



K-One Technology Berhad (539757-K)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2018**

**Condensed Consolidated Statements of Comprehensive Income
For The Second Quarter Ended 30 June 2018**

| Figures in RM'000 | 3 months ended | | 6 months ended | |
|--|------------------------|------------------------|------------------------|------------------------|
| | 30.6.2018 Unaudited | 30.6.2017 Unaudited | 30.6.2018 Unaudited | 30.6.2017 Unaudited |
| Operating revenue | 16,147 | 19,493 | 34,933 | 39,460 |
| Cost of sales | (12,135) | (15,610) | (27,069) | (31,976) |
| Gross profit | 4,012 | 3,883 | 7,864 | 7,484 |
| Other income | 339 | 212 | 479 | 352 |
| Interest income | 410 | 399 | 825 | 836 |
| Operating expenses | (3,170) | (2,996) | (7,409) | (15,612) |
| Profit/(Loss) from operations | 1,591 | 1,498 | 1,759 | (6,940) |
| Share of profit after tax of equity-accounted associate | 163 | - | 300 | - |
| Profit/(Loss) before tax | 1,754 | 1,498 | 2,059 | (6,940) |
| Income tax expense | (251) | (458) | (528) | (818) |
| Profit/(Loss) for the period | 1,503 | 1,040 | 1,531 | (7,758) |
| Non-controlling interests | - | - | - | - |
| Profit/(Loss) after tax after Non-controlling interests | 1,503 | 1,040 | 1,531 | (7,758) |

Profit/(Loss) attributable to:

| | | | | |
|---------------------------|-------|-------|-------|---------|
| Owners of the Parent | 1,503 | 1,040 | 1,531 | (7,758) |
| Non-controlling interests | - | - | - | - |
| | 1,503 | 1,040 | 1,531 | (7,758) |

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

| | | | | |
|-------------------|------|------|------|--------|
| Basic EPS/(LPS) | 0.29 | 0.20 | 0.29 | (1.55) |
| Diluted EPS/(LPS) | 0.29 | 0.19 | 0.29 | (1.55) |

**Condensed Consolidated Statements of Comprehensive Income
For The Second Quarter Ended 30 June 2018 (Cont'd)**

| Figures in RM'000 | 3 months ended | | 6 months ended | |
|---|------------------------|------------------------|------------------------|------------------------|
| | 30.6.2018 Unaudited | 30.6.2017 Unaudited | 30.6.2018 Unaudited | 30.6.2017 Unaudited |
| Profit/(Loss) for the period | 1,503 | 1,040 | 1,531 | (7,758) |
| Items that may be subsequently reclassified to profit or loss : | | | | |
| Foreign currency translation | (7) | (6) | (14) | (22) |
| Total comprehensive income | 1,496 | 1,034 | 1,517 | (7,780) |
| Profit/(Loss) attributable to: | | | | |
| Owners of the Parent | 1,496 | 1,034 | 1,517 | (7,780) |
| Non-controlling interests | - | - | - | - |
| | 1,496 | 1,034 | 1,517 | (7,780) |

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 30 June 2018

| Figures in RM'000 | Unaudited 30.6.2018 | Audited 31.12.2017 |
|---------------------------------|------------------------|-----------------------|
| ASSETS | | |
| <i>Non-Current Assets</i> | | |
| Property, plant and equipment | 9,832 | 9,751 |
| Intangible assets | 118 | 171 |
| Deferred tax assets | 271 | 277 |
| Investment in associate company | 9,000 | - |
| Non-Current Assets | 19,221 | 10,199 |
| <i>Current Assets</i> | | |
| Inventories | 17,211 | 15,675 |
| Trade receivables | 13,794 | 15,503 |
| Other receivables | 1,134 | 10,217 |
| Tax recoverable | 1,872 | 1,356 |
| Short term cash investments | 29,556 | 32,374 |
| Cash and bank balances | 21,786 | 18,615 |
| Total Current Assets | 85,353 | 93,740 |
| TOTAL ASSETS | 104,574 | 103,939 |

| | | |
|-------------------------------|---------------|---------------|
| EQUITY AND LIABILITIES | | |
| <i>Equity</i> | | |
| Share capital | 69,659 | 69,659 |
| Reserves | 14,033 | 12,825 |
| Retained earnings | 4,737 | 3,209 |
| Total Equity | 88,429 | 85,693 |

**Condensed Consolidated Statements of Financial Position
As At 30 June 2018 (Cont'd)**

| Figures in RM'000 | Unaudited 30.6.2018 | Audited 31.12.2017 |
|--|------------------------|-----------------------|
| EQUITY AND LIABILITIES | | |
| <i>Current Liabilities</i> | | |
| Trade payables | 14,634 | 15,290 |
| Other payables and accruals | 906 | 2,859 |
| Amount due to Directors | 2 | 2 |
| Tax payable | 603 | 95 |
| Current Liabilities | 16,145 | 18,246 |
| Total Liabilities | 16,145 | 18,246 |
| TOTAL EQUITY AND LIABILITIES | 104,574 | 103,939 |
| Net assets per share attributable to Owners of the Parent (sen) | 17.03 | 16.51 |

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 Second Quarter Ended 30 June 2018**

| Figures in RM'000 | <-----Attributable to Owners of the Parent -----> | | | | | Total | Non-controlling Interest | Total Equity |
|--|---|---------------|----------------------|--------------------------------------|-------------------|--------|--------------------------|--------------|
| | <----- Non-distributable -----> | | Distributable | | | | | |
| | Share Capital | Share Premium | Share Option Reserve | Foreign Currency Translation Reserve | Retained Earnings | | | |
| At 1 January 2018 | 69,659 | - | 12,840 | (12) | 3,206 | 85,693 | - | 85,693 |
| Comprehensive profit | | | | | | | | |
| Profit for the period | - | - | - | - | 1,531 | 1,531 | - | 1,531 |
| Other comprehensive income | | | | | | | | |
| Foreign currency translation difference | - | - | - | (14) | - | (14) | - | (14) |
| Total comprehensive profit | - | - | - | (14) | 1,531 | 1,517 | - | 1,517 |
| Transactions with owners | | | | | | | | |
| Share based payment under Employees' Share Options Scheme ("ESOS") | - | - | 1,219 | - | - | 1,219 | - | 1,219 |
| Total transactions with owners | - | - | 1,219 | - | - | 1,219 | - | 1,219 |
| At 30 June 2018 | 69,659 | - | 14,059 | (26) | 4,737 | 88,429 | - | 88,429 |

**Condensed Consolidated Statements of Changes in Equity
For The Second Quarter Ended 30 June 2018 (Cont'd)**

| Figures in RM'000 | <-----Attributable to Owners of the Parent -----> | | | | | | Total | Non-controlling Interest | Total Equity |
|---|---|---------------|----------------------|--------------------------------------|-------------------|---------|-------|--------------------------|--------------|
| | <-----Non-distributable-----> | | | Distributable | | | | | |
| | Share Capital | Share Premium | Share Option Reserve | Foreign Currency Translation Reserve | Retained Earnings | | | | |
| At 1 January 2017 | 47,266 | 15,885 | - | 2 | 12,812 | 75,965 | - | 75,965 | |
| Comprehensive loss | | | | | | | | | |
| Loss for the period | - | - | - | - | (7,758) | (7,758) | - | (7,758) | |
| Other comprehensive income | | | | | | | | | |
| Foreign currency translation difference | - | - | - | (22) | - | (22) | - | (22) | |
| Total comprehensive loss | - | - | - | (22) | (7,758) | (7,780) | - | (7,780) | |
| Transactions with owners | | | | | | | | | |
| 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 | - | - | 9,687 | - | - | 9,687 | - | 9,687 | |
| Total transactions with owners | 22,393 | (15,885) | 9,687 | - | - | 16,195 | - | 16,195 | |
| At 30 June 2017 | 69,659 | - | 9,687 | (20) | 5,054 | 84,380 | - | 84,380 | |

***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 Second Quarter Ended 30 June 2018**

| Figures in RM'000 | 6 months ended | |
|--|----------------|-----------------|
| | 30.6.2018 | 30.6.2017 |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| <i>Profit/ Loss before taxation</i> | 2,059 | (6,940) |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 317 | 298 |
| Amortization of intangible assets | 52 | 63 |
| ESOS expense | 1,219 | 9,687 |
| Interest income | (825) | (670) |
| Foreign exchange (gain)/loss – unrealized | 114 | 140 |
| Share of profit from associate | (300) | - |
| Operating profit before working capital changes | 2,636 | 2,578 |
| Changes in working capital: | | |
| Increase in inventory | (1,536) | (24) |
| Decrease in receivables | 1,948 | 4,042 |
| Increase/(Decrease) in payables | (2,430) | 926 |
| Cash generated from operations | 618 | 7,522 |
| Taxation paid | (504) | (824) |
| <i>Net cash from operating activities</i> | 114 | 6,698 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Interest income | 825 | 670 |
| Withdrawal/(Placement) in short term cash fund | 2,818 | (12,148) |
| Purchase of property, plant and equipment | (398) | (163) |
| Purchase of intangible assets | - | (8) |
| <i>Net cash from/(used in) investing activities</i> | 3,245 | (11,649) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from issuance of shares | - | 6,508 |
| <i>Net cash from financing activities</i> | - | 6,508 |

**Condensed Consolidated Statements of Cash Flows
For The Second Quarter Ended 30 June 2018 (Cont'd)**

| Figures in RM'000 | 6 months ended | |
|--|----------------|---------------|
| | 30.6.2018 | 30.6.2017 |
| Net increase in cash and cash equivalents | 3,359 | 1,557 |
| Effect of exchange rate changes | (188) | (277) |
| Cash and cash equivalents at beginning of the period | 5,115 | 23,651 |
| CASH AND CASH EQUIVALENT AT END OF THE PERIOD | 8,286 | 24,931 |

COMPOSITION OF CASH AND CASH EQUIVALENTS

| Figures in RM'000 | 6 months ended | |
|-------------------------------------|----------------|---------------|
| | 30.6.2018 | 30.6.2017 |
| Cash and bank balances | 7,986 | 16,431 |
| Deposit placed with licensed banks | 13,800 | 14,500 |
| | 21,786 | 30,931 |
| Less: Non-short term fixed deposits | (13,500) | (6,000) |
| | 8,286 | 24,931 |

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 (98.5% export in 2Q'18: 95.6% export in 2Q'17) 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 and equity securities during the period under review and up to the date of this report.

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 | |
|---|----------------|-----------|----------------|-----------|
| | 30.6.2018 | 30.6.2017 | 30.6.2018 | 30.6.2017 |
| Depreciation of property, plant and equipment | (142) | (151) | (317) | (298) |
| Amortization of intangible assets | (20) | (32) | (52) | (63) |
| Foreign exchange gain/(loss) | | | | |
| - realized | 63 | (195) | (351) | (99) |
| - unrealized | 231 | 47 | (114) | (140) |
| Interest income | 410 | 399 | 825 | 836 |

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 |
|--|-----------------------------------|------------------------------|--------------------------------------|----------------------------|-----------------|
| Sales | | | | | |
| External sales | 686 | 15,461 | - | - | 16,147 |
| Internal sales | - | - | - | - | - |
| Total operating sales | 686 | 15,461 | - | - | 16,147 |
| Others and interest income | 419 | 330 | - | - | 749 |
| | 1,105 | 15,791 | - | - | 16,896 |
| Results | | | | | |
| Segment results | 289 | 1,302 | 163 | - | 1,754 |
| Finance costs | - | - | - | - | - |
| Income tax | (31) | (220) | - | - | (251) |
| Profit after tax before non-controlling interest | | | | | 1,503 |
| Non-controlling interest | | | | | - |
| Profit after tax after non-controlling interest | | | | | 1,503 |

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 | 48,380 | 44,389 | 9,651 | - | 102,420 |
| Unallocated assets | | | | | 2,154 |
| | | | | | 104,574 |
| Segment liabilities | 247 | 15,278 | 14 | - | 15,539 |
| Unallocated liabilities | | | | | 606 |
| | | | | | 16,145 |

(b) Sales Contribution by Geography

The geographical sales breakdown is as follows:

| | 6 months ended | |
|------------------------|---------------------|---------------------|
| | 30.6.2018 RM'000 | 30.6.2017 RM'000 |
| Malaysia | 509 | 1,738 |
| Asia (excluding M'sia) | 7,709 | 3,409 |
| Europe | 23,986 | 31,578 |
| US | 2,702 | 2,692 |
| Oceania | 5 | - |
| Middle East | 22 | 43 |
| | 34,933 | 39,460 |

(c) Sales to Major Customers

For the 6 months ended 30 June 2018, three (3) major international customers (each with revenue of more than 10% of the Group's revenue) contributed total revenue of approximately RM26.5 million (1H'17: RM31.2million).

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 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> |
| | <u>22,576</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'18 vs 2Q'17)

For the second quarter ended 30 June 2018, the Group saw its revenue decreased by 17% to RM16.1 million from RM19.5 million in the corresponding quarter last year, on lower contributions from electronic security/surveillance peripherals, floor-care products and consumer electronic lifestyle gadgets due mainly to soft market demands. On the other hand, the Group experienced a marginal increase in demand for industrial products and medical/healthcare devices which however, were insufficient to prop up and maintain sales at the same level as the corresponding quarter of last year.

The Group registered profit attributable to equity holders of the parent company of RM1.5 million as compared to the same of RM1.0 million for the corresponding quarter last year despite a decline in sales. The 50% surge in net profit was mainly attributed to gross profit margin improvement for the quarter-to-quarter comparison ie 2Q'18:25% vs 2Q'17:20%, riding on the unexpected strengthening of the USD and to a certain extent, product mix changes favouring higher margin products in the medical/healthcare segment. Further, the share of profit contributed by its associate company following the completion of the acquisition of a 30% stake in AHM Consultancy & Security Services Sdn. Bhd. (AHM) in January 2018 also augmented the bottom line.

(b) Current quarter versus the preceding quarter (2Q'18 vs 1Q'18)

Sales revenue for the second quarter ended 30 June 2018 at RM16.1 million represented a 14% decline from the preceding quarter of RM18.8 million. The slowing sales was mainly attributed to a decline in demand for floor-care products, industrial products and consumer electronic lifestyle gadgets in view of an uncertain and volatile global market. Product deliveries have been deferred to the second half of the year during which the market is expected to pick up speed. Fortunately, improved sales performance of electronic security/surveillance peripherals and medical/healthcare devices cushioned the aforesaid sales decline.

15. PERFORMANCE REVIEW (Cont'd)

(b) Current quarter versus the preceding quarter (Cont'd)
(2Q'18 vs 1Q'18)

The Group posted profit attributable to equity holders of the parent company of RM1.5 million as compared to a profit of RM28.8 thousand in the preceding quarter based on improved margin (2Q'18:25% vs 1Q'18:21%) resulting from an unexpected rising USD and product mix changes with higher margin products gaining weightage.

16. COMMENTARY ON PROSPECTS AND TARGETS

Cumulative sales for the first half of the year ended 30 June 2018 finished at RM34.9 million against RM39.5 million for the corresponding period last year, representing a decrease of 12% which was chiefly due to subdued sales of electronic security/surveillance peripherals, electronic headlamps and floor-care products in view of weaker than expected global market sentiments, partly caused by the brewing global trade war ignited by the US. On a positive note, improving sales performance was witnessed in the Industrial products business segment.

The Group is intensifying efforts in revamping its product portfolio to focus on higher margin and higher growth markets in the likes of IoT gadgets, electronic security/surveillance peripherals, healthcare/medical devices and automotive aggregates in an attempt to replenish premium sales for long term growth. It is a challenging transformation process, although slow but gaining traction.

Besides driving organic growth, the Group has been and is continuing with its search for complementary businesses to grow through M&A. Backed by a robust cash position, the Group is seeking for target companies to connect the dots within the Industry 4.0 ecosystem, which includes smart manufacturing, IoT, cloud computing, Bigdata, cybersecurity, software applications and artificial intelligence. In this era, digital transformation is imminent and the Group is seriously embracing the various elements of Industry 4.0 in order that it will stay relevant and sustainable in the long term. Thus, for a start and in the immediate term, the aim to foray or “diversify” into the cloud computing space is a major and giant step into the digital age of innovation, smart manufacturing and ultimately Industry 4.0.

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

The medium-term macroeconomic outlook is anticipated to undergo continued volatility in the midst of heightened global business protectionism and political uncertainty. Regardless, the Group expects sales for the second half of 2018 to surpass that of the first half as various new customers, in particular, from the US are anticipated to be signed up in the course of the second half. In fact, the Group is expected to benefit from the on-going trade war between US and China as US multinationals accelerate their pace in switching their manufacturing footprints from China to South-East Asia, with Malaysia being a preferred destination to circumvent the imposition of tariffs on products produced in China. The Group is prepared and has the production capacity to take on additional business from these US multinationals. On the same token, the Group is exploring to partner or form joint ventures with manufacturing companies from China which are on the look out to establish production facilities in Malaysia or other parts of ASEAN to mitigate their risks in supplying to the US.

Profit is expected to be on an improving trend as the second half unfolds premised upon the continuation of a strong USD and rebalancing of product mix weighted with higher margins taking traction.

Concurrently, the Group will take the necessary steps to mitigate volatility risks, intensify its efforts to identify and sign up new businesses as well as continue to improve its efficiency, productivity and cost control to bring about the expected sales growth and profit sustainability.

17. INCOME TAX EXPENSE/(CREDIT)

| | 3 months ended | | 6 months ended | |
|---------------------------------|----------------|------------|----------------|------------|
| | 30.6.2018 | 30.6.2017 | 30.6.2018 | 30.6.2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Deferred tax | (30) | - | 0 | - |
| Current tax | 281 | 458 | 528 | 818 |
| Total Income Tax Expense | 251 | 458 | 528 | 818 |

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

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

21. BORROWINGS AND DEBTS SECURITIES

The Group has neither any secured nor unsecured borrowings as at 30 June 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 | | 6 months ended | |
|---|----------------|-----------|----------------|-----------|
| | 30.6.2018 | 30.6.2017 | 30.6.2018 | 30.6.2017 |
| Profit/(Loss) attributable to equity holders of the parent (RM'000) | 1,503 | 1,040 | 1,531 | (7,758) |
| Weighted average number of Ordinary Shares in issue ('000) | 519,144 | 519,144 | 519,144 | 500,395 |
| Earnings/(Loss) Per Ordinary Share (sen) | 0.29 | 0.20 | 0.29 | (1.55) |

(b) Diluted earnings / (loss) per share

| | 3 months ended | | 6 months ended | |
|---|----------------|-----------|----------------|-----------|
| | 30.6.2018 | 30.6.2017 | 30.6.2018 | 30.6.2017 |
| Profit/(Loss) attributable to equity holders of the parent (RM'000) | 1,503 | 1,040 | 1,531 | (7,758) |
| Weighted average number of Ordinary Shares in issue ('000) | 519,144 | 519,144 | 519,144 | 500,395 |
| Effect of Share Options ('000) | 3,823 | 25,366 | 3,823 | 25,366 |
| Adjusted weighted average number of Ordinary Shares in issue ('000) | 522,967 | 544,510 | 522,967 | 525,761 |
| Diluted Earnings/(Loss) Per Ordinary Share (sen) | 0.29 | 0.19 | 0.29 | (1.55)* |

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.

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 16 August 2018.

BY ORDER OF THE BOARD

WONG YOUN KIM (MAICSA 7018778)
Company Secretary

16 August 2018