



K-One Technology Berhad

[Registration No. 200101004001 (539757-K)]

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2024**

**Condensed Consolidated Statements of Comprehensive Income
 For The First Quarter Ended 31 March 2024**

Figures in RM'000	3 months ended		3 months ended	
	31.3.2024 Unaudited	31.3.2023 Unaudited	31.3.2024 Unaudited	31.3.2023 Unaudited
Operating revenue	44,891	40,947	44,891	40,947
Cost of sales	(38,619)	(35,783)	(38,619)	(35,783)
Gross profit	6,272	5,164	6,272	5,164
Other income	2,759	608	2,759	608
Interest income	175	165	175	165
Operating expense	(6,907)	(6,165)	(6,907)	(6,165)
Profit/(Loss) before tax	2,299	(228)	2,299	(228)
Income tax expense	(614)	(197)	(614)	(197)
Profit/(Loss) for the period	1,685	(425)	1,685	(425)
Non-controlling interests	138	-	138	-
Profit/(Loss) after tax after non-controlling interests	1,823	(425)	1,823	(425)

Profit/(Loss) attributable to:

Owners of the Parent	1,823	(425)	1,823	(425)
Non-controlling interests	(138)	-	(138)	-
	1,685	(425)	1,685	(425)

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

Basic EPS/(LPS)	0.22	(0.05)	0.22	(0.05)
Diluted EPS/(LPS)	0.22	(0.05)	0.22	(0.05)

**Condensed Consolidated Statements of Comprehensive Income
 For The First Quarter Ended 31 March 2024 (Cont'd)**

Figures in RM'000	3 months ended		12 months ended	
	31.3.2024 Unaudited	31.3.2023 Unaudited	31.3.2024 Unaudited	31.3.2023 Unaudited
Profit/(Loss) for the period	1,685	(425)	1,685	(425)
Items that may be subsequently reclassified to profit:				
Foreign currency translation	108	45	108	45
Total comprehensive income/(loss)	1,793	(380)	1,793	(380)

Total comprehensive income/(loss) attributable to:

Owners of the Parent	1,931	(380)	1,931	(380)
Non-controlling interests	(138)	-	(138)	-
	1,793	(380)	1,793	(380)

The above condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

**Condensed Consolidated Statements of Financial Position
As At 31 March 2024**

Figures in RM'000	Unaudited 31.3.2024	Audited 31.12.2023
ASSETS		
<i>Non-Current Assets</i>		
Property, plant and equipment	19,144	19,329
Intangible assets	2,448	2,068
Goodwill on consolidation	22,676	22,676
Investment property	4,512	4,536
Deferred tax assets	3,086	3,302
Total Non-Current Assets	51,866	51,911
<i>Current Assets</i>		
Inventories	27,912	33,049
Trade receivables	40,023	29,185
Other receivables	3,728	4,599
Contract costs	4,988	3,943
Tax recoverable	956	744
Short term cash investments	6,146	8,634
Cash and bank balances	40,755	39,924
Total Current Assets	124,508	120,078
TOTAL ASSETS	176,374	171,989

EQUITY AND LIABILITIES		
<i>Equity</i>		
Share capital	123,644	123,644
Reserves	106	(2)
Non-controlling interests	1,316	1,454
Retained earnings	(6,817)	(8,640)
Total Equity	118,249	116,456

**Condensed Consolidated Statements of Financial Position
As At 31 March 2024 (Cont'd)**

Figures in RM'000	Unaudited 31.3.2024	Audited 31.12.2023
EQUITY AND LIABILITIES (Cont'd)		
<i>Non-Current Liabilities</i>		
Other payable	-	33
Lease Liability	392	447
Total Non-Current Liabilities	392	480
<i>Current Liabilities</i>		
Trade payables	36,840	35,369
Other payables and accruals	7,321	6,313
Contract liabilities	13,189	13,024
Lease liability	215	211
Tax payable	165	136
Total Current Liabilities	57,733	55,053
Total Liabilities	58,125	55,533
TOTAL EQUITY AND LIABILITIES	176,374	171,989
Net assets per share attributable to Owners of the Parent (sen)	14.21	14.00

The above condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

**Condensed Consolidated Statements of Changes in Equity
 For The First Quarter Ended 31 March 2024**

Figures in RM'000	←----- Attributable to Owners of the Parent----->						Non- controlling Interests	Total Equity
	←----- Non-distributable ----->			----- Distributable ----->				
	Share Capital	Share Option Reserve	Foreign Currency Translation Reserve	Other Reserve	Retained Earnings	Sub-Total		
At 1 January 2024	123,644	-	(2)	-	(8,640)	112,002	1,454	116,456
Comprehensive income								
Profit for the period				-	1,823	1,823	(138)	1,685
Other comprehensive income								
Foreign currency translation difference	-	-	108	-	-	108	-	108
Total comprehensive Income	-	-	108	-	1,823	1,931	(138)	1,793
At 31 March 2024	123,644	-	106	-	(6,817)	116,933	1,316	118,249

**Condensed Consolidated Statements of Changes in Equity
For The Fourth Quarter Ended 31 December 2023 (Cont'd)**

Figures in RM'000	←----- Attributable to Owners of the Parent ----->						Non- controlling Interests	Total Equity
	←----- Non-distributable ----->			----- Distributable ----->				
	Share Capital	Share Option Reserve	Foreign Currency Translation Reserve	Other Reserve	Retained Earnings	Sub-Total		
At 1 January 2023	123,644	-	(40)	-	(8,995)	114,609	-	114,609
Comprehensive loss								
Loss for the period	-	-	-	-	(425)	(425)	-	(425)
Other comprehensive income								
Foreign currency translation difference	-	-	45	-	-	45	-	45
Total comprehensive income/(loss)	-	-	45	-	(425)	(380)	-	(380)
At 31 March 2023	123,644	-	5	-	(9,420)	114,229	-	114,229

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 2023 and the accompanying explanatory notes attached to the interim financial statements.

**Condensed Consolidated Statements of Cash Flows
For The First Quarter Ended 31 March 2024**

Figures in RM'000	3 months ended	
	31.3.2024	31.3.2023
CASH FLOW FROM OPERATING ACTIVITIES		
<i>Profit/(Loss) before taxation</i>	2,299	(228)
Adjustments for:		
Amortisation of computer software	4	4
Depreciation of property, plant and equipment	800	629
Depreciation of investment property	24	24
Fair value gain on short term cash investment	(12)	-
Interest income	(175)	(165)
Foreign exchange gain – unrealized	(235)	(535)
Interest expense on lease liabilities	11	-
Inventories written down	-	538
Impairment loss on trade receivables	-	43
Operating profit before working capital changes	2,716	310
Changes in working capital:		
Decrease/(Increase) in inventory	5,137	(774)
(Increase)/Decrease in receivables	(11,012)	995
Increase in payables	2,647	2,564
Net cash (used in)/generated from operations	(512)	3,095
Taxation paid	(364)	(409)
Interest income	175	165
<i>Net cash (used in)/generated from operating activities</i>	(701)	2,851
CASH FLOW FROM INVESTING ACTIVITIES		
Withdrawal/(Placement) of short-term cash fund	2,500	(3,000)
Withdrawal of deposits with licensed bank	3,376	-
Capitalisation of intangible assets	(384)	-
Purchase of property, plant and equipment	(615)	(757)
<i>Net cash generated from/(used in) investing activities</i>	4,877	(3,757)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid on lease liabilities	(11)	-
Payment of lease liabilities	(52)	-
<i>Net cash used in financing activities</i>	(63)	-

**Condensed Consolidated Statements of Cash Flows For
 The First Quarter Ended 31 March 2024 (Cont'd)**

Figure in RM'000	3 months ended	
	31.3.2024	31.3.2023
Net increase/(decrease) in cash and cash equivalents	4,113	(906)
Effect of exchange rate changes	117	242
Cash and cash equivalents at beginning of the financial year	17,927	17,876
CASH AND CASH EQUIVALENT AT END OF THE PERIOD	22,157	17,212

COMPOSITION OF CASH AND CASH EQUIVALENTS

Figure in RM'000	3 months ended	
	31.3.2024	31.3.2023
Cash and bank balances	22,157	17,212
Deposit placed with licensed banks	18,598	19,500
	40,755	36,712
Less: Non-short term fixed deposits	(18,598)	(19,500)
	22,157	17,212

The above condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2023 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 2023.

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 2023, except for the following Malaysian Financial Reporting Standards (MFRSs) and IC Interpretations (IC Int):

Amendments/Improvements to MFRSs

MFRS 7	Financial Instruments: Disclosures
MFRS 16	Leases
MFRS 101	Presentation of Financial Statements
MFRS 107	Statement of Cash Flows

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 K-One Group’s Electronic Manufacturing Services (EMS) business is predominantly export-oriented (97.8% export in 1Q’24; 93.5% export in 1Q’23) and is subject to seasonal fluctuations. Business in the second half of the year is normally stronger than the first half due to surge in demand attributed mainly to the consumer electronics market in conjunction with Christmas and New Year seasons overseas.

Revenue contribution from the Cloud Computing (Cloud) business is mainly derived from Malaysia, Singapore and Indonesia. Cloud revenue is not subject to any obvious seasonality.

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 and equity securities during the period.

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		3 months ended	
	31.3.2024	31.3.2023	31.3.2024	31.3.2023
Amortisation of computer software	(4)	(4)	(4)	(4)
Depreciation of:				
-property, plant and equipment	(800)	(629)	(800)	(629)
-investment property	(24)	(24)	(24)	(24)
Inventories written down	-	(538)	-	(538)
Impairment loss on trade receivables	-	(43)	-	(43)
Foreign exchange gain/(loss)				
- realized	(72)	(505)	(72)	(505)
- unrealized	235	535	235	535
Fair value gain on short term cash investment	12	-	12	-
Interest income	175	165	175	165
Interest expense on lease liabilities	(11)	-	(11)	-

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	Cloud RM'000	Invest- ment Holding RM'000	Total RM'000
Sales					
External sales	1,110	23,580	20,201	-	44,891
Internal sales	-	-	-	-	-
Total operating sales	1,110	23,580	20,201	-	44,891
Others and interest income	8	2,704	31	191	2,934
	1,118	26,284	20,232	191	47,825
Results					
Segment results	18	1,781	402	98	2,299
Finance costs	-	-	-	-	-
Income tax expense	(40)	(407)	(143)	(24)	(614)
Profit/(Loss) after tax before non-controlling interests	(22)	1,374	259	74	1,685
Non-controlling interests	-	-	138	-	138
Profit/(Loss) after tax after non-controlling interests	(22)	1,374	397	74	1,823
Other information					
Segment assets	35,192	77,930	40,655	18,598	172,375
Unallocated assets					3,999
					176,374
Segment liabilities	1,917	28,397	27,655	9	57,978
Unallocated liabilities					147
					58,125

9. SEGMENT INFORMATION (Cont'd)

(b) Sales Contribution by Geography for the EMS and Cloud Businesses

The geographical sales breakdown is as follows:

	3 months ended 31.3.2024		
	EMS RM'000	Cloud RM'000	Total RM'000
Malaysia	534	12,605	13,139
Asia (excluding M'sia)	7,061	7,581	14,642
Europe	10,124	16	10,140
US	5,743	-	5,743
Oceania	903	-	903
Middle East	324	-	324
	24,689	20,202	44,891

	3 months ended 31.3.2023		
	EMS RM'000	Cloud RM'000	Total RM'000
Malaysia	1,615	10,865	12,480
Asia (excluding M'sia)	4,532	5,047	9,579
Europe	15,580	20	15,600
US	3,031	-	3,031
Oceania	251	6	257
	25,009	15,938	40,947

Note: 1)The EMS business is 97.8% (1Q'23: 93.5%) derived from the export markets with the balance of 2.2% (1Q'23: 6.5%) from the local (Malaysian) market.

2)The Cloud business is 37.6% (1Q'23: 31.8%) derived from the overseas markets with the balance of 62.4% (1Q'23: 68.2%) derived from the local (Malaysian) market.

(c) Sales to Major Customers

For the 3 months ended 31 March 2024, two (2) major international customers contributed more than 10% of the Group's revenue.

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 March 2024.

12. CONTINGENT ASSETS & LIABILITIES

As at the end of the quarter under review, the corporate guarantee for credit facilities granted to a subsidiary but not utilised as the Group has cash surplus was:-

	<u>RM'000</u>
K-One Industry Sdn Bhd	<u>20,576</u>

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 (1Q'24 vs 1Q'23)

For the first quarter ended 31 March 2024 (1Q'24), the Group's sales revenue increased to RM44.9 million from RM40.9 million in the corresponding quarter last year (1Q'23), registering an upturn of 10%, which was attributed entirely to the surge in Cloud Computing (Cloud) business.

EMS Sales

Sales from the Electronic Manufacturing Services (EMS) business declined marginally to RM24.7 million in the current quarter from RM25.0 million in the corresponding quarter last year, representing a decrease of 1%, due mainly to:- a) weaker sales of electronic headlamps as demand for new models launched in 2H'22 had normalized, b) dip in sales of IoT gadgets attributed to a sluggish global market and c) no sales of COVID-19 Antigen saliva self-test kits as the push to do self-test had fizzled out with COVID-19 infections becoming less life-threatening.

On the brighter side, sales of floorcare products and industrial equipment jumped to counter the above mentioned sales slide although insufficient to make up for the indicated shortfall.

Cloud Sales

The Cloud business generated sales revenue of RM20.2 million in 1Q'24 as compared with RM15.9 million in the corresponding quarter last year, stamping an increase of 27%, attributed to:- a) steady performance in recurring sales from existing customers and onboarding of new customers as enterprises continued to transition into the Cloud for technological and cost saving reasons and b) inclusion of the top line of P.T. GasiaPasific Indo (GAP Indo) in the consolidated financial statements enhanced the overall total sales following the completion of the acquisition of 36% shareholdings in the said company in mid-2023, thus making it a 51% subsidiary of the Group.

15. PERFORMANCE REVIEW (Cont'd)

**(a) Current quarter compared to the corresponding quarter of last year (Cont'd)
(1Q'24 vs 1Q'23)**

EMS/Cloud Earnings

The EMS business registered a net profit of RM1.4 million while the Cloud business contributed a net profit of RM0.4 million, making a total net profit of RM1.8 million in 1Q'24 as compared to a total net loss of RM0.4 million for the corresponding quarter last year.

The EMS business in the reporting quarter delivered a net profit of RM1.4 million, turning around from a net loss of RM1.0 million in the corresponding quarter last year, attributed mainly to:- a) improved gross profit margin from 12% in 1Q'23 to 13% in 1Q'24 resulting from materials cost down, pass-through of portions of increased costs to customers and product mix changes favouring the higher margin floorcare products and industrial equipment and b) receipt of grant disbursement of RM2.4 million from a government agency.

Cloud sales surged but its net profit was lower at RM0.4 million as compared with RM0.6 million in the previous year's corresponding quarter due mainly to the rise in employee related expenses on increasing headcount to drive the next stage of business expansion, losses from subsidiary companies and the higher rental and depreciation expenses following office relocation in early 1Q'24.

**(b) Current quarter versus the preceding quarter
(1Q'24 vs 4Q'23)**

The first quarter ended 31 March 2024 posted sales revenue of RM44.9 million, which was an 11% increase over the preceding quarter of RM40.6 million on better performance in the EMS business.

15. PERFORMANCE REVIEW (Cont'd)

(b) Current quarter versus the preceding quarter (1Q'24 vs 4Q'23)

EMS Sales

Sales for the EMS business increased by RM4.9 million; from RM19.8 million (4Q'23) to RM24.7 million (1Q'24), representing a jump of 25% due to improved demand for floorcare products and industrial equipment, driven by sturdy global demand.

Cloud Sales

Sales revenue from the Cloud business decreased by 3% to RM20.2 million from RM20.8 million in the preceding quarter, dragged by sluggish sales from a subsidiary company. Nevertheless, sales revenue from its main markets and the overall customer base continued their expansion mode and remained on an upward trend quarter-over-quarter, benefiting from demand driven by enterprises to cut costs and keep pace with the rapidly changing industry dynamics.

EMS/Cloud Earnings

The Group posted profit attributable to equity holders of the parent company of RM1.8 million in the current quarter as compared to a profit of RM2.7 million in the preceding quarter (4Q'23).

Despite higher sales, the EMS business delivered a lower profit of RM1.4 million in the reporting quarter, versus a profit of RM2.0 million in 4Q'23 due mainly to:- a) weakened margin (1Q'24:13%; 4Q'23:18%) which was negatively affected partly by product mix changes favouring the older models of electronic headlamps and one-off sale of certain slow moving materials back to a customer and b) absence of deferred tax income for unused tax losses recorded in the preceding quarter. Nevertheless, the receipt of grant disbursement of RM2.4 million from a government agency minimised the above-said adverse financial impact.

The Cloud business registered lesser profit of RM0.4 million as compared to RM0.7 million in the previous quarter on lower sales, higher rental and depreciation expenses, in addition to the absence of financial incentives, which was granted by the principal and recorded in 4Q'23.

16. COMMENTARY ON PROSPECTS AND TARGETS

It is envisaged that the global economic environment in 2024 will be marked by a confluence of challenges, characterised by subdued growth dynamics and prolonged inflationary pressures. The landscape is further complicated by geopolitical strains, notably the ongoing Ukraine-Russia war, Middle East crisis and prolonged US-China trade tensions, alongside rising concerns on climate change. It is predicted that 2024 may beat 2023's record as the warmest year in history. This could worsen the Panama Canal drought, which in turn will further aggravate supply chain disruptions and place additional stress on global trade activities.

Amid the volatile and challenging global business environment, the Group has charted its own course to deal with its businesses and anticipate to emerge stronger in 2024, as conjectured in the ensuing notes.

EMS Business

- 1) Sales of electronic headlamps is expected to recover in 2024 after clearing the reworks towards the end of 2023. The industrial and floorcare sectors are also anticipated to trend higher driven by running of new product lines geared to be environmentally friendly which continue to enjoy pockets of growth. Furthermore, the Group is expecting to manufacture new medical devices for certain new customers. It managed to break into a new market segment, that is, the solar energy industry (renewable energy) at the end of 2023 by developing solar power system ancillary products which will commence production in mid-2024. The cost-down exercise and implementation of automation in the Group's manufacturing processes while working towards smart manufacturing as part of its Industry 4.0 attainment is being intensified to strengthen its competitiveness moving forward.
- 2) The Group is poised to take advantage of manufacturing relocation opportunities unlocked by the ongoing intense rivalry between US and China. It believes that it has what it takes to win some of these manufacturing relocation opportunities.

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

- 3) On the healthcare products distribution business front, the Group's ongoing expansion into the development, manufacturing and distribution of medical devices/healthcare products under its own brand name (OBM) or as authorised representative is taking traction. It is targeting to launch the Medkaire ventilator (NASA-JPL licensed ventilator) in the local market upon receiving approval from Medical Device Authority (MDA) under the Ministry of Health, Malaysia, which is anticipated to be towards end 2024. In view of these positive progresses, the Group is seeking approval from the shareholders on the proposed diversification of the Group's principal activities to include the distribution and sales of medical devices/healthcare products at the upcoming EGM to be held on 19 June 2024.

Cloud Business

- 1) The Cloud business in ASEAN is still at its adolescence stage with ample market potential. As one of the pioneers in the Cloud space in Malaysia, the Group will leverage on its credentials, staff strength and expertise to continue growing the recurring revenue from the significant pool of its existing Cloud customers, stepping forward to take on large enterprises and expanding outwards to make its mark in the ASEAN market.
- 2) Amazon Web Services (AWS) had in March 2023 and May 2024 announced plans to invest RM25.5 billion to build a new AWS Region in Malaysia by 2037 and USD9.0 billion to expand its cloud computing infrastructure in Singapore from 2024 to 2028 respectively. In November 2023, AWS reaffirmed its commitment to the Malaysian data center market as it revealed that the new AWS Region in Malaysia will be live in 2024. Meanwhile, Microsoft had on 2 May 2024 announced an investment of RM10.4 billion to fuel Malaysia's cloud and AI transformation. These developments augur well for the Cloud sector of Malaysia and Singapore as they will enable local customers with data residency preferences to store data securely in their respective countries and help customers achieve even lower latency. Recurring revenue generated from the provision of Cloud related services in Malaysia and Singapore is anticipated to be on an upward trend for 2024 and is expected to remain in the positive trajectory moving forward.

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

- 3) It is the Group's strategy to deliver new collaborative Cloud offerings. As such, it is extending out to tap into other specialized cloud services such as cybersecurity, AI and machine learning which are witnessing significant business potential. The Group places great emphasis on workforce management to ensure that it increases headcount with the right skill to drive the next stage of business expansion. The Group is also envisioned to further expand its Cloud footprint to other high-growth ASEAN countries, with priority given to Cambodia, Philippines and Thailand in the near future. In addition, it is eyeing the Australian market, though mature but has immense potentials.

The Group is cautiously optimistic on its business prospects moving forward despite the soft, volatile and fragile global economy. Being in industries or market segments such as healthcare, IoT and Cloud which are resilient to the market downturn, the Group will harness its honed experience and professional expertise to maximize the capture of these market potentials.

As a long term business strategy, the M&A route to embark on the next step of the Group's journey as a sustainable technology innovator and strategic cloud services provider is ongoing as it wishes to take advantage of its debt-free position and cash surplus of RM46.9 million as at end 1Q'24 to leap-frog its business growth.

17. INTANGIBLE ASSETS

Figures in RM'000	Ventilator Development	Software Development	Total
Cost			
At 1 January 2024	2,019	24	2,043
Addition	425	-	425
	<u>2,444</u>	<u>24</u>	<u>2,468</u>
Accumulated amortisation			
At 1 January 2024	-	19	19
Amortisation charged	-	1	1
	<u>-</u>	<u>20</u>	<u>20</u>
Net carrying value At 31 March 2024	<u>2,444</u>	<u>4</u>	<u>2,448</u>

18. INCOME TAX EXPENSE

	3 months ended		3 months ended	
	31.3.2024	31.3.2023	31.3.2024	31.3.2023
	RM'000	RM'000	RM'000	RM'000
Current corporate tax	398	197	398	197
Deferred tax expense	216	-	216	-
Total Income Tax Expense	<u>614</u>	<u>197</u>	<u>614</u>	<u>197</u>

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

19. PURCHASES OR SALES OF UNQUOTED SECURITIES AND PROPERTIES

There were no purchases or disposal of unquoted securities and properties during the financial quarter.

20. QUOTED SECURITIES

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

21. CORPORATE PROPOSALS

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

a) **Proposed diversification of the existing business of the Group to include the distribution and sale of Healthcare Products (Proposed Diversification)**

In an effort to expand the Group's income stream and reduce reliance on its existing business segments, the Group intends to diversify its existing businesses to include the Healthcare Products Business. Upon scaling up the distribution and sales of Healthcare Products, the Board anticipates that the said Business may contribute 25% or more of the net profits of the Group and/or result in a diversion of more than 25% of the net assets of the Group moving forward.

In view of the above, an Extraordinary General Meeting (EGM) will be held on 19 June 2024 to seek approval from the shareholders on the Proposed Diversification.

22. BORROWINGS AND DEBTS SECURITIES

The Group has neither any secured nor unsecured borrowings as at 31 March 2024.

23. 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.

24. 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.

25. PROPOSED DIVIDEND

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

26. EARNINGS PER SHARE

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

Diluted earnings per share are based on the profit for the period attributable to equity holders of the Company and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

Basic/Diluted earnings per share

	3 months ended		3 months ended	
	31.3.2024	31.3.2023	31.3.2024	31.3.2023
Profit/(loss) attributable to equity holders of the parent (RM'000)	1,823	(425)	1,823	(425)
Weighted average number of Ordinary Shares in issue ('000)	832,007	832,007	832,007	832,007
Basic/Diluted Earnings/(Loss) Per Ordinary Share (sen)	0.22	(0.05)	0.22	(0.05)

27. 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 May 2024.

BY ORDER OF THE BOARD

WONG YOUN KIM (MAICSA 7018778)
Company Secretary

27 May 2024