

**K-One**

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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**

**Condensed Consolidated Statements of Comprehensive Income  
For The Fourth Quarter Ended 31 December 2018**

Figures in RM'000	3 months ended		12 months ended	
	31.12.2018 Unaudited	31.12.2017 Unaudited	31.12.2018 Unaudited	31.12.2017 Audited
Operating revenue	18,757	18,540	73,781	78,261
Cost of sales	(13,618)	(14,920)	(55,351)	(62,669)
Gross profit	5,139	3,620	18,430	15,592
Other income	154	33	850	408
Interest income	396	400	1,632	1,581
Operating expenses	(4,090)	(7,131)	(15,442)	(26,161)
Profit/(Loss) from operations	1,599	(3,078)	5,470	(8,580)
Share of profit after tax of equity-accounted associate	-	-	501	-
Profit/(Loss) before tax	1,599	(3,078)	5,971	(8,580)
Income tax credit/(expense)	517	124	(317)	(1,024)
Profit/(Loss) for the period	2,116	(2,954)	5,654	(9,604)
Non-controlling interests	-	-	-	-
<b>Profit/(Loss) after tax after Non-controlling interests</b>	<b>2,116</b>	<b>(2,954)</b>	<b>5,654</b>	<b>(9,604)</b>

Profit/(Loss) attributable to:

Owners of the Parent	2,116	(2,954)	5,654	(9,604)
Non-controlling interests	-	-	-	-
	2,116	(2,954)	5,654	(9,604)

Earnings/(Loss) per share  
EPS/(LPS)  
attributable to owners  
of the Parent (sen):

Basic EPS/(LPS)	0.33	(0.47)	0.90	(1.57)
Diluted EPS/(LPS)	0.32	(0.47)	0.89	(1.57)

**Condensed Consolidated Statements of Comprehensive Income  
For The Fourth Quarter Ended 31 December 2018 (Cont'd)**

Figures in RM'000	3 months ended		12 months ended	
	31.12.2018 Unaudited	31.12.2017 Unaudited	31.12.2018 Unaudited	31.12.2017 Audited
Profit/(Loss) for the period	2,116	(2,954)	5,654	(9,604)
Items that may be subsequently reclassified to profit or loss:				
Foreign currency translation	(5)	(9)	-	(18)
<b>Total comprehensive income</b>	<b>2,111</b>	<b>(2,963)</b>	<b>5,654</b>	<b>(9,622)</b>

Profit/(Loss) attributable to:

Owners of the Parent	2,111	(2,963)	5,654	(9,622)
Non-controlling interests	-	-	-	-
	<b>2,111</b>	<b>(2,963)</b>	<b>5,654</b>	<b>(9,622)</b>

The above condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

**Condensed Consolidated Statements of Financial Position**  
**As At 31 December 2018**

Figures in RM'000	Unaudited 31.12.2018	Audited 31.12.2017
<b>ASSETS</b>		
<i>Non-Current Assets</i>		
Property, plant and equipment	11,113	9,751
Intangible assets	82	171
Deferred tax assets	1,369	277
Investment in associate company	9,201	-
<b>Non-Current Assets</b>	<b>21,765</b>	<b>10,199</b>
<i>Current Assets</i>		
Inventories	15,487	15,675
Trade receivables	16,552	15,503
Other receivables	3,044	10,217
Tax recoverable	795	1,356
Short term cash investments	28,243	32,374
Cash and bank balances	36,341	18,615
<b>Total Current Assets</b>	<b>100,462</b>	<b>93,740</b>
<b>TOTAL ASSETS</b>	<b>122,227</b>	<b>103,939</b>

<b>EQUITY AND LIABILITIES</b>		
<i>Equity</i>		
Share capital	94,652	69,659
Reserves	4,416	12,825
Retained earnings	8,863	3,209
<b>Total Equity</b>	<b>107,931</b>	<b>85,693</b>

**Condensed Consolidated Statements of Financial Position  
As At 31 December 2018 (Cont'd)**

Figures in RM'000	Unaudited 31.12.2018	Audited 31.12.2017
<b>EQUITY AND LIABILITIES</b>		
<i>Current Liabilities</i>		
Trade payables	12,965	15,871
Other payables and accruals	1,167	2,278
Amount due to Directors	2	2
Tax payable	162	95
<b>Current Liabilities</b>	<b>14,296</b>	<b>18,246</b>
<b>Total Liabilities</b>	<b>14,296</b>	<b>18,246</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>122,227</b>	<b>103,939</b>
<b>Net assets per share attributable to Owners of the Parent (sen)</b>	<b>14.81</b>	<b>16.51</b>

The above condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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 2018**

Figures in RM'000	←----Attributable to Owners of the Parent ----→						Total	Non-controlling Interest	Total Equity
	Share Capital	Share Premium	Share Option Reserve	Foreign Currency Translation Reserve	Retained Earnings	Distributable			
<b>At 1 January 2018</b>	69,659	-	12,840	(15)	3,209	85,693	-	85,693	
<b>Comprehensive profit</b>									
Profit for the period	-	-	-	-	5,654	5,654	-	5,654	
<b>Other comprehensive income</b>									
Foreign currency translation difference	-	-	-	3	-	3	-	3	
Total comprehensive profit	-	-	-	3	5,654	5,657	-	5,657	
<b>Transactions with owners</b>									
Issuance of ordinary shares pursuant to exercise of ESOS Options	24,993	-	(10,403)	-	-	14,590	-	14,590	
Share based payment under Employees' Share Options Scheme ("ESOS")	-	-	2,174	-	-	2,174	-	2,174	
Reversal of ESOS Options	-	-	(183)	-	-	(183)	-	(183)	
Total transactions with owners	24,993	-	(8,412)	-	-	16,581	-	16,581	
<b>At 31 December 2018</b>	94,652	-	4,428	(12)	8,863	107,931	-	107,931	

**Condensed Consolidated Statements of Changes in Equity  
For The Fourth Quarter Ended 31 December 2018 (Cont'd)**

Figures in RM'000	←----Attributable to Owners of the Parent ----→							Non-controlling Interest	Total Equity
	←----- Non-distributable -----→				Distributable				
	Share Capital	Share Premium	Share Option Reserve	Foreign Currency Translation Reserve	Retained Earnings	Total			
<b>At 1 January 2017</b>	47,266	15,885	-	2	12,613	75,766	-	75,766	
<b>Comprehensive loss</b>									
Loss for the period	-	-	-	-	(9,404)	(9,404)	-	(9,404)	
<b>Other comprehensive income</b>									
Foreign currency translation difference	-	-	-	(17)	-	(17)	-	(17)	
Total comprehensive loss	-	-	-	(17)	(9,404)	(9,421)	-	(9,421)	
<b>Transactions with owners</b>									
Transition to no-par value regime*	15,885	(15,885)	-	-	-	-	-	-	
Issuance of ordinary shares	6,508	-	-	-	-	6,508	-	6,508	
Share based payment under ESOS	-	-	12,840	-	-	12,840	-	12,840	
Total transactions with owners	22,393	(15,885)	12,840	-	-	19,348	-	19,348	
<b>At 31 December 2017</b>	69,659	-	12,840	(15)	3,209	85,693	-	85,693	

**\*Note 1:**

With the Companies Act 2016 ("New Act") coming into effect on 31 January 2017, the credit standing in the Share Premium account of RM15,885,356 has been transferred to the Share Capital account. Pursuant to Section 618(3) of the New Act, the Group may exercise its right to use the credit amount being transferred from the Share Premium account within 24 months upon the commencement of the New Act i.e. by 31 January 2019.

The above condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

**Condensed Consolidated Statements of Cash Flows  
For The Fourth Quarter Ended 31 December 2018**

Figures in RM'000	12 months ended	
	31.12.2018	31.12.2017
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<i>Profit/ Loss before taxation</i>	5,971	(8,582)
Adjustments for:		
Depreciation of property, plant and equipment	832	575
Amortization of intangible assets	94	127
ESOS expense	1,991	12,840
Interest income	(1,632)	(1,581)
Foreign exchange (gain)/loss – unrealized	190	712
Share of profit of associate	(501)	-
Operating profit before working capital changes	6,945	4,091
Changes in working capital:		
(Increase)/Decrease in inventory	188	(6,263)
(Increase)/Decrease in receivables	(2,901)	3,288
Increase/(Decrease) in payables	(3,021)	1,314
Cash generated from operations	1,211	2,430
Taxation paid	(1,184)	(1,429)
Interest income	1,632	1,581
<b>Net cash from operating activities</b>	<b>1,659</b>	<b>2,582</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Withdrawal/(Placement) in short term cash fund	4,000	(9,374)
Withdrawal/(Placement) in time deposits	(13,000)	(13,500)
Purchase of shares in associate company	-	(8,700)
Down payment for acquisition of company	(2,040)	-
Purchase of property, plant and equipment	(2,194)	(1,698)
Purchase of intangible assets	(5)	(8)
<b>Net cash from/(used in) investing activities</b>	<b>(13,239)</b>	<b>(33,280)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares pursuant to:		
- Private placement	-	6,508
- Exercise of ESOS Options	14,589	-
<b>Net cash from financing activities</b>	<b>14,589</b>	<b>6,508</b>



**Condensed Consolidated Statements of Cash Flows  
For The Fourth Quarter Ended 31 December 2018  
(Cont'd)**

Figures in RM'000	12 months ended	
	31.12.2018	31.12.2017
Net increase/(decrease) in cash and cash equivalents	3,009	(24,190)
Effect of exchange rate changes	(283)	(346)
Cash and cash equivalents at beginning of the period	5,115	29,651
<b>CASH AND CASH EQUIVALENT AT END OF THE PERIOD</b>	<b>7,841</b>	<b>5,115</b>

**COMPOSITION OF CASH AND CASH EQUIVALENTS**

Figures in RM'000	12 months ended	
	31.12.2018	31.12.2017
Cash and bank balances	7,841	5,115
Deposit placed with licensed banks	28,500	13,500
	36,341	18,615
Less: Non-short term fixed deposits	(28,500)	(13,500)
	<b>7,841</b>	<b>5,115</b>

The above condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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**

The interim financial statements are unaudited and has been prepared in accordance with MFRS 134 – Interim Financial Reporting issued by the Malaysian Accounting Standards Board (MASB) and Rule 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities) for the ACE Market and should be read in conjunction with the audited statutory financial statements presented for the financial year ended 31 December 2017.

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 2017, except for the following Malaysian Financial Reporting Standards (MFRSs) and IC Interpretations (IC Int):

New MFRSs

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers

Amendments/Improvements to MFRSs

MFRS 1	First Time Adoption of MFRSs
MFRS 2	Share-based Payment
MFRS 4	Insurance Contracts
MFRS 128	Investments in Associates and Joint Ventures
MFRS 140	Investment Property

New IC Int

Foreign Currency Transactions and Advance Consideration

**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 (96.9% export in 4Q 2018; 98.8% export in 4Q 2017) 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**

During the period under review, the Company increased its issued and paid up ordinary share capital via the issuances of 88,305,000 and 121,489,859 ordinary shares pursuant to the exercise of ESOS Options and bonus issue of shares respectively.

**7. DIVIDENDS PAID**

No dividend was paid during the quarter under review.

## 8. Notes to Consolidated Statement of Comprehensive Income

Figures in RM'000	3 months ended		12 months ended	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Depreciation of property, plant and equipment	(313)	(129)	(832)	(575)
Amortization of intangible assets	(21)	(32)	(94)	(127)
Foreign exchange gain/(loss)				
- realized	139	(157)	(78)	(349)
- unrealized	(208)	(211)	(190)	(712)
Interest income	396	400	1,632	1,581

## 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	Invest- ment Holding RM'000	Elimina- tion RM'000	Total RM'000
<b>Sales</b>					
External sales	365	18,392	-	-	18,757
Internal sales	-	-	-	-	-
Total operating sales	365	18,392	-	-	18,757
Others and interest income	392	158	-	-	550
	757	18,550	-	-	19,307
<b>Results</b>					
Segment results	117	1,482	-	-	1,599
Finance costs	-	-	-	-	-
Income tax	119	398	-	-	517
Profit after tax before non-controlling interest					2,116
Non-controlling interest					-
Profit after tax after non-controlling interest					<b>2,116</b>

## 9. SEGMENT INFORMATION (Cont'd)

### (a) Contribution by Activities (Cont'd)

	Research, D&D and Sales RM'000	Manu- facturing RM'000	Invest- ment holding RM'000	Elimina- tion RM'000	Total RM'000
Other information					
Segment assets	65,055	45,698	9,310	-	120,063
Unallocated assets					2,164
					<b>122,227</b>
Segment liabilities	189	13,900	38	-	14,127
Unallocated liabilities					169
					<b>14,296</b>

### (b) Sales Contribution by Geography

The geographical sales breakdown is as follows:

	12 months ended	
	31.12.2018 RM'000	31.12.2017 RM'000
Malaysia	2,280	910
Asia (excluding M'sia)	12,835	7,512
Europe	50,494	62,014
US	8,145	7,764
Oceania	5	25
Middle East	22	43
	<b>73,781</b>	<b>78,268</b>

### (c) Sales to Major Customers

For the 12 months ended 31 December 2018, three (3) major international customers (each with revenue of more than 10% of the Group's revenue) contributed total revenue of approximately RM57.2 million (FY 2017: RM60.8million).

**10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

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

**11. CHANGES IN COMPOSITION OF THE GROUP**

There were no changes in the composition of the Group during the financial quarter ended 31 December 2018.

**12. CONTINGENT ASSETS & LIABILITIES**

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

	<u>RM'000</u>
K-One Industry Sdn Bhd	<u>22,576</u>
	<b><u>22,576</u></b>

**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 (4Q'18 vs 4Q'17)**

For the fourth quarter ended 31 December 2018, the Group's sales revenue grew marginally to RM18.8 million as compared with RM18.5 million in the corresponding quarter last year, against the backdrop of a trade war between US and China which is on a 90-day tariff truce until 1 March 2019. Sales of industrial products escalated following the recent launch of new models. Medical/healthcare devices also posed commendable growth over the same period. However, electronic headlamps, floor-care products and electronic security/surveillance peripherals were subjected to soft market sentiments, hence, neutralizing the strong demand of industrial products and medical/healthcare devices.

The Group registered profit attributable to equity holders of the parent company of RM2.1 million as compared to a loss of RM3.0 million for the corresponding quarter last year. Incidentally, the loss registered in 4Q'17 was primarily due to recognition of share-based payment expense (ESOS) of RM3.2 million. Nonetheless, the Group made a significant turnaround and registered a surge in net profit of RM1.9 million which was mainly attributed to gross profit margin improvement for the quarter-to-quarter comparison ie 4Q'18:27% vs 4Q'17:20%, resulting from product mix changes favouring higher-margin products in the industrial and medical/healthcare segments and concerted efforts on supply chain materials cost down.

### **(b) Current quarter versus the preceding quarter (4Q'18 vs 3Q'18)**

The fourth quarter ended 31 December 2018 posted sales revenue of RM18.8 million which represented a 6% decrease from the preceding quarter of RM20.1 million. The decline in sales in the fourth quarter which bucked historical trends in this instance was mainly attributed to an unexpected weak demand of specific electronic headlamp models, electronic security/surveillance peripherals and consumer electronic lifestyle gadgets in view of an uncertain and soft global market. Fortunately, the uptake of new models of industrial products and floor-care products experiencing moderate growth propped up sales in the fourth quarter, but insufficient to make up for the preceding shortfall.

**(b) Current quarter versus the preceding quarter  
(4Q'18 vs 3Q'18) (Cont'd)**

The Group posted profit attributable to equity holders of the parent company of RM2.1 million as compared to a profit of RM2.0 million in the preceding quarter, largely due to improved margin (4Q'18:27% vs 3Q'18:26%) resulting from favourable product mix with stronger gross margins and recognition of deferred tax income.

**16. COMMENTARY ON PROSPECTS AND TARGETS**

Sales revenue for 2018 managed to stand at RM73.8 million as compared to the preceding year's sales of RM 78.3 million, a marginal decline due to the soft and volatile global markets caused primarily by the prevailing trade war between US and China. Sales of electronic headlamps, floor-care products, electronic security/surveillance peripherals and consumer electronic lifestyle gadgets were dampened. On a positive note, industrial products and medical/healthcare devices recorded significant sales gains.

The Group's diversification efforts into IoT gadgets, wearables, medical/healthcare devices, automotive aggregates and industrial products in the past few years are beginning to bear fruits and is expected to show visible positive results in 2019. Besides, towards the end of 2018, it stepped up sales and marketing efforts through participating in design and manufacturing exhibitions in US to reach out to potential customers in US which intend to divert their production from China to Malaysia to overcome the tariff hike imposed on goods made in China. Concurrently, the Group also exhibited in China to woo Chinese manufacturers to shift production to Malaysia through some form of collaboration on the same rationale of overcoming the said tariff hike by US on Chinese manufactured goods. The Group expects to be a beneficiary from the on-going trade war between US and China, despite the current 90-day tariff truce.

During 4Q'18, a total of 88.3 million ESOS options had been exercised by directors and eligible employees, raising a total of RM14.6 million cash which increased the Group's cash reserve to RM64.6 million as at end 2018. After setting aside RM18.4 million for the balance purchase consideration on the proposed acquisition of the 60% equity interest in G-AsiaPacific Sdn Bhd (GAP) which is expected to materialize in 1Q'19, the Group still has in its reserve RM46.2 million cash which will be useful for the anticipated impending sales growth and future acquisition of synergistic technology-based businesses, in particular the ones under the Industry 4.0 ecosystem. GAP is principally involved in the business of provision of cloud computing solutions and development of mobile applications, which is aligned with the Group's digital and Industry 4.0 transformation goals.



## **16. COMMENTARY ON PROSPECTS AND TARGETS (Cont'd)**

The Group recorded profit attributable to equity holders of RM 5.7 million for 2018 as compared to a loss of RM 9.6 million in 2017, spurred by improved profit margin (2018:25%; 2017:20%) resulting from the deepening push into higher margin businesses and concerted efforts on supply chain materials cost down. Incidentally, the loss registered in 2017 was primarily due to recognition of ESOS expense of RM12.8 million. Nonetheless, the Group recorded a significant surge in profit in 2018 as compared to 2017.

We envisage that global uncertainty and instability to remain high in 2019, owing to the heightened global protectionism, impending Brexit and deteriorating global growth outlook. Despite external headwinds, the Group remains broadly optimistic on its prospects, underpinned by a few key factors. Firstly, the Group's continuous diversification efforts and expansion into "sunrise" markets in the likes of IoT gadgets, healthcare/medical devices, wearables, automotive aggregates and industrial products are starting to yield results. Secondly, the US-China trade impasse had opened up further opportunities for the Group as potential US customers seek to shift or diversify their manufacturing bases to Southeast Asia, in particular Malaysia and Vietnam being preferred choices. Manufacturing companies based and owned by the Chinese in China are also looking out to move their production to "safe" destinations to shelter themselves from the US tariff hike. This is another area of opportunity which the Group is constantly exploring. Even in the event that the US and China are able to compromise with a trade agreement to prevent further tariff hikes, the Group expects companies on both sides of the divide to take precautionary measures to diversify their risks by shifting a portion of their manufacturing bases to neutral countries. Thirdly, the Group is in the process of transforming into an Industry 4.0 enabled corporation which will allow it to stay relevant, competitive and sustainable for long term growth. Fourthly, the diversification into the cloud computing business through the acquisition of GAP is anticipated to generate impactful business and financial results to the Group in the long term as the cloud computing business is envisaged to hold vast untapped potential. Last but not least, the Group will continue to improve business efficiency by inculcating a cost-conscious mindset across all business units to enhance profit margin.

**17. INCOME TAX EXPENSE/(CREDIT)**

	3 months ended		12 months ended	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
Deferred tax	(1,010)	(147)	(1,210)	53
Current tax	493	24	1,527	972
<b>Total Income Tax Expense/(Credit)</b>	<b>(517)</b>	<b>(123)</b>	<b>317</b>	<b>1,025</b>

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the period.

**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 property for the current quarter.

**19. QUOTED SECURITIES**

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

**20. CORPORATE PROPOSALS**

Save as disclosed below, there are no other corporate proposals:

**a) Proposed Bonus Issue of Shares and Proposed Free Warrants Issue**

The issuances were completed following the completion of the Bonus Issue of Shares of 121,489,859 on 27 December 2018 and Free Warrants Issue of 182,234,783 on 8 January 2019.

**20. CORPORATE PROPOSALS (Cont'd)**

**b) Proposed Acquisition of 60% Equity Interest in G-AsiaPacific Sdn. Bhd. (GAP), Proposed Call/Put Options and Proposed Diversification (hereinafter referred to as "Proposed Acquisition")**

Bursa Securities had, through its letter dated 31 January 2019, approved the listing of up to 125,538,461 Option Consideration Shares to be issued pursuant to the Proposed Call/Put Options to acquire all the remaining equity interest in GAP held by the Vendors. An EGM was held on 27 February 2019 and shareholders had approved all the resolutions, including the proposed acquisition of 60% equity interest in GAP. The Group expects that the Proposed Acquisition will be completed by 1Q'19.

**21. BORROWINGS AND DEBTS SECURITIES**

The Group has neither any secured nor unsecured borrowings as at 31 December 2018.

**22. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

As at the end of the current quarter and up to the date of this report, there are 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 quarter.

## 25. EARNINGS/(LOSS) PER SHARE

The basic earnings/(loss) per share is calculated by dividing the profit/(loss) for the period attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

### (a) Basic earnings/(loss) per share

	3 months ended		12 months ended	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Profit/(Loss) attributable to equity holders of the parent (RM'000)	2,116	(2,954)	5,654	(9,604)
Weighted average number of Ordinary Shares in issue ('000)	650,115	622,973	629,814	611,816
Earnings/(Loss) Per Ordinary Share (sen)	0.33	(0.47)	0.90	(1.57)

### (b) Diluted earnings/(loss) per share

	3 months ended		12 months ended	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Profit/(Loss) attributable to equity holders of the parent (RM'000)	2,116	(2,954)	5,654	(9,604)
Weighted average number of Ordinary Shares in issue ('000)	650,115	622,973	629,814	611,816
Effect of Share Options ('000)	7,838	17,106	7,838	17,106
Adjusted weighted average number of Ordinary Shares in issue ('000)	657,953	640,079	637,652	628,922
Diluted Earnings/(Loss) Per Ordinary Share (sen)	0.32	(0.47)*	0.89	(1.57)*

Note:

\*The diluted loss per share equals the basic loss per share due to the anti-dilutive effect of the Options which has been ignored in calculating the diluted loss per share.

**26. AUTHORIZED FOR ISSUE**

The interim financial statements are authorized for issue by the Board of Directors in accordance with a resolution of the Directors on 27 February 2018.

**BY ORDER OF THE BOARD**

WONG YOUN KIM (MAICSA 7018778)

Company Secretary

27 February 2019