000)	374,548	341,859	363,652	309,390
Basic Earnings /(loss) Per Ordinary Share (sen)	(1.20)	(5.40)	(3.17)	(3.97)

26. EARNINGS PER SHARE (cont'd)

(b) 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 warrants.

	3 months ended		12 months ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Profit /(loss) attributable to equity holders of the parent (RM'000)	(4,492)	(18,457)	(11,540)	(12,283)
Weighted average number of Ordinary Shares in issue ('000)	374,548	341,859	363,652	309,390
Effect of dilution of share options and warrants ('000)	18,285	68,325	35,581	61,836
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	392,833	410,184	399,233	371,226
Diluted Earnings /(loss) Per Ordinary Share (sen)	(1.14)	(4.50)	(2.89)	(3.31)

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 26 February 2013.

BY ORDER OF THE BOARD
NG YIM KONG (LS 0009297)
Company Secretary
Dated: 26 February 2013.