



K-One Technology Berhad

[Registration No. 200101004001 (539757-K)]

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2024**

**Condensed Consolidated Statements Of Comprehensive Income
For The Second Quarter Ended 30 June 2024**

Figures in RM'000	3 months ended		6 months ended	
	30.6.2024 Unaudited	30.6.2023 Unaudited	30.6.2024 Unaudited	30.6.2023 Unaudited
Operating revenue	44,754	43,214	89,645	84,161
Cost of sales	(37,373)	(37,798)	(75,992)	(73,581)
Gross profit	7,381	5,416	13,653	10,580
Other income	195	315	2,954	923
Interest income	220	196	395	361
Operating expense	(6,577)	(5,561)	(13,484)	(11,726)
Profit before tax	1,219	366	3,518	138
Income tax expense	(140)	(348)	(754)	(545)
Profit/(Loss) for the period	1,079	18	2,764	(407)
Non-controlling interests	(71)	-	67	-
Profit/(Loss) after tax after non-controlling interests	1,008	18	2,831	(407)

Profit/(Loss) attributable to:

Owners of the Parent	1,008	18	2,831	(407)
Non-controlling interests	71	-	(67)	-
	1,079	18	2,764	(407)

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

Basic EPS/(LPS)	0.12	0.00	0.34	(0.05)
Diluted EPS/(LPS)	0.12	0.00	0.34	(0.05)

**Condensed Consolidated Statements Of Comprehensive Income
 For The Second Quarter Ended 30 June 2024 (Cont'd)**

Figures in RM'000	3 months ended		12 months ended	
	30.6.2024 Unaudited	30.6.2023 Unaudited	30.6.2024 Unaudited	30.6.2023 Unaudited
Profit/(Loss) for the period	1,079	18	2,764	(407)
Items that may be subsequently reclassified to profit:				
Foreign currency translation	(8)	80	100	125
Total comprehensive income/(loss)	1,071	98	2,864	(282)

Total comprehensive income/(loss) attributable to:

Owners of the Parent	1,000	98	2,931	(282)
Non-controlling interests	71	-	(67)	-
	1,071	98	2,864	(282)

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 30 June 2024

Figures in RM'000	Unaudited 30.6.2024	Audited 31.12.2023
ASSETS		
<i>Non-Current Assets</i>		
Property, plant and equipment	18,906	19,329
Intangible assets	2,787	2,068
Goodwill on consolidation	22,676	22,676
Investment property	4,488	4,536
Deferred tax assets	2,978	3,302
Total Non-Current Assets	51,835	51,911
<i>Current Assets</i>		
Inventories	26,041	33,049
Trade receivables	38,313	29,185
Other receivables	5,023	4,599
Contract costs	4,810	3,943
Tax recoverable	1,202	744
Short term cash investments	4,654	8,634
Cash and bank balances	41,206	39,924
Total Current Assets	121,249	120,078
TOTAL ASSETS	173,084	171,989

EQUITY AND LIABILITIES		
<i>Equity</i>		
Share capital	123,644	123,644
Reserves	98	(2)
Non-controlling interests	1,387	1,454
Retained earnings	(5,809)	(8,640)
Total Equity	119,320	116,456

**Condensed Consolidated Statements Of Financial Position
As At 30 June 2024 (Cont'd)**

Figures in RM'000	Unaudited 30.6.2024	Audited 31.12.2023
EQUITY AND LIABILITIES (Cont'd)		
<i>Non-Current Liabilities</i>		
Other payable	-	33
Lease Liability	336	447
Total Non-Current Liabilities	336	480
<i>Current Liabilities</i>		
Trade payables	33,862	35,369
Other payables and accruals	6,208	6,313
Contract liabilities	13,014	13,024
Lease liability	218	211
Tax payable	126	136
Total Current Liabilities	53,428	55,053
Total Liabilities	53,764	55,533
TOTAL EQUITY AND LIABILITIES	173,084	171,989
Net assets per share attributable to Owners of the Parent (sen)	14.34	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 Second Quarter Ended 30 June 2024**

	←----- Attributable to Owners of the Parent----->					Non-controlling Interests	Total Equity
	Share Capital	Non-distributable Foreign Currency Translation Reserve	Other Reserve	Distributable Retained Earnings	Sub-Total		
Figures in RM'000							
At 1 January 2024	123,644	(2)	-	(8,640)	115,002	1,454	116,456
Comprehensive income							
Profit for the period	-	-	-	2,831	2,831	(67)	2,764
Other comprehensive income							
Foreign currency translation difference	-	100	-	-	100	-	100
Total comprehensive Income	-	100	-	2,831	2,931	(67)	2,864
At 30 June 2024	123,644	98	-	(5,809)	117,933	1,387	119,320

**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	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	-	-	-	(407)	(407)	901	494
Other comprehensive income							
Foreign currency translation difference	-	125	-	-	125	-	125
Total comprehensive income/(loss)	-	125	-	(407)	(282)	901	619
At 30 June 2023	123,644	85	-	(9,402)	114,327	901	115,228

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 Second Quarter Ended 30 June 2024**

Figures in RM'000	6 months ended	
	30.6.2024	30.6.2023
CASH FLOW FROM OPERATING ACTIVITIES		
<i>Profit before taxation</i>	3,518	138
Adjustments for:		
Amortisation of computer software	8	8
Depreciation of property, plant and equipment	1,605	1,283
Depreciation of investment property	48	48
Fair value gain on short term cash investment	(20)	-
Interest income	(395)	(361)
Foreign exchange gain – unrealized	(334)	(650)
Interest expense on lease liabilities	20	-
Inventories written down	-	538
Impairment loss on trade receivables	-	86
Operating profit before working capital changes	4,450	1,090
Changes in working capital:		
Decrease/(Increase) in inventory	7,008	(3,977)
Increase in receivables	(10,419)	(2,445)
(Decrease)/Increase in payables	(1,622)	14,673
Net cash (used in)/generated from operations	(583)	9,341
Taxation paid	(745)	(596)
Interest income	395	361
<i>Net cash (used in)/generated from operating activities</i>	(933)	9,106
CASH FLOW FROM INVESTING ACTIVITIES		
Redemption/(Placement) of short-term cash fund	4,000	(2,000)
Uplift of deposits with licensed bank	4,398	-
Acquisition of a subsidiary	-	(4,587)
Capitalisation of intangible assets	(727)	-
Purchase of property, plant and equipment	(1,069)	(1,582)
<i>Net cash generated from/(used in) investing activities</i>	6,602	(8,169)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid on lease liabilities	(20)	-
Payment of lease liabilities	(124)	-
<i>Net cash used in financing activities</i>	(144)	-

**Condensed Consolidated Statements Of Cash Flow
 For The Second Quarter Ended 30 June 2024 (Cont'd)**

Figure in RM'000	6 months ended	
	30.6.2024	30.6.2023
Net increase in cash and cash equivalents	5,525	937
Effect of exchange rate changes	178	(571)
Cash and cash equivalents at beginning of the financial year	17,927	17,876
CASH AND CASH EQUIVALENT AT END OF THE PERIOD	23,630	18,242

COMPOSITION OF CASH AND CASH EQUIVALENTS

Figure in RM'000	6 months ended	
	30.6.2024	30.6.2023
Cash and bank balances	23,630	18,242
Deposit placed with licensed banks	17,576	18,000
	41,206	36,242
Less: Non-short term fixed deposits	(17,576)	(18,000)
	23,630	18,242

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 Flow

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 (98.2% export in 1H’24; 96.4% export in 1H’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, Indonesia and Vietnam. 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		6 months ended	
	30.6.2024	30.6.2023	30.6.2024	30.6.2023
Amortisation of computer software	(4)	(4)	(8)	(8)
Depreciation of:				
-property, plant and equipment	(805)	(654)	(1,605)	(1,283)
-investment property	(24)	(24)	(48)	(48)
Inventories written down	-	(538)	-	(538)
Impairment loss on trade receivables	-	(43)	-	(86)
Foreign exchange gain/(loss)				
- realized	(136)	235	(208)	(270)
- unrealized	99	115	334	650
Fair value gain on short term cash investment	8	-	20	-
Interest income	220	196	395	361
Interest expense on lease liabilities	(9)	-	(20)	-

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	2,222	19,923	22,609	-	44,754
Internal sales	-	-	-	-	-
Total operating sales	2,222	19,923	22,609	-	44,754
Others and interest income	45	170	46	154	415
	2,267	20,093	22,655	154	45,169
Results					
Segment results	180	54	985	-	1,219
Finance costs	-	-	-	-	-
Income tax expense	(110)	158	(188)	-	(140)
Profit after tax before non-controlling interests	70	212	797	-	1,079
Non-controlling interests	-	-	(71)	-	(71)
Profit after tax after non-controlling interests	70	212	726	-	1,008
Other information					
Segment assets	51,359	76,969	40,577	43	168,948
Unallocated assets					4,136
					173,084
Segment liabilities	1,365	25,755	26,500	9	53,629
Unallocated liabilities					135
					53,764

9. SEGMENT INFORMATION (Cont'd)

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

The geographical sales breakdown is as follows:

	6 months ended 30.6.2024		
	EMS RM'000	Cloud RM'000	Total RM'000
Malaysia	845	25,424	26,269
Asia (excluding M'sia)	13,537	17,182	30,719
Europe	22,246	33	22,279
US	8,220	-	8,220
Oceania	1,355	160	1,515
Middle East	632	11	643
	46,835	42,810	89,645

	6 months ended 30.6.2023		
	EMS RM'000	Cloud RM'000	Total RM'000
Malaysia	1,828	24,048	25,876
Asia (excluding M'sia)	11,665	8,995	20,660
Europe	30,997	20	31,017
US	6,043	-	6,043
Oceania	547	18	565
	51,080	33,081	84,161

Note: 1)The EMS business is 98.2% (1H'23: 96.4%) derived from the export markets with the balance of 1.8% (1H'23: 3.6%) from the local (Malaysian) market.

2)The Cloud business is 40.6% (1H'23: 27.3%) derived from the overseas markets with the balance of 59.4% (1H'23: 72.7%) derived from the local (Malaysian) market.

(c) Sales to Major Customers

For the 6 months ended 30 June 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 30 June 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 (2Q'24 vs 2Q'23)

For the second quarter ended 30 June 2024 (2Q'24), the Group's sales revenue increased to RM44.8 million from RM43.2 million in the corresponding quarter last year (2Q'23), registering an upturn of 4%, underpinned by higher Cloud Computing's (Cloud) sales.

EMS Sales

Sales from the Electronic Manufacturing Services (EMS) business declined to RM22.2 million in the current quarter from RM26.1 million in the corresponding quarter last year, representing a decrease of 15%, due mainly to:- a) weaker sales of electronic headlamps pending new model launches in the pipeline, b) dip in sales of medical/healthcare devices, industrial equipment and IoT gadgets attributed to a slow-moving global market and c) reduced supply of spare parts and sub-assemblies for maintenance purpose to a specific customer, with the Group acting as its Asia Hub due to time lost caused by the customer's ERP system maintenance which has since been resolved.

On the contrary, sales of floorcare products increased to counter the above mentioned sales slide but still short of making up for the indicated shortfall.

Cloud Sales

The Cloud business chalked up sales revenue of RM22.6 million in 2Q'24 as compared with RM17.1 million in the corresponding quarter last year, stamping a strong sales surge of 32%, attributed to:- a) sturdy performance in recurring sales from existing customers and onboarding of new customers, b) inclusion of the top line of P.T. GasiaPasific Indo (GAP Indo) in the consolidated financial statements following the completion of the acquisition of 36% shareholdings in the said company in July 2023, thus making it a 51% subsidiary of the Group and c) growing sales contribution from G-AsiaPacific (Vietnam) Company Limited (GAP Vietnam), a 51% owned JV established in July 2023.

15. PERFORMANCE REVIEW (Cont'd)

**(a) Current quarter compared to the corresponding quarter of last year (Cont'd)
(2Q'24 vs 2Q'23)**

EMS/Cloud Earnings

The EMS business registered a net profit of RM0.3 million while the Cloud business contributed a net profit of RM0.7 million, making a total net profit of RM1.0 million in 2Q'24 as compared to a total net profit of RM17.6 thousand for the corresponding quarter last year.

Despite lower sales, the EMS business in the reporting quarter delivered a net profit of RM0.3 million, turning around from a net loss of RM1.2 million in the corresponding quarter last year, attributed mainly to improved gross profit margin from 9% in 2Q'23 to 16% in 2Q'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 design and development services.

Cloud sales surged but its net profit was lower at RM0.7 million as compared with RM1.2 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, higher rental and depreciation expenses following office relocation in early 1Q'24, in addition to the absence of specific financial incentives granted by the principal which was recorded in 2Q'23.

**(b) Current quarter versus the preceding quarter
(2Q'24 vs 1Q'24)**

The second quarter ended 30 June 2024 posted sales revenue of RM44.8 million, which was about flat versus the preceding quarter of RM44.9 million.

15. PERFORMANCE REVIEW (Cont'd)

(b) Current quarter versus the preceding quarter (2Q'24 vs 1Q'24)

EMS Sales

Sales for the EMS business contracted by RM2.5 million; from RM24.7 million (1Q'24) to RM22.2 million (2Q'24), representing a decrease of 10% due to softer international demand for industrial equipment on the backdrop of an uncertain global economy and the absence of one-off sale of certain slow-moving materials back to a customer recorded in the preceding quarter.

However, improved sales of electronic headlamps coupled with the increasing supply of spare parts and sub-assemblies for maintenance purpose to a specific customer cushioned the above decelerating sales in the second quarter, but insufficient to make up for the above indicated shortfall.

Cloud Sales

Sales revenue from the Cloud business increased by 12% to RM22.6 million from RM20.2 million in the preceding quarter on stronger sales performance locally in Malaysia and from its overseas subsidiaries.

EMS/Cloud Earnings

The Group posted profit attributable to equity holders of the parent company of RM1.0 million in the current quarter as compared to a profit of RM1.8 million in the preceding quarter (1Q'24).

The EMS business delivered a lower profit of RM0.3 million in the reporting quarter, versus a profit of RM1.4 million in 1Q'24 due mainly to lower sales and the absence of the receipt of grant disbursement recorded in 1Q'24.

The Cloud business registered a higher profit of RM0.7 million as compared to RM0.4 million in the previous quarter on higher sales and improved overall gross profit margin on service mix changes favouring the higher margin Cloud offerings to customers.

16. COMMENTARY ON PROSPECTS AND TARGETS

For the first half of the year ended 30 June 2024, the K-One Group delivered sales of RM89.6 million against RM84.2 million for the corresponding period last year, representing an increase of 6% resulting from the continuous growth in the Cloud business.

EMS sales clocked-in at RM46.8 million in 1H'24 as compared with RM51.1 million in the corresponding period last year, representing a decrease of 8% due mainly to a) slowing sales of electronic headlamps and IoT gadgets, b) contraction in the sub-assemblies supply business for maintenance purpose 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 other hand, industrial equipment and floorcare products experienced an uptick in sales but were insufficient to make up for the shortfall recorded in the consumer electronics, IoT and sub-assemblies supply segments.

The Cloud business generated sales revenue of RM42.8 million in 1H'24 as compared with RM33.1 million in the corresponding period last year, marking a surge of 29% on stronger recurring revenue, consolidation of the post-acquisition top line of GAP Indo and growing sales contribution from GAP Vietnam subsequent to having extended its footprint in Vietnam. The recurring revenue of the Cloud business remained upbeat, fuelled by private enterprises and the public sector realizing the benefits of Cloud and embracing it to adapt to the changing (changed) human behaviour of work from home (WFH), online learning, online buying and e-government services in the New Normal.

Moving forward to 2H'24, barring unforeseen circumstances, the Group is cautiously optimistic and expects to see sales trending higher than 1H'24 based upon the rationales and expectations illustrated below in the EMS and Cloud businesses's prospects respectively.

EMS Business

1) Sales of electronic headlamps is forecasted a return to growth led by the projected launching of replacement models. The industrial and floorcare segments are anticipated to trend higher driven by the running of new product lines geared to be environmentally friendly which continue to enjoy pockets of growth. New medical devices are also coming into production progressively for certain new customers. Furthermore, the Group is developing certain solar energy ancillary device(s) for specific renowned companies in Malaysia which are expected to go into production towards end 2024, pending securing the necessary safety approvals from the relevant authorities.

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

2) Notably, the manufacturing and supply of peripherals or controller sub-systems used to control and regulate the cooling system in data centres is envisaged to contribute sales with escalating volume moving forward, supported by the growing number of data centres in Malaysia and globally to cope with increasing demand from AI applications.

3) The Group is poised to take advantage of manufacturing relocation opportunities unlocked by the ongoing rivalry with rising intensity between US and China. It believes that it has what it takes to win some of these manufacturing relocation opportunities.

4) Following the Group's accelerated push into the development, manufacturing and distribution of medical devices/healthcare products under its own brand name (OBM) or as authorised representative, the Group sought and received shareholders' approval for its diversification into the healthcare industry in June 2024. The Diversey hygiene-care products continue to receive good response from the hospitals and hospitality fraternities. The Medkaire ventilator (NASA-JPL licensed ventilator) is targeted to be launched in the local market upon receiving approval from Medical Device Authority (MDA) under the Ministry of Health, Malaysia, which is anticipated to be end 2024 or early next year. Meanwhile, the sales of fish oil products commenced locally in July 2024, while other medical/healthcare consumables and supplies will be launched progressively.

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 up to the plate to take on large enterprises and expanding outwards to make its mark in the ASEAN market. Incidentally, the Group has managed to sign up a combined few new prominent and large customers locally and overseas to be streamed in 2H'24.

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

2) ASEAN is experiencing a significant surge in data centre development, driven by the rapid adoption of artificial intelligence (AI) and a growing demand for cloud computing. In recent events, Malaysia is emerging as a data centre powerhouse in ASEAN as it attracts billions in data centre investments from various tech giants, among others, Google will invest USD2 billion to establish its first data centre and Google Cloud region in Malaysia; Microsoft has committed to USD2.2 billion to advance new Cloud and AI infrastructure in Malaysia and Amazon Web Services (AWS) will invest RM25.5 billion to build a new AWS Region in Malaysia which will go live in 2024. The strategic setting up of data centres in ASEAN by the preceding Cloud giants is poised to further accelerate digital transformation and more importantly, open new doors in the financial and public sectors which require local data centre residency. The Group's Cloud arm - wholly-owned subsidiary G-AsiaPacific Sdn Bhd (GAP), being a premier ranking partner to certain of these Cloud giants will be a key beneficiary in securing new Cloud business from the financial, public and other sensitive industries requiring local data centre residency in the various places where it operates, including Malaysia, Indonesia, Vietnam and Singapore. The Group is excited and geared to reap the benefits of the impending launch of AWS's data centres in Malaysia in 2H'24.

3) GAP has the resources and competencies to deliver AI-powered applications for customers. Being in the forefront of Cloud and AI innovations enables it to take on a wide range of AI or generative AI projects. With the global AI boom, it is ready to seize opportunities from this rapidly expanding landscape. The Group is proud to share that GAP has recently been awarded the "Partner of the Year Malaysia 2024 Award" from AWS based on sales performance, sales growth, human resources, capabilities and competencies. GAP received the same award three times over the last five years which affirms GAP's long term record of Cloud excellence and professionalism.

The Group is cautiously optimistic on its business prospects moving forward despite the soft and fragile global economy. The current geopolitical happenings with the possibility of Iran sparking a full-blown Middle East war and the uncertainties posed by the impending US Presidential election is like pouring oil into the fire for the already volatile global economy. Nonetheless, being in Cloud, EMS and Healthcare which are resilient to market downturn, the K-One Group may be better insulated to weather through a potential global economic storm.

As a long term business strategy, the K-One Group, leveraging on its debt-free position and cash surplus of RM45.9 million is continuously on the look-out to acquire synergistic business 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	766	-	766
	<u>2,785</u>	<u>24</u>	<u>2,809</u>
Accumulated amortisation			
At 1 January 2024	-	19	19
Amortisation charged	-	3	3
	<u>-</u>	<u>22</u>	<u>22</u>
Net carrying value At 30 June 2024	<u>2,785</u>	<u>2</u>	<u>2,787</u>

18. INCOME TAX EXPENSE

	3 months ended		6 months ended	
	30.6.2024	30.6.2023	30.6.2024	30.6.2023
	RM'000	RM'000	RM'000	RM'000
Current corporate tax	32	348	430	545
Deferred tax expense	108	-	324	-
Total Income Tax Expense	<u>140</u>	<u>348</u>	<u>754</u>	<u>545</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

There are no corporate proposals announced but not completed as at the reporting date.

22. BORROWINGS AND DEBTS SECURITIES

The Group has neither any secured nor unsecured borrowings as at 30 June 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		6 months ended	
	30.6.2024	30.6.2023	30.6.2024	30.6.2023
Profit/(loss) attributable to equity holders of the parent (RM'000)	1,008	18	2,831	(407)
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)	0.12	0.00	0.34	(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 26 August 2024.

BY ORDER OF THE BOARD

LIM LI HEONG (MAICSA 7054716)
WONG MEE KIAT (MAICSA 7058813)
Company Secretaries

26 August 2024