K-One
innovate

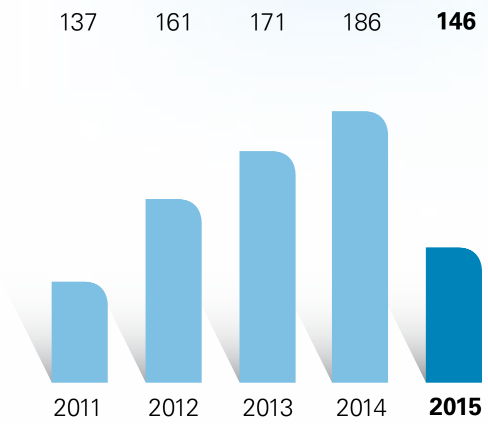
FOCUSED Diversification FOR Future Expansion

Annual Report 2015

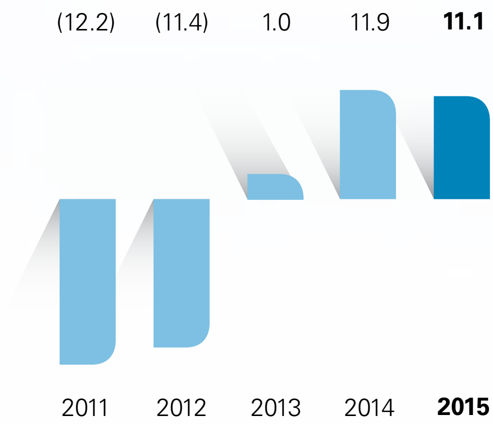
Contents

Past Financial INFORMATION SUMMARY

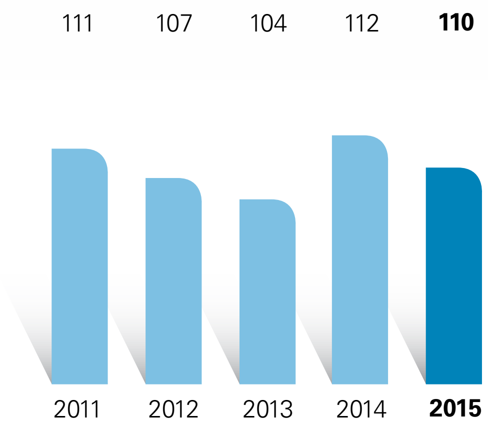
SALES
RM Million



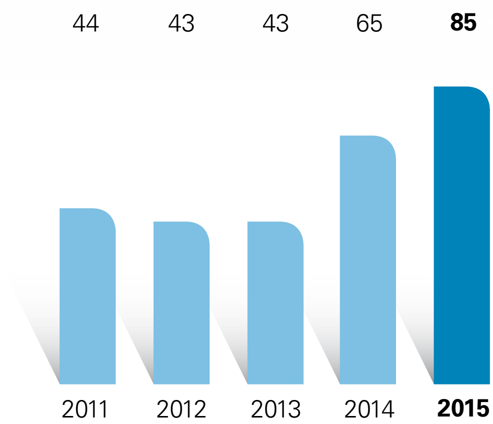
PROFIT
RM Million



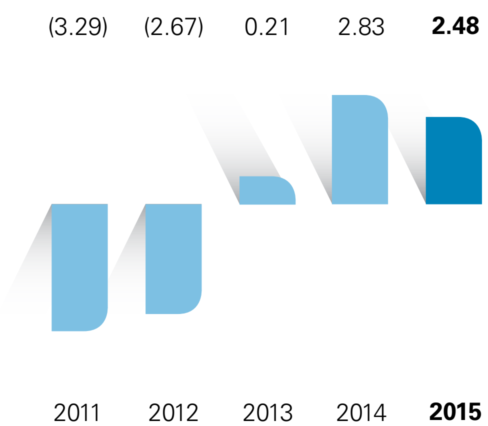
TOTAL ASSETS
RM Million



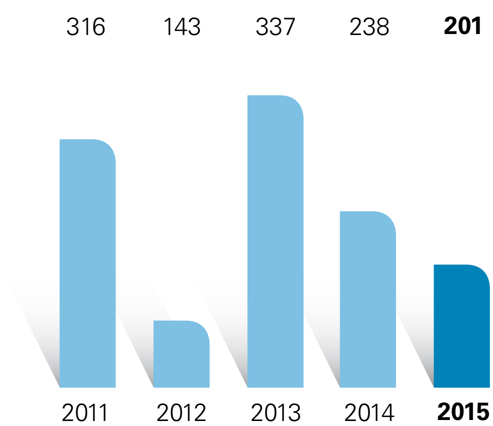
SHAREHOLDER EQUITY
RM Million



EARNINGS PER SHARE (Diluted)
Sen



HUMAN RESOURCES
No. of Employees



Corporate INFORMATION

BOARD OF DIRECTORS

Ir. Edwin Lim Beng Fook
(Executive Chairman)

Dato' Martin Lim Soon Seng
(Chief Executive Officer)

Bjørn Bråten
(Non-Independent Non-Executive Director)

Goh Chong Chuang
(Independent Non-Executive Director)

Loi Kim Fah
(Independent Non-Executive Director)

Anita Chew Cheng Im
(Independent Non-Executive Director)

COMPANY SECRETARY

Ng Yim Kong (LS 0009297)

AUDITORS

Messrs Baker Tilly Monteiro Heng
Chartered Accountants

SOLICITORS

Messrs Azman Davidson & Co
Advocates & Solicitors

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : +603 7841 8000
Fax : +603 7841 8008

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad
(Listed since 5 January 2006)

STOCK SHORT NAME & CODE

K1 (0111)

REGISTERED OFFICE

Unit 07-02, Level 7
Persoft Tower
6B Persiaran Tropicana
47410 Petaling Jaya
Selangor Darul Ehsan
Tel : +603 7804 5929
Fax : +603 7805 2559

HEAD OFFICE

66 & 68, Jalan SS22/21
Damansara Jaya
47400 Petaling Jaya
Selangor Darul Ehsan
Tel : +603 7728 1111
Fax : +603 7728 6212

GROUP PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Berhad

Standard Chartered Bank Malaysia Berhad

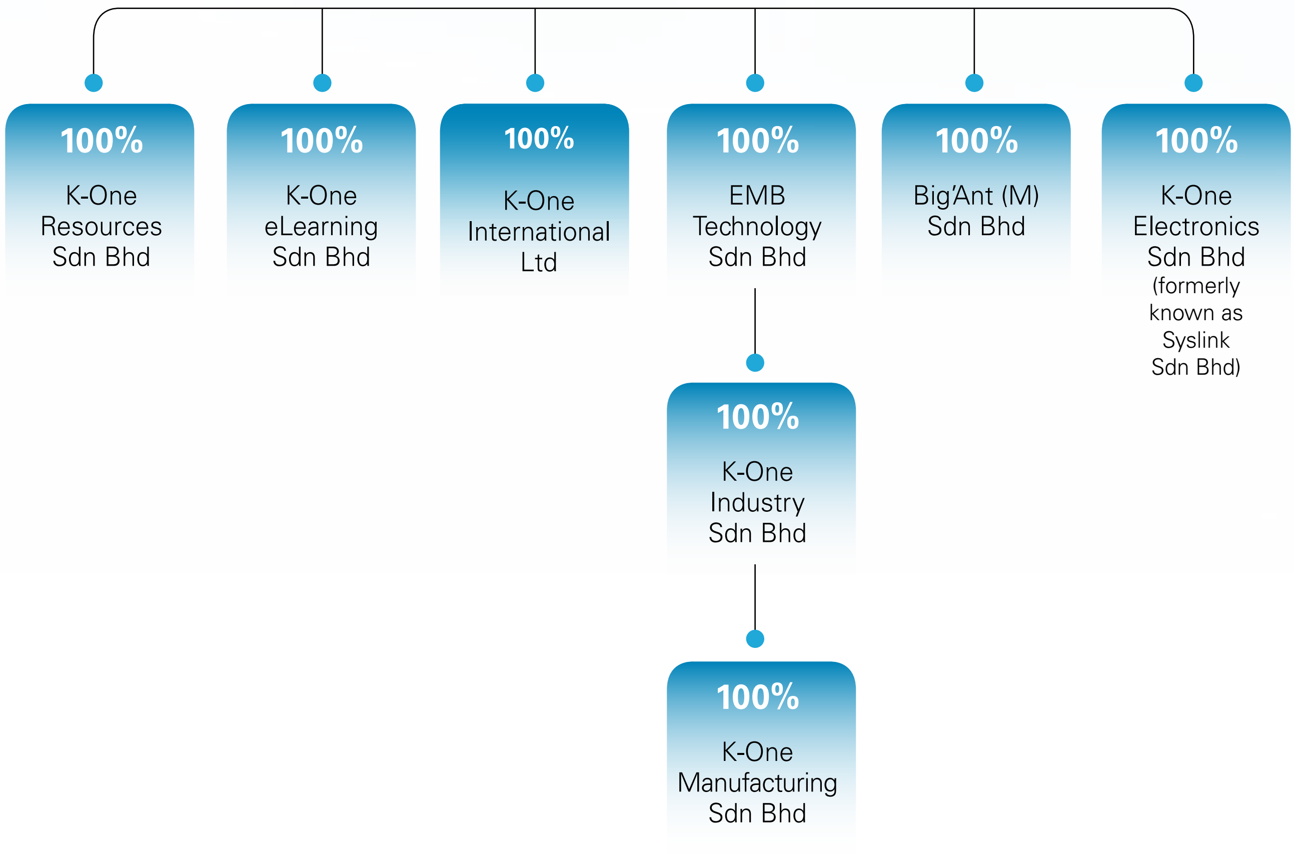
CIMB Bank Berhad

WEBSITE

www.k-one.com

Corporate STRUCTURE

K-One
innovate



Directors' PROFILE

IR. EDWIN LIM BENG FOOK

Executive Chairman • Malaysian, Age 58

Ir. Edwin Lim Beng Fook co-founded K-One Technology Berhad in 2001. He was appointed as an Executive Director on 20 February 2001 and has been the Executive Chairman since its inception in 2001.

He holds a Bachelor of Science (Hons) in Engineering with Business Studies from Sheffield Hallam University, United Kingdom and a Master of Science in Mechanical Engineering from the University of Alberta, Canada. He is a professional engineer registered with the Board of Engineers, Malaysia and a corporate member of the Institution of Engineers, Malaysia. He is also a Chartered Engineer registered with the Institution of Engineering & Technology, United Kingdom.

He is a member of the Remuneration Committee.

Ir. Edwin Lim Beng Fook was awarded the Entrepreneur of the Year Award by the Malaysia-Canada Business Council in 2004 and the Alumni Award of Excellence by the University of Alberta in 2005. He was a top nominee in the Emerging Entrepreneur category in the Ernst & Young Entrepreneur of the Year Award 2005. On the same note, he was also a top nominee in the Technology Entrepreneur category in the Ernst & Young Entrepreneur of the Year Awrds 2006 and 2014 respectively.

His career spanned almost 20 years with three multinationals, namely; Mobil Oil (Malaysia) Sdn Bhd, Renold (Malaysia) Sdn Bhd and AMP Products (Malaysia) Sdn Bhd (now known as TE Connectivity).

His global experience in the electronics industry started when he was engaged to lead AMP as its Country General Manager in 1992, building up the Malaysian operations from a sales outfit of RM20 million sales turnover in 1992 to RM250 million sales turnover in 1999, on top of which established from greenfield AMP's manufacturing facility and Research & Development Centre in 1995. In addition to his Country General Manager's role, he also held the dual role of being the Director, Automotive Industry responsible for the ASEAN region for a period of two years for which he was responsible for approximately RM150 million sales turnover.

His directorships in other companies in the K-One Group are EMB Technology Sdn Bhd, K-One Industry Sdn Bhd, Big'Ant (M) Sdn Bhd, K-One Resources Sdn Bhd, K-One Manufacturing Sdn Bhd, K-One Electronics Sdn Bhd and K-One eLearning Sdn Bhd.

DATO' MARTIN LIM SOON SENG

Chief Executive Officer • Malaysian, Age 53

Dato' Martin Lim Soon Seng was appointed as the Chief Executive Officer in December 2001 and Executive Director of K-One Technology Berhad on 29 July 2002.

He holds both the Bachelor of Engineering (Hons) in Electronics Engineering and Master of Engineering in Electronics Engineering from the University of Hull, United Kingdom. He also holds a Master of Business Administration from the University of Coventry, United Kingdom. He is a registered Chartered Engineer of the Institution of Engineering & Technology, United Kingdom.

He worked in the UK as an engineer in a precision plastic moulding company after graduation, followed by career progression as an engineer, manager and finally Chief Executive Officer of TFP Precision Industries Sdn Bhd (a local/European joint venture) spanning a period of about 14 years.

His directorships in other companies in the K-One Group are EMB Technology Sdn Bhd, K-One Industry Sdn Bhd, K-One Resources Sdn Bhd, K-One Manufacturing Sdn Bhd, K-One eLearning Sdn Bhd, K-One Electronics Sdn Bhd and K-One International Ltd.

Directors' Profile
(Continued)

BJØRN BRÅTEN
Non-Independent Non-Executive Director • Norwegian, Age 58

Bjørn Bråten co-founded K-One Technology Berhad in 2001 and was appointed as an Executive Director on 20 February 2001. He became a Non-Independent Non-Executive Director on 19 December 2008.

He has a Diploma in Engineering from the Telecom College, Norway and Bachelor of Economics and Master in Management from the Norwegian School of Management, Norway.

He is a member of the Audit Committee and Nomination Committee.

He has been involved in the global communications business for more than 20 years and has served in a variety of leadership roles including Director of Marketing, Vice President and President/CEO for various international companies. He has worked closely with senior executives on projects worldwide including establishing greenfield and joint venture operations globally.

His directorship in other companies in the K-One Group is K-One Industry Sdn Bhd.

GOH CHONG CHUANG
Independent Non-Executive Director • Malaysian, Age 63

Goh Chong Chuang was appointed as an Independent Non-Executive Director of K-One Technology Berhad on 3 February 2005. He holds a Certificate in Electrical Engineering from City & Guild of London, United Kingdom, Certificate in Mechanical Engineering from Collier MacMillan School, Australia and Certificate Advance Manufacturing Co-Ordinator from Sanno Institute of Business Administration, Japan.

He is the Chairman of the Nomination Committee and Remuneration Committee and a member of the Audit Committee.

He started his career with Naito Electronics (M) Sdn Bhd, a Japanese semiconductor assembly plant in 1974. He had proven himself to be assigned to key positions as the Manufacturing Superintendent, Production Manager and finally Engineering Manager over a 14 year tenure until 1988. He then joined Alps Electric (Malaysia) Sdn Bhd, a Japanese multinational where he assumed the positions of Product Manager, Plant Manager, Deputy General Manager, Executive Director and finally Advisor over a period of 12 years until 2000, thereafter venturing out as an entrepreneur. He was the Chairman of the Federation of Malaysian Manufacturers (FMM) Negeri Sembilan branch, a position he held from 1998 to 2006.

Directors' Profile
(Continued)

LOI KIM FAH
Independent Non-Executive Director • Malaysian, Age 49

Loi Kim Fah was appointed as an Independent Non-Executive Director of K-One Technology Berhad on 3 February 2005.

He holds a Bachelor of Accounting from the University of Malaya. He is a member of the Malaysian Institute of Certified Public Accountants, Malaysian Institute of Accountants and the Malaysian Institute of Taxation respectively. He is currently the principal of Loi & Co, an audit firm.

He is the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee.

He has been in public practice since 1991 with initial engagements with international accounting firms prior to starting his own practice in 1996. Over the years, he has been involved in the audit of companies in various industries which include securities, banking, finance, construction, aquaculture and manufacturing. He has also been engaged in business advisory assignments in the like of merger and acquisition, internal control review, accounting system consultation, feasibility study, listing exercise and business planning.

ANITA CHEW CHENG IM
Independent Non-Executive Director • Malaysian, Age 49

Anita Chew Cheng Im was appointed as an Independent Non-Executive Director of K-One Technology Berhad on 11 April 2016.

She holds a Bachelor of Economics, majoring in Accounting from Monash University, Australia.

She started her career as an audit assistant at KPMG, Melbourne in 1990. She left KPMG in September 1991 to return to Malaysia. While in KPMG, she was engaged in the audit of the media, retail and mining industries.

In 1992, she joined the Corporate Finance Department of Bumiputra Merchant Bankers Berhad (now known as Alliance Investment Bank Berhad after merging with Amanah Bank Berhad) and was with the investment bank for approximately 5 years. Subsequently, she held the position of Director, Corporate Finance at Alliance Investment Bank Berhad from 1997 to 2003. From 2003 to 2007, she worked at HwangDBS Investment Bank Berhad as the Senior Vice President, Equity Capital Market.

She was mainly involved in corporate finance and related matters during her 15 year tenure in the various investment banks, having advised clients on numerous IPOs, fund raising and corporate and debt restructuring exercises.

She is currently an Independent Non-Executive Director of Notion Vtec Berhad, MK Land Holdings Berhad and Yi-Lai Berhad, companies listed on Bursa Securities Malaysia Berhad and Nirvana Asia Ltd, a company listed on the Stock Exchange of Hong Kong Limited.

None of the Directors, except Ir. Edwin Lim Beng Fook and Dato' Martin Lim Soon Seng who are brothers, has any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. None of the Directors had any convictions for offences within the past 10 years, except for traffic offences.

Executive Chairman's STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of K-One Technology Berhad for the financial year ended 31 December 2015.

BUSINESS PERFORMANCE FOR 2015

On the global economic front, growth was uncertain and volatile, in my opinion, largely triggered by the sharp fall in commodities' prices, especially crude oil, carried forward from 2014 to 2015. This led to curtailed market demand resulting in subdued and sporadic economic expansion.

Against such an unfavorable global economic backdrop, the Group clocked in sales of RM146.1 million in 2015 as compared to the same of RM186.1 million in the previous year. Therefore, it denotes a decline of 21%, attributed mainly to the reduced demand of mobile phone accessories and sluggish sales of network cameras.

With respect to profitability, the Group registered profit attributable to equity holders of the parent company of RM11.1 million for 2015 versus the same of RM11.9 million in 2014. This represents a decline of 7%, which did not correlate proportionally to the percentage sales drop. In other words, the Group's adoption of the approach in consistently reducing materials costs, improving productivity, controlling overheads/expenses and re-balancing its product mix to be weighted with higher margin ones was right and should be continued. On the other hand, the USD which kept its strength throughout 2015 in a way also aided our commendable profit sustainability.

PROSPECTIVE BUSINESS OUTLOOK

I foresee the global economic challenges in 2015 to spill-over to 2016. In fact, I envisage that it shall be an even tougher year in 2016, with increased volatility and uncertainties. The wild swings in crude oil prices, currency movements and the stock markets the world over is a prelude to yet more surprises and roller coaster rides as we brave through 2016.

On our part, we are cautiously optimistic in growing sales and profit in 2016 amidst the challenges posed by uneven and volatile global economic growth. Sales are anticipated to be driven by both existing customers and contributions from new customers. The Group shall do its level best to protect its conventional business of mobile phone accessories, network cameras and electronic headlamps. Concurrently, it will intensify its efforts to diversify into the healthcare/medical, automotive and IoT (Internet of Things) markets which yield higher margins and have longer product life cycles. At the same time, it will follow up with its focus on the emerging drone industry. By adopting such a strategy, the Group believes

Executive Chairman's Statement
(Continued)

that it will have a more healthy product mix weighted with higher margin products with high growth potential moving forward. This recalibration of our business portfolio through diversification in less competitive market segments is expected to provide long term sustainability. On another note, the Group expects the strength of the US dollar to somewhat persist in 2016 which will work to the Group's favor as more than 90% of our almost 100% export sales are denominated in the US dollar.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my deepest appreciation to all our customers, business associates, financiers and shareholders for their continued support and confidence in the Group. I also wish to express my sincere appreciation to the Management and staff for their dedication and contribution in 2015.

Ir. Edwin Lim Beng Fook
Executive Chairman

CEO's Operations REVIEW

I would like to take this opportunity to report key aspects and performance of our operations for the financial year ended 31 December 2015.

SALES & FINANCIALS

The Group registered sales of RM146.1 million in 2015 as compared to RM186.1 million in 2014. The decline of approximately 21% was mainly attributed to our sales price reduction to customers in the mobile phone accessories segment which are facing stiff competition from emerging brands from China and the shortfall in replacement business to cover network camera sales which were lost when our customer decided to transfer specific product lines for production to North America for corporate reasons at the end of 2014. On a brighter note, sales from the consumer lifestyle technology, newer health-care and electronic wearables segments surged albeit insufficient to make up for the preceding business decrease.

Profit attributable to the parent company recorded at RM11.1 million in 2015 as compared to RM11.9 million in 2014. Although profitability was reduced by approximately 7%, net profit margin however, improved by 1.2% from 6.4% to 7.6%. This was mainly attributed to the strength of the USD wherein about 95% of the Group's sales were denominated, the sustained imposition of cost control measures such as materials cost reduction, productivity improvement, overheads and expenses control and launching of new products particularly in the health-care sector with better margins.

DESIGN & DEVELOPMENT

There was increased focus in designing and developing products in the electronic wearables, health-care, medical and automotive industries which is part of the strategy of the Group to diversify into these market segments for higher profit margins and longer product life cycle.

In fact, the Group also for a start, developed some accessories for drones as a maiden foray into the autonomous vehicle industry. It was exhibited in conjunction with one of the world leaders in the drone space in the recent CES 2016 (Consumer Electronics Show) held in Las Vegas, US. It garnered much attention and is working toward turning such attention to orders moving forward.

MANUFACTURING

Much efforts were spent throughout the year in aligning the staff and the system in working toward being ISO 13485 certified. This certification is required to enable the Group to diversify into the development and manufacturing of advanced medical products. We are almost at the finishing line in achieving our certification goals which is expected to happen in the second quarter of 2016.

CEO's Operations Review
(Continued)

The new factory equipped with clean room - Class 10k facilities which is dedicated for the manufacturing of medical products has just been completed in the beginning of 2016. As we move forward, we expect to load the factory with customers from this segment which we have been working hard to sign them up over the last year or so.

Emphasis is still placed upon productivity. The Group continues to find ways and means to improve productivity and efficiency so as to counter the increased salaries per se, although headcount has reduced.

HUMAN RESOURCE

Staff remains a key asset to the sustainability and progress of the Group. In this respect, the Group continues to nurture and upgrade the staffs' skillsets by training them in-house or externally. Various courses ranging from "Understanding of GST", improving the command of English to technical courses were organized throughout the year to fit multifarious requirements of each and every staff.

On the other hand, the freezing of hiring staff continues to be enforced except for the recruitment of sales personnel and other strategic positions which would enhance business growth.

CORPORATE SOCIAL RESPONSIBILITY

Various CSR programs were organized as illustrated in our Corporate Social Responsibility (CSR) chapter.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to express our appreciation to the Management, staff, valued customers, vendors, business partners and shareholders for their trust, support and working together to make 2015 a successful year for the Group despite the global economic challenges.

Dato' Martin Lim Soon Seng
CEO

Management's Discussion AND ANALYSIS

Of Business Operations and Financial Performance

GENERAL DESCRIPTION OF THE GROUP'S BUSINESS

The Group is principally engaged in the research, design, development and manufacture of mobile phone accessories, network cameras, computer peripherals, electronic headlamps, consumer electronic lifestyle gadgets, floor-care and specialized industrial products. The Group's business is export driven, on average with more than 90% of its business each year since its inception, exported to primarily, Europe, US and other parts of Asia. Its clients comprise mainly of multinationals or technology conglomerates.

The key driving force and differentiating factor, amongst others, of the Group is its design and development capabilities of electronic, mechatronic or technology based products. This is complemented by its strength in manufacturing precision and high quality complete end products or occasionally sub-systems to meet the stringent requirements of global customers.

FINANCIAL PERFORMANCE FOR FINANCIAL YEAR ENDED 31 DECEMBER 2015 ("2015") COMPARED WITH FINANCIAL YEAR ENDED 31 DECEMBER 2014 ("2014")

The Group's sales for 2015 decreased by 21% to RM146.1 million as compared to RM186.1 million in 2014. Incidentally, over the same financial periods, gross profit margin was compressed from 13.8% to 12.5%. These were mainly attributed to a combination of reduced demand and sales price reductions accorded to certain running models of mobile phone accessories and to some extent, network cameras.

The Group registered profit attributable to the parent company of RM11.1 million as compared to the same of RM11.9 million in 2014. As the business of the Group is predominantly export in nature with its remittances mainly USD denominated, the weak RM helped to prop up sales while optimization of overheads and other operating expenses improved the net profit margins from 6.4% to 7.6% from 2014 to 2015.

The asset quality of the Group remained strong. The Group's inventory of RM9.2 million for the current year was RM4.3 million lower than the previous year, which reflected the Group's prudent inventory management throughout their lifecycle to minimise risk of product obsolescence. Consequently, inventory holding improved from 0.87 month in 2014 to 0.75 month in 2015 against an industry norm of 2 months. To ensure good working capital management, especially on risk of overdue trade receivables, receivables (including deposits) and payables (including accruals) were reduced by RM15.7 million (2015: RM27.6 million; 2014: RM43.3 million) and RM23.5 million (2015: RM23.4 million; 2014: RM46.9 million) respectively during the year.

As at 31 December 2015, the Group's cash and bank balances stood at RM52.1 million, registering an increase of 57.4% from RM33.1 million as at 31 December 2014. The increase is mainly due to cash generated from operating activities as well as proceeds from the issuance of shares under an Employees' Share Options Scheme and warrants conversion, after offsetting cash outflows in working capital changes and dividends payment.

Management's Discussion and Analysis Of Business Operations and Financial Performance

(Continued)

BUSINESS & MARKET OUTLOOK

The Group foresees the global economy and the electronics industry will face continued headwinds and volatility in 2016. Certain of our market segments such as the mobile phone sector witnessed increased cost pressure last year as emerging and established China based brand names took global market share with competitively priced mobile phones and related accessories. Instead of fighting on price in such cost sensitive and competitive market segments, the Group had embarked and intensified its diversification plans into market segments which have better margins and longer product life cycles in the likes of medical/healthcare products, automotive aggregates, electronic wearables, emerging consumer electronics lifestyle gadgets and IoT devices.

The Group's strategy to diversify into niche and high barrier to entry products in their introductory and growth stages will result in a more balanced/diversified portfolio of products, which is in line with the objective to ensure sustainable sales and profits moving forward. To support the diversification plans into the medical/healthcare market, the Group has recently completed a dedicated factory with cleanroom (Class 10k) facilities to manufacture medical or healthcare devices. It is also on the verge of being ISO 13485 certified at this point in time which would be a necessity to pave the way to develop and manufacture specific medical/healthcare devices.

With the above transition and diversification plans being implemented, the Group intends to morph into a more sustainable and stronger organization in the long term. In the meantime, it is cautiously optimistic with its sales and profits expectations in 2016 in view of the on-going diversification plans. Additionally, the current sporadic and volatile global market sentiments may weigh on business performance. On a brighter note, the Trans-Pacific Partnership Agreement (TPPA) presents a net benefit to the Group, aided by tax reduction/elimination and greater market access to member countries, in particular, the US. Apart from diversifying into niche market segments as indicated above, the Group is also pushing forward to increase its business contribution from the US markets which at the moment is minimal. The TPPA provides an excellent platform for the Group to leverage on to tap into the huge potential of the US market.

Furthermore, with the strong balance sheet and net cash position, the Group is well placed to take business opportunities in new frontiers during economic vulnerability.

Corporate Social RESPONSIBILITY (CSR)

The world saw a very volatile and challenging 2015. In the economic front, crude oil and other major commodities' prices underwent a free fall while major currencies depreciated sharply against the USD. Nevertheless, the Group has been fortunate to be able to continue with a series of CSR programmes which are in line with its vision and best practice.

Caring For Our Staff

The K-One Group strongly believes that staff well-being is a major aspect contributing to its success. Staff who are happy, healthy, emotionally stable and understand the significance of their role will be motivated to perform which in turn will enhance the Group's performance. Hence, much emphasis were placed on self-development, self-actualization and self-motivation which are meant to help our staff to lead a more meaningful life at a personal level which would incidentally cascade to better performance at the professional level.

On 21 August 2015, twenty-two staff of the Group completed the "Understanding Job Description, Job Analysis, Key Performance Indicators and Appraisals" course held in the Ibis Hotel, Ipoh. The objective of this training programme is to arm our staff with the knowledge to develop a systematic approach in establishing Key Result Areas (KRAs), setting up measurable goals and delivering continuous good performance in order to achieve personal and organisational successes. The combination of clearly defined KRAs and close monitoring of the degree of success through the Key Performance Indicators (KPIs) are the key methods used in the course to effectively facilitate the Group's staff to continuously meet or surpass their personal and corporate goals.

Through this workshop, staff learnt the effective skills to prepare and conduct successful performance appraisals in order to generate positive outcome which would eventually lead to producing good business results.

On 14 September 2015, the Group organized the "Break Free to Success and Release the Blessing of Achievement" course which was held in the Best Western Hotel, Petaling Jaya. The objective of this motivational and personal development training programme served to stir our staff to move beyond the status quo and to develop a winner's attitude in order to experience breakthrough for greater achievements.

The staff were guided on methods to adopt a paradigm shift in their minds and to move away from their comfort zone to achieve the optimum. They were also guided on ways to tackle failures and obstacles as well as to use the potential stored within them to manifest limitless achievements. The training ended with a practical adage "In a competitive world, the strong will survive but only the best will succeed". We opine that everything we do in life is intertwined such as our career, our finances and our personal life. It is K-One's desire to see all our staff experience breakthroughs in their personal lives and experience the positive spill over effect into their professional lives.

Corporate Social Responsibility (CSR)
(Continued)

On a lighter note, the Group ushered in the New Year with staff from the Petaling Jaya HQ/Design Centre and Ipoh factories coming together on 29 January 2016 for our Annual Dinner as well as to celebrate the opening of our additional new factory in Ipoh. It was the time of the year where everybody comes together as one to have a good time after a year of hard work. The CEO, Dato' Martin Lim in his speech expressed his heartfelt appreciation to the staff for their dedication and diligence throughout the year. He also shared the Group's milestone achievement with the opening of the additional new factory which sees the Group divesting into the new lucrative business segments of medical and healthcare devices development and manufacturing. On a separate note, the Chairman, Mr. Edwin Lim shared with the staff on the current global economy which is full of uncertainties and reminded the staff to keep improving on their competencies and productivity and to constantly move beyond mediocrity and strive for excellence.

Caring For The Community

In line with the Group's commitment towards environmental sustainability, on 1 August 2015, forty staff of the Group gathered at the Ulu Chepor Recreation Park, Perak to clean up the waterfall area. This communal activity was held together with the residents of the Ulu Chepor Village. Together, they removed plastic bags, non-biodegradable food, drink containers and rubbish strewn indiscriminately by irresponsible park users. To liven up the day's event, the CSR committee included additional activities such as picnic, lucky draws and prizes for the winning teams who collected the most rubbish. Besides the cleaning up activities, the Group also sponsored rubbish bins for the recreation park.

For nature lovers, we would like to take this opportunity to share that Ulu Chepor Recreation Park is an idyllic spot located in Chemor, Perak which is about 10 km from Ipoh. Besides more than a hundred species of flora and a variety of fauna found at the recreation park, one of its key attractions is the beautiful waterfall with its fresh spring water flowing down from the heights of the Kledang Hills. During weekends and public holidays, many locals can be seen thronging the recreation park with picnic activities and having a rest and relax get together.

The event was graced by the Ulu Chepor Village Headman, En. Ariffin who enthusiastically thanked our staff for making such a great effort in cleaning up the waterfall area. Our CEO, Dato' Martin Lim in his speech also thanked the staff and the local community for their support in making our CSR event a successful one. With this, we hope all parties, particularly the park users will share their responsibilities in preserving and caring for our natural environment for the comfort of all users and the benefit of our future generations.

Corporate Social Responsibility (CSR)
(Continued)

Caring For The Community (Continued)

Among the one CSR programme that the K-One Group has continued practicing since its early days of operation is to provide livelihood to the less fortunate by employing them on a full time basis for suitable positions. We strongly believe that this is a true act of caring and as a responsible business operator we will continue to do so for as long as possible.

Similarly, the Group has also consistently provided internships and industrial training to undergraduates of various disciplines from both the local and foreign polytechnics or universities over many years. We believe in nurturing the young minds who will become the leaders of tomorrow. We are proud to be able to contribute back to society in this fulfilling manner.

Statement on CORPORATE GOVERNANCE

K-One Technology Berhad was listed on the ACE Market of Bursa Malaysia Securities Berhad on 5 January 2006. Being a listed company, the Board of Directors ('the Board') acknowledges the importance of adopting high standards of corporate governance within the Group as set out in the Malaysian Code on Corporate Governance 2012 ("the Code") and strives to maintain the management of the Group with integrity, transparency and accountability. The Board emphasizes sound internal control and prudent management to safeguard and enhance shareholders' investment and value as well as to protect the interest of minority shareholders.

PRINCIPLE STATEMENT

The following statements set out the approach of the Company in adopting the principle of self-regulation, which adheres closely to the Code.

A. BOARD OF DIRECTORS

i. Board and Board Charter

The Company is led by an experienced Board with high personal integrity, wide mix of knowledge, business acumen, management skills and industry expertise from various backgrounds, which is an invaluable asset for the stewardship of the Company's direction and operations.

The Board has adopted a Board Charter which serves as a source of reference in providing insight to prospective Board members. The core areas of the Board Charter include the following:

- Board membership, which includes composition, appointment and re-election, independence of Independent Director and the requirement of Board members to notify the Chairman of the Board before accepting new directorship and to indicate the time expected to be spent on the new appointment;
- Board role and responsibilities, which include duties and responsibilities of the Board, roles of the Chairman, Chief Executive Officer, Executive Director and Non-Executive Director respectively;
- Board meetings;
- Board committees; and
- Access to information.

The Board Charter will be periodically reviewed and updated in accordance with the needs of the Group and any new regulations that may have an impact on the discharge of the Board's responsibilities. The current Board Charter was reviewed and updated in February 2016.

Board Responsibilities

The Board has adopted the following responsibilities to facilitate the Board in discharging its fiduciary duties in respect of the Group:

- Reviewing and adopting strategic plans and goals for the Group;
- Evaluating the performance and conduct of the Group's business;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Establishing a succession plan for senior Management;
- Reviewing the adequacy and integrity of management information and internal control system;

Statement on Corporate Governance
(Continued)

A. BOARD OF DIRECTORS (Continued)

i. Board and Board Charter (Continued)

Board Responsibilities (Continued)

- Assessing and implementing a shareholder communication policy; and
- Approving key matters such as financial results as well as major investments and divestments, major acquisitions and disposals and major capital expenditure in accordance with the limits of authority.

The roles and responsibilities of the Chairman and Chief Executive Officer are separated and clearly defined, with each position being held by two (2) different individuals. Although the Chairman and the Chief Executive Officer are brothers, they are both professional engineers registered with the Institution of Engineering & Technology, UK who are expected to exercise a high degree of independence, integrity and professionalism in the conduct of their business. They both hold Masters' degrees in their respective fields from reputable universities overseas which further substantiate their independence of thoughts, objective judgement and maturity.

Board Reserved Matters

The Board has the overall responsibility for the performance of the Group by maintaining full and effective control over strategic, financial, operational, compliance and governance issues. The role of Management, on the other hand, is to run the business operations and administration of financial matters of the Group in accordance with established delegated authority from the Board.

The Board delegates the day-to-day management of the Group's business to the senior Management, but reserves for its consideration significant matters such as the following:

- Strategic plan and long term objectives;
- Annual budgets and capital expenditures;
- Corporate and capital structure;
- Financial reporting and controls;
- Dividend policy and declaration of dividends;
- Internal controls and risk management;
- Shareholders / investors communication;
- Board membership and other appointments; and
- Corporate governance matters.

Independence of Directors

The Board conducts annual review of the independence of each of the Directors, based on information provided by the Directors. Directors are expected to volunteer information as and when changes occurred.

The fundamental premise of the assessment is that an Independent Director must be independent of management and free of any business, family or other relationship, that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of his independent and objective judgment.

The Nomination Committee and the Board have upon their annual assessment, concluded that each of the two (2) Independent Non-Executive Directors, namely; Goh Chong Chuang and Loi Kim Fah, continue to be independent-minded and demonstrate conduct and behaviour that are essential indicators of independence.

A. BOARD OF DIRECTORS (Continued)

i. Board and Board Charter (Continued)

Directors' Code of Conduct

The Company is committed to abide by ethical business practices. Accordingly and above all else, we value:

- Integrity and honesty;
- Openness and respect for others;
- Execution and accountability;
- Passion for customers, partners and technology;
- Commitment to personal excellence and self-improvement; and
- Protection of identity of whistle blower.

To put these values into practice on a daily basis, a Code of Conduct & Ethics is established as a guide for ethical business conduct for the Directors, Management and staff of the Company, which is available on the Company's website.

Review of Board Performance

The Board undertakes an annual review of its performance and that of its Committees. The performance evaluation comprises of Board Performance Evaluation, Board Committee Performance Evaluation and Directors' Self and Peer Assessment. The evaluation is designed to improve the Board's effectiveness as well as draw the Board's attention to key areas that need to be addressed.

The main areas/performance indicators for the evaluation include the Board/Board Committee composition, administration and process, conduct, accountability, interaction and communication with the Management. Performance indicators for individual Directors include their active contributions, understanding of their roles and quality of input.

The findings were generated based on Directors' feedback and were tabled and discussed at the Nomination Committee meeting. Results revealed that the Board and the Board Committees had performed well, with overall rating above average, indicating that the Board and the Committees have performed effectively.

Board Meetings

The attendance of the Board meetings by the Directors during the financial year ended 31 December 2015 is as follows:

Date of Meeting	Total no. Directors	Attendance by Directors	
		Executive	Non-Executive
25 February 2015	5	2	3
27 May 2015	5	2	3
26 August 2015	5	2	3
20 November 2015	5	2	3

Statement on Corporate Governance
(Continued)

A. BOARD OF DIRECTORS (Continued)

i. Board and Board Charter (Continued)

Board Meetings (Continued)

Details of attendance by individual Directors are as follows:

	Attendance by Directors	Percentage of Attendance
Ir. Edwin Lim Beng Fook	4/4	100%
Dato' Martin Lim Soon Seng	4/4	100%
Bjørn Bråten	4/4	100%
Goh Chong Chuang	4/4	100%
Loi Kim Fah	4/4	100%

Board Committees

The Board has delegated specific responsibilities to Board committees, namely the Audit Committee, Nomination Committee and Remuneration Committee in order to enhance business, operational and administration efficiency as well as efficacy. The members of the committees appoint the Chairman of their respective committees. These committees have the authority to examine particular issues and report to the Board with their recommendations. The ultimate responsibility for the final decision on all the matters, however, lies with the Board.

(a) Audit Committee

The Audit Committee Report is presented on pages 28 to 33 of this Annual Report.

(b) Nomination and Remuneration Committees

Reports of the Nomination and Remuneration Committees are set out under items A (vi) and B.

ii. Board Balance

The Board consists of six (6) Directors, of which two (2) are Executive Directors, three (3) are Independent Non-Executive Directors (one of them was appointed to the Board on 11 April 2016) and one (1) is a Non-Independent Non-Executive Director. This is in compliance with Rule 15.02 of the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE Market ('AMLR') which requires at least two (2) Directors or one third (1/3) of the Board, whichever is higher, are Independent Directors. The Board maintains full control over the Company and monitors the Management. The Executive Directors have overall responsibility for the operational activities of the Group and implementation of the Board's policies and decisions. Independent Non-Executive Directors play a pivotal role in incorporating accountability as they provide objective and independent views to the decision-making process of the Board. The presence of the Independent Non-Executive Directors brings an additional element of check and balance to the Board.

A. BOARD OF DIRECTORS (Continued)

Board Committees (Continued)

ii. Board Balance (Continued)

Considering the recommendation of the Code pertaining to the tenure of an Independent Director not exceeding a cumulative term of nine (9) years, the Board holds the view that the ability of an Independent Director to exercise independent judgement is not affected by the length of service. The suitability of an Independent Director to carry out his responsibilities is very much a function of calibre, experience and personal qualities. In this respect, the Board is recommending and will be seeking shareholders' approval in the coming 15th Annual General Meeting to extend the tenureship of Independent Directors - Loi Kim Fah and Goh Chong Chuang as they have served more than nine (9) years in their respective individual capacities based on the following justifications:-

(a) They have fulfilled the criteria under the definition of Independent Director as stated in the AMLR and thus, they would be able to function as a check and balance, including bringing in an element of objectivity to the Board;

(b) They have vast experience in their respective fields. Loi Kim Fah has been a practising professional accountant for more than twenty (20) years; engaged in auditing and advising a multitude of industries in various aspects of accounting, finance and business planning. Goh Chong Chuang has been involved in the electronics industry for almost forty (40) years and had held senior positions (Executive Director/ Advisor) in a Japanese multinational prior to joining the Company's Board. As such, they can provide constructive opinions and exercise independent judgement which act in the best interest of the Group;

(c) They have and will continue to be able to devote sufficient time and attention to their professional obligations for informed and balanced decision making; and

(d) They have demonstrated integrity of independence and had not entered into any related party transaction with the Company or Group.

iii. Access and Supply of Information

Directors are provided with notice of at least 14 working days prior to each Board meeting and Board papers are issued 7 working days prior to the Board meetings to enable the Directors to review and consider the agenda to be discussed in the Board meeting. This normally includes reports relevant to the agenda of the meetings covering the areas of strategic, financial, operational and regulatory compliance matters.

The Chairman ensures that the Board has unrestricted access to timely and accurate information in furtherance of its duties. They are unhindered to seek advice and services of the Company Secretary who is responsible for ensuring the Board meeting procedures are adhered to and that applicable rules and regulations are complied with.

iv. Company Secretary

The Board is supported by the Company Secretary who facilitates overall compliance with the AMLR and Companies Act, 1965 and other relevant laws and regulations. In performing this duty, the Company Secretary carries out, among others, the following key tasks:

- Statutory duties as specified under the Companies Act, 1965 and AMLR;
- Facilitating and attending Board and Board Committee meetings and ensuring that the Board meetings are properly convened and proceedings are properly recorded;
- Ensuring timely communication of Board level decisions to Management;

Statement on Corporate Governance
(Continued)

A. BOARD OF DIRECTORS (Continued)

Board Committees (Continued)

iv. Company Secretary (Continued)

- Ensuring that all appointments to the Board and Committees are properly made;
- Maintaining records for the purposes of meeting statutory obligations;
- Facilitating the provision of information as may be requested by the Directors from time to time; and
- Supporting the Board in ensuring adherence to Board policies and procedures.

v. Directors' Training

During the financial year under review, the following Directors had attended the undermentioned conferences, seminars and/or training programmes:

Ir. Edwin Lim Beng Fook

Date	Organiser	Topic
21 September 2015	Bursa Malaysia	Future Of Auditor Reporting – The Game Changer For Boardroom

Dato' Martin Lim Soon Seng

Date	Organiser	Topic
11 May 2015	Securities Commission/Bursa Malaysia	Corporate Governance: Balancing Rules & Practices

Loi Kim Fah

Date	Organiser	Topic
25-26 August 2015	Lembaga Hasil Dalam Negeri Malaysia	National Tax Conference 2015
12 October 2015	Malaysian Institute of Accountants	The Malaysian Private Entities Reporting Standards (MPERS) Outreach Programme
2 November 2015	Malaysian Institute of Accountants	2016 Budget Seminar – Summary & Highlights For Corporate Accountants
17 November 2015	Lembaga Hasil Dalam Negeri Malaysia	Seminar Percukaian Kebangsaan 2015

A. BOARD OF DIRECTORS (Continued)

vi. Appointment to the Board

There is a formal and transparent procedure which has been approved for the appointment of new Directors to the Board. The Board is constantly reviewing the performance of its existing Directors as well as appointing new Directors to the Board whenever the need arises.

The Nomination Committee has reviewed and recommended the appointment of Anita Chew Cheng Im as an Independent Non-Executive Director which was subsequently endorsed by the Board for appointment on 11 April 2016. The Board viewed Anita Chew Cheng Im's appointment favourably as it would enhance the gender diversity of the Board and at the same time she would be able to share her wealth of experience from the financial and corporate realms.

Nomination Committee

In compliance with the Code, a Nomination Committee was set up on 24 February 2006 and is delegated with the following specific tasks:

(a) To recommend to the Board, candidates for directorships to be filled;

(b) To consider, in making its recommendations, candidates for directorships proposed by the Executive Directors and, within the bounds of practicability, by any other senior executive or any director or shareholder;

(c) To recommend to the Board, Directors to fill the seats of Board Committees;

(d) To annually review the required mix of skills, experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board; and

(e) To assess Directors on an on-going basis, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director, including Independent Non-Executive Directors, as well as the Chief Executive Officer. All assessments and evaluations carried out by the Committee in the discharge of all its functions shall be documented.

The Nomination Committee comprises three (3) Non-Executive Directors. The members of the Nomination Committee are as follows:

Chairman	Goh Chong Chuang	Independent Non-Executive Director
Members	Loi Kim Fah Bjørn Bråten	Independent Non-Executive Director Non-Independent Non-Executive Director

Process On Board Appointment

i. The Board makes clear at the outset its expectations of its new Directors.

ii. The Nomination Committee:

(a) makes independent recommendations for appointments to the Board based on criteria which they have developed, maintained and reviewed;

(b) may consider the use of external consultants in the identification of potential Directors;

(c) assesses the suitability of candidates, taking into account the required mix of skills, knowledge, expertise and experience, professionalism, integrity, competencies, time commitment and other qualities of the candidates; and

(d) recommends their appointment to the Board for approval.

Statement on Corporate Governance
(Continued)

A. BOARD OF DIRECTORS (Continued)

vii. Re-election

The Company's Articles of Association provides that one third (1/3) or nearest to one-third (1/3) of the Directors for the time being shall retire from office and be eligible for re-election provided always that all the Directors shall retire from office at least once in every three (3) years, but shall be eligible for re-election.

In considering whether to recommend a Director who is eligible to stand for re-election, the Nomination Committee would consider a variety of factors, including:

- the Director's contributions to the Board and ability to continue to contribute productively;
- the Director's attendance at Board and committee meetings;
- the Director's compliance with the Code;
- whether the Director continues to possess the attributes, capabilities and qualifications considered necessary or desirable for Board service;
- the independence of the Director; and
- the nature and extent of the Director's activities outside of the Company.

B. DIRECTORS' REMUNERATION

In compliance with the Code, a Remuneration Committee was set up on 24 February 2006 and is delegated with the following specific tasks:

(a) To establish policies on the remuneration of Executive Directors; and

(b) To recommend to the Board the remuneration of Executive Directors in all its forms, drawing from outside advice as necessary.

The Remuneration Committee comprises two (2) Independent Non-Executive Directors and one (1) Executive Director. The members of the Remuneration Committee are as follows:

Chairman	Goh Chong Chuang	Independent Non-Executive Director
Members	Ir. Edwin Lim Beng Fook Loi Kim Fah	Executive Director Independent Non-Executive Director

The Remuneration Committee carries out annual review of the overall remuneration policy of the Directors, Chairman and the Chief Executive Officer whereupon remunerations are submitted to the Board for approval. The Remuneration Committee and the Board ensure that the Company's remuneration policy remains supportive of the Company's corporate objectives and is aligned with the interest of shareholders and further that the remuneration packages of the Directors, Chairman and the Chief Executive Officer are sufficiently attractive to hire and retain persons of high calibre.

The Remuneration Committee reviews annually the performance of the Chairman and Chief Executive Officer and submits recommendation to the Board on specific adjustments in remuneration and/or reward payment that reflect their contributions for the year which are competitive and in tandem with the Company's corporate objective, culture and strategy.

The Board as a whole determines the remuneration of the Non-Executive Directors.

Statement on Corporate Governance
(Continued)

B. DIRECTORS' REMUNERATION (Continued)

Details of Directors' Remuneration

Details of the Directors' remuneration for the financial year ended 31 December 2015, distinguishing between Executive and Non-Executive Directors in aggregate, with categorisation into appropriate components are set out below:

The aggregate remuneration of Directors categorised into appropriate components are as follows:

Categorisation	Executive Directors (RM)	Non-Executive Directors (RM)
Fees	-	96,000
Salaries and Bonuses	1,507,640*	-
Benefit-in-kind	7,750	-
Allowance	-	10,000
Total	**1,515,390**	**106,000**

* Includes contributions paid to the Employees Provident Fund (EPF) and Social Security Organisation (SOCSO).

The number of Directors** whose total remuneration falls within the following bands are:

Range of Remuneration	Executive Directors	Non-Executive Directors
RM0 - RM100,000	-	3
RM500,001 - RM600,000	-	-
RM600,001- RM700,000	-	-
RM700,001- RM800,000	2	-
Total	**2**	**3**

** One of the Directors' remuneration is not included as she only joined the Board on 11 April 2016. Hence, she has no remuneration in 2015 to be reported.

C. SHAREHOLDERS

Dialogue between the Company and Individual

The Company values the importance of dialogue between the Group and its investors in order to provide them with the clearest and most complete picture of the Group's performance and financial position. Such information is disseminated via the Company's annual reports, various disclosures to Bursa Malaysia Securities Berhad, including quarterly financial results, research papers and various announcements made from time to time. Discussions were also held between the senior Management and selected investment analysts and investors, highlighting to them the Group's performance.

Statement on Corporate Governance
(Continued)

C. SHAREHOLDERS (Continued)

Annual General Meeting

The forthcoming Annual General Meeting ('AGM') is the Company's eleventh AGM as a listed company and this will provide the opportunity for shareholders to raise questions pertaining to issues in the Annual Report, Audited Financial Statements, corporate documents, the resolutions being proposed and/or on the business of the Group. Shareholders who are unable to attend may appoint proxies to attend and vote on their behalf. Members of the Board as well as the Auditors of the Company would be present to answer questions raised at the meeting.

D. ACCOUNTABILITY AND AUDIT

i. Financial Reporting

The aim of the Directors in relation to financial reporting is to present a balanced and meaningful assessment of the Group's position and prospects, primarily through its annual financial statements and quarterly financial results to its shareholders. In presenting the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates. The quarterly financial results were reviewed by the Audit Committee and approved by the Board before its release to Bursa Malaysia Securities Berhad.

ii. Statement of Directors' Responsibility for Preparing Financial Statements

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of the results of their operations and cash flows for the year then ended. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgements and estimates. The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

iii. Internal Control

The Directors acknowledge their responsibility for the Group's system of internal controls covering not only financial controls but also operational and compliance controls as well as risk management. The Statement on Internal Control is furnished on pages 34 and 35 of this Annual Report and this provides an overview of the state of internal controls within the Group. For the financial year ended 31 December 2015, the cost incurred in respect of the internal audit review performed by in-house Internal Auditors was RM52,394.

The Group's operations involve the management and assessment of a wide range of risks. Its system of internal control can only provide reasonable and not absolute assurance against fraud, material misstatement or loss.

It is possible that internal control may be circumvented or overridden. Furthermore, because of changing circumstances and conditions, the effectiveness of an internal control system may vary over time. The risk management and internal control systems are designed to identify principal risks, assess and manage these risks within the overall risk tolerance of the Group and to manage these risks efficiently, effectively and economically rather than to eliminate these risks, much as we wish but highly improbable.

Statement on Corporate Governance
(Continued)

D. ACCOUNTABILITY AND AUDIT (Continued)

iv. Relationship with External Auditors

The Company maintains a transparent and professional relationship with the Company's External Auditors in seeking their professional advice towards ensuring compliance with the accounting standards. Key features underlying the relationships of the External Auditors through the Audit Committee is described on pages 28 to 33 of this Annual Report.

The Audit Committee and Board place great emphasis on the objectivity and independence of the External Auditor in providing the Auditors' reports to the shareholders. The External Auditors were invited to and attended all the Audit Committee Meetings held in 2015.

The External Auditors' presence was also requested and attended the Company's Annual General Meeting held in May 2015 to address, as appropriate, pertinent issues raised by the shareholders.

The role of the Audit Committee in connection with its relationship with the External Auditors is illustrated in the Audit Committee Report under "Functions" and "Summary Of Activities" on pages 28 to 33 of this Annual Report.

Audit Committee REPORT

The Company established an Audit Committee on 3 February 2005. The Audit Committee comprises three (3) members who are as follows:

Chairman	Loi Kim Fah	Independent Non-Executive Director
Members	Goh Chong Chuang Bjørn Bråten	Independent Non-Executive Director Non-Independent Non-Executive Director

TERMS OF REFERENCE

1. Composition

The Audit Committee shall be appointed by the Board from amongst its Directors and shall consist of no fewer than three (3) members. All the Audit Committee members must be Non-Executive Directors, with a majority of them being Independent Directors. No Alternate Director shall be appointed as a member of the Audit Committee.

The Chairman, who shall be elected by the Audit Committee, shall be an Independent Director.

All the Audit Committee members should be financially literate and at least one (1) member of the Audit Committee:

i. Must be a member of the Malaysian Institute of Accountants ("MIA"); or

ii. If he/she is not a member of MIA:

(a) He/she must have at least three (3) years' working experience; and:

- He/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
- He/she must be a member of one (1) of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or

(b) He/she must have a degree/masters/doctorate in accounting or finance and at least three (3) years' post qualification experience in accounting or finance; or

(c) He/she must have at least seven years' experience as a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation; or

(d) He/she fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad

The Board must review the terms of office and performance of the Audit Committee and each of its members every year to determine whether such committee and its members have carried out their duties in accordance with their terms of reference.

In the event of any vacancy with the result that the number of members is reduced to below three (3), the vacancy shall be filled within three (3) months. Therefore, a member of the Audit Committee who wishes to retire or resign shall provide sufficient written notice to the Company so that a replacement may be appointed before he/she leaves.

TERMS OF REFERENCE (Continued)

2. Attendance and Frequency of Meeting

The Audit Committee shall meet at least four (4) times in each financial year although additional meetings may be called at any time at the discretion of the Chairman. The quorum for a meeting shall be two (2) members of the Audit Committee. The majority of members present at the meeting shall be Independent Directors. The Head of Finance, the Head of Internal Audit and a representative of the External Auditors shall normally attend the meetings. Other Board members may attend such meetings upon the invitation of the Audit Committee. The Audit Committee may choose to meet with the External Auditors without the presence of any Executive Board member if it sees deemed fit.

3. Procedures of Meetings

(a) The Audit Committee Chairman shall preside at all meetings. In his absence, the Audit Committee members present shall elect among themselves an Independent Director to be the Chairman of the meeting.

(b) The Audit Committee may call for a meeting as and when required with reasonable notice as the Audit Committee members deem fit.

(c) The Company Secretary shall be the Secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.

(d) A minimum seven (7) days' notice shall be given for all meetings. Nevertheless, a shorter notice is permitted subject to agreement by all Audit Committee members.

(e) All decisions are determined by a majority of votes. In case of equality of votes, the Audit Committee Chairman shall have a casting vote.

(f) A resolution in writing signed by a majority of the Audit Committee members and constituting a quorum shall be effective as a resolution passed at a meeting of the Audit Committee.

4. Minutes of Meetings

The Company Secretary shall be responsible for keeping the minutes of meetings of the Audit Committee and circulating them to the Audit Committee members. The Audit Committee members may inspect the minutes of the Audit Committee at the Registered Office or such other place as may be determined by the Audit Committee.

5. Authority

The Audit Committee shall:

(a) Have the authority to investigate any matter within its terms of reference.

(b) Have the resources which are required to perform its duties.

(c) Have full and unrestricted access to any information pertaining to the Company.

(d) Have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity.

(e) Be able to obtain independent, professional or other advice.

(f) Be able to convene meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Audit Committee Report
(Continued)

TERMS OF REFERENCE (Continued)

6. Functions

The Functions of the Audit Committee shall include the following:

(a) Reviewing with the External Auditors on the following and report the same to the Board of Directors of the Company:

- audit plan, its scope and nature;
- audit report;
- results of their evaluation of accounting policies and system of internal controls within the Group;
- management letter and management's response; and
- major audit findings arising from interim and final external audits, audit report and assistance given by the Group's officers to the External Auditors.

(b) Performing the following in relation to the internal audit function:

- review adequacy of scope, functions, competency and resources and setting of performance standards of the internal audit function;
- review internal audit, processes, results of internal audit or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- review major findings of internal audit investigations and management's response and ensure that appropriate actions are taken on the recommendations of the internal audit function;
- review any appraisal or assessment of the performance of members of the internal audit function; and
- review and approve any appointment or termination of senior staff members of the internal audit function and take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

(c) Reviewing with management, external auditors and internal auditors of the Company's general policies and procedures to reasonably assure the adequacy of internal accounting and financial reporting controls.

(d) Reviewing risk management development under the internal audit function.

(e) Reviewing with Management:

- the audit reports and the implementation of audit recommendation; and
- interim financial information.

(f) Reviewing related party transactions (if any) entered into by the Company or the Group to be undertaken on an arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public and to ensure that the Directors report such transactions annually to shareholders via the annual report and to review conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

TERMS OF REFERENCE (Continued)

6. Functions (Continued)

(g) Reviewing quarterly results and annual financial statements prior to approval by the Board of Directors, focusing particularly on:

- changes in or implementation of major accounting policies;
- significant and unusual events;
- the going concern assumption; and
- compliance with accounting standards and other legal requirements.

(h) Reviewing and reporting to the Board any letter of resignation from the External Auditors of the Group as well as whether there is any reason (supported by grounds) to believe that the Group's External Auditors are not suitable for re-appointment.

(i) Making recommendations concerning the appointment of External Auditors and their remuneration to the Board.

(j) Verifying the allocation of options for compliance with the criteria pursuant to the Employees' Share Option Scheme of the Company.

(k) Promptly reporting to Bursa Malaysia Securities Berhad on any matter reported by the Audit Committee to the Board which has not been satisfactorily resolved resulting in a breach of the Listing Requirements.

SUMMARY OF ACTIVITIES

There were four (4) Audit Committee meetings held during the financial year ended 31 December 2015. The details of the attendance of each member of the Audit Committee are as follows:

		Total Meetings Attended by Committee Members	Percentage of Audit Attendance
Loi Kim Fah	Chairman/ Independent Non-Executive Director	4/4	100%
Goh Chong Chuang	Member/ Independent Non-Executive Director	4/4	100%
Bjørn Bråten	Member/ Non-Independent Non-Executive Director	4/4	100%

During the financial year, the main activities undertaken by the Audit Committee include:

(a) Financial Reporting

- Reviewed with the appropriate officers of the Group, the quarterly financial results and annual audited financial statements of the Group, including the announcements pertaining thereto, before recommending them for the Board's approval;

- Reviewed and ensured corporate disclosure policies and procedures of the Group pertaining to accounting, audit and financial matters to comply with the disclosure requirements as set out in the AMLR;

Audit Committee Report
(Continued)

SUMMARY OF ACTIVITIES (Continued)

(a) Financial Reporting (Continued)

- Reviewed the related/interested party transactions (if any) that may arise within the Company and the Group to ensure compliance with the Malaysian Accounting Standards Board, AMLR and other relevant authorities and to ensure that such transactions were (if any):

    - undertaken in the ordinary course of business;
    - carried out at arm's length and based on normal commercial terms consistent with the Group's usual business practices and policies;
    - on terms not more favourable to the related parties than those generally available to the public; and
    - not detrimental to the minority shareholders of the Company.

(b) External Audit

- Reviewed with the External Auditors their terms of engagement, proposed audit remuneration and the audit plan for the financial year to ensure that their scope of work adequately covers the activities of the Group;

- Reviewed the results and issues arising from the External Auditors' review of the financial statements and the resolution of issues highlighted in their report to the Committee;

- Reviewed the presentation of the financial statements of the Group with the External Auditors to ensure adequacy of disclosure of information essential to a fair and full presentation of the financial affairs to the Group for recommendation to the Board for approval.

- Reviewed the independence, suitability, objectivity and cost effectiveness of the External Auditors before recommending their re-appointment and remuneration to the Board; and

- Obtained written assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement.

(c) Internal Audit

- Reviewed with the internal auditors, their audit plan for the financial year, ensuring that principal risk areas and key processes were adequately identified and covered in the plan;

- Reviewed the Internal Audit Reports on findings and recommendations and management's response thereto to ensure adequate remedial actions have been taken;

- Reviewed the results of ad-hoc investigations performed by the internal auditors and the actions taken relating to those investigations;

- Reviewed the adequacy of resources and the competencies of staff within the Internal Audit Department to execute the audit plan, as well as the audit programmes used in the execution of the internal auditors' work and the results of their work;

- Reviewed the results of the internal assessment performed on the Internal Audit function;

- Reviewed the performance of internal audit staff; and

- Reviewed the adequacy of the charter of the Internal Audit function.

(d) Employee Share Option Scheme (ESOS)

Reviewed the allocation of options during the financial year under review to ensure compliance with the rules of ESOS.

SUMMARY OF ACTIVITIES (Continued)

(e) Others

- Reviewed the Executive Chairman's Statement, the CEO's Operations Review, the Management's Discussion and Analysis of Business Operations and Financial Performance, the Audit Committee Report, the Statement on Risk Management and Internal Control and the Statement on Corporate Governance prior to their inclusion in the Company's Annual Report 2015; and

- Reviewed the adequacy of the terms of reference of the Committee.

INTERNAL AUDIT FUNCTION

An Internal Audit Department under the Internal Audit Manager which stands independent of the activities or operations was set up on 3 January 2007 to support the Audit Committee in the discharge of its duties.

The Internal Audit function focuses mainly on the key risk areas based on the approved internal audit plan by the Audit Committee. The primary objectives of the Internal Audit function include reviewing the adequacy, integrity and effectiveness of the system of internal controls, compliance with the established policies and procedures, guidelines, laws and regulations and reliability and integrity of information.

The Internal Audit function adopts a risk-based approach in determining the audit areas and execution of its audits. In addition, special reviews may be made at the request of the Audit Committee and senior Management on specific areas of concern, particularly, in relation to high-risk areas identified during the course of business. These reviews would provide additional assurance and comfort on the integrity and robustness of the internal control systems.

Areas for improvement and audit recommendations are forwarded to the Management for attention and further actions. The Management is responsible to ensure that corrective actions are implemented within the required time frame. The audit reports which provide the results of the audit conducted are submitted to the Audit Committee for review. Key control issues and recommendations are highlighted to enable the Committee to execute its oversight function.

Statement on Risk Management AND INTERNAL CONTROL

The Malaysian Code on Corporate Governance requires the Board of Directors to maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets. The Board is pleased to include a statement on the state of the Group's risk management and internal controls.

BOARD RESPONSIBILITIES

The Board affirms its responsibility in maintaining the Group's system of internal controls and risk management and in seeking regular assurance on the adequacy and integrity of the internal controls and risk management systems and processes to safeguard shareholders' value and the Group's assets.

RISK MANAGEMENT

To further strengthen the risk management process, the Group has formed a Risk Management Committee since end 2012, comprising of Heads of Divisions with the objective of reviewing, minimising or avoiding major risks. The Risk Management Committee is tasked with assessing risks arising from the external environment, internal operations and the financial aspects. During the year under review, key business risks which include external, operational and financial risks were presented to the Board.

The Group consciously covers and transfers certain risks by securing adequate insurance coverage against product and public liabilities, goods in-transit damage/loss and fire mishap.

Risk management and internal controls which are regarded as an integral part of the overall management processes is approved by the Board. The Audit Committee supported by the Internal Audit Department provides an independent assessment and evaluation of the effectiveness of the Group's risk management highlights on a quarterly basis.

KEY ELEMENTS OF INTERNAL CONTROLS

Key elements of the Group's internal controls that have been in place include the following:

i. Formal Organisation Structure

The Group has in place a well-defined organisational structure with well-defined lines of reporting, responsibilities and level of authority to ensure quick response to changes in an ever changing and challenging business environment and to ensure effective supervision of day to day operations.

ii. Regular Performance Reporting

- Quarterly management reports are generated to facilitate the Board and the senior Management in performing financial and operational reviews on the various operating units of the companies within the Group. The reports comprise comparison of results of current period with prior period and variances between budget and operating results.

- Monthly management meetings are chaired by the Chief Executive Officer to discuss the Group's operations and performance, including the tracking of sales opportunities. Other matters being discussed are collections, marketing strategy for new product launches, feedback on progress of product design and development, highlights on shortcomings or problems in conjunction with the proposed corrective actions, and potential risks that may affect the achievements of the Group's business objectives together with proposed mitigating plans.

Statement on Risk Management and Internal Control

(Continued)

KEY ELEMENTS OF INTERNAL CONTROLS (Continued)

iii. Documented Policies And Procedures

We have in place documented policies and procedures which form an integral part of the internal control system to safeguard shareholders' investment and the Group's assets against material losses.

iv. Code of Business Conduct

The Group has formalised business ethics through a Code of Conduct & Ethics. Staff are briefed upon joining and subsequently reminded to adhere to the Code of Conduct & Ethics which is available in the Company Handbook.

v. Quality Control

The Group emphasises continuous scrutiny in maintaining the quality of products. Being ISO 9000 and TS 16949 certified, it strictly complies with standard operating procedures in performing specific tasks to uphold the certifications which are subject to annual review.

vi. Internal Audit

The Internal Audit Department that reports to the Audit Committee, conducts reviews on the adequacy and effectiveness of the internal control system of the Group. Where areas of improvement in the system are recommended, the Board reviews and considers the recommendation made by the Audit Committee and senior Management.

vii. Audit Committee

The Audit Committee was set up with a view to assist and provide the Board with added focus in discharging its duties. For 2015, the Audit Committee met four (4) times with the Board to review the financial performance and operations relating to business performance, productivity, internal controls and risk management of the Group. Henceforth, the Audit Committee will continue to convene quarterly meetings to advise the Board on findings and in particular, improvements of the risk management and internal controls of the Group.

ADEQUACY AND EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROLS

For the financial year under review, the Board is satisfied with the adequacy and effectiveness of the Group's system of risk management and internal controls to safeguard shareholders' interest and the Group's assets. There have been no material control weaknesses or failures that would result in material misstatements, losses or fraud to the Group.

Towards this end, the Board has received assurance from the Chief Executive Officer and the Finance Director that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects based on the risk management and internal control systems of the Group.

The Board is of the view that the risk management and internal control systems in place for the year under review and up to the date of this report are sound and adequate to safeguard the shareholders' investment, the interests of various stakeholders, regulators and the employees at large.

Other INFORMATION

SHARE BUY BACK

There was no share buy back carried out by the Company during the financial year.

OPTIONS, WARRANTS OR CONVERTIBLES SECURITIES

There were 7,073,500 ESOS shares exercised at RM0.10 each and 47,794,790 warrants exercised at RM0.22 each for conversion to ordinary shares during the financial year.

AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR")

The Company did not sponsor any ADR or GDR Programme during the financial year.

IMPOSITION OF SANCTIONS AND/OR PENALTIES

There were no sanctions or penalties imposed on the Company and its subsidiaries, Directors and Management by the relevant regulatory bodies during the financial year.

VARIATION IN RESULTS

There was no material variance between the results for the financial year and the unaudited results previously announced.

PROFIT ESTIMATE, FORECAST OR PROJECTION

The Company did not make any release on the profit estimate, forecast or projection during the financial year.

PROFIT GUARANTEE

There was no profit guarantee given by the Company during the financial year.

MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

There were no material contracts entered into by the Company and its subsidiaries involving Directors and major shareholders' interests.

REVALUATION OF LANDED PROPERTIES

The Group did not revalue its landed properties during the financial year.

RELATED PARTY TRANSACTIONS

The details of the transactions with related parties undertaken by the Group during the financial year are disclosed in Note 26 of the Notes to the Financial Statements on pages 86 and 87 of this Annual Report.

Financial Statements

Directors' REPORT

DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activities of the Company are in research, design and development of electronic end-products and sub-systems for the communication, computer and consumer electronics industries. The principal activities of its subsidiaries are set out in Note 14 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	11,139,242	1,833,936
Profit attributable to:		
Owners of the Company	11,139,242	1,833,936

DIVIDENDS

Since the end of the previous financial year, an interim single tier dividend of 0.5 sen per ordinary share in respect of the financial year ended 31 December 2015 amounting to RM2,139,933 was declared on 9 March 2015 and paid on 30 April 2015. The directors do not recommend any final dividend payment in respect of the financial year ended 31 December 2015.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off as bad debts or the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to realise in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
(ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

No contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors:

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Directors' Report
(Continued)

ISSUE OF SHARES OR DEBENTURES

During the financial year, the following issue of shares was made by the Company:

Class	Number	Term of Issue	Purpose of Issue
Ordinary shares of RM0.10 each	47,794,790	Exercise of Warrants at exercise price of RM0.22 each	Exercise of Warrants by Warrant holders
Ordinary shares of RM0.10 each	7,073,500	Exercise of Employees' Share Options Scheme at exercise price of RM0.10 each	Exercise of Employees' Share Option Scheme by employees

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

There were no other changes in the authorised, issued and paid-up capital of the Company during the financial year.

The Company has not issued any new debentures during the financial year.

WARRANTS AND EMPLOYEES' SHARE OPTIONS SCHEME ("ESOS")

The details of K-One Technology Berhad's Warrants and ESOS are disclosed in Note 24 to the financial statements.

The Warrants and ESOS had expired on 11 December 2015 and 31 December 2015 respectively.

DIRECTORS OF THE COMPANY

The directors in office since the date of the last report are:-

Lim Beng Fook
Lim Soon Seng
Bjørn Bråten
Goh Chong Chuang
Loi Kim Fah

DIRECTORS' INTERESTS

The directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company during the financial year are as follows:

	Number of Ordinary Shares of RM0.10 Each			
	At 1.1.2015	Exercise of Warrants and ESOS	Sold	At 31.12.2015
Direct interest				
Lim Beng Fook	68,744,988	2,088,000	(5,000,000)	65,832,988
Lim Soon Seng	57,198,075	2,047,500	(3,000,000)	56,245,575
Bjørn Bråten	45,243,694	-	-	45,243,694
Goh Chong Chuang	408,220	-	-	408,220
Loi Kim Fah	89,100	22,200	-	111,300

Directors' Report
(Continued)

DIRECTORS' INTERESTS (Continued)

The following are the options and warrants granted to the Directors to subscribe for the ordinary shares of RM0.10 each of the Company pursuant to the Company's Employees' Share Option Scheme ("ESOS") and warrants constituted under the Deed Poll respectively which were exercised during the financial year.

	Number of Option over Ordinary Shares of RM0.10 Each			
	Exercise price	At 1.1.2015	Exercised	At 31.12.2015
Direct interest				
Lim Beng Fook	0.10	2,088,000	(2,088,000)	-
Lim Soon Seng	0.10	2,047,500	(2,047,500)	-

None of the other directors holding office at the end of the financial year were granted any options under the ESOS.

	Number of Warrant B (2012/2015) over Ordinary Shares of RM0.10 Each				
	At 1.1.2015	Exercised	Sold	Lapsed	At 31.12.2015
Direct interest					
Goh Chong Chuang	42,055	-	(42,055)	-	-
Loi Kim Fah	22,275	(22,200)	-	(75)	-

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of the emoluments received or due and receivable by the directors as disclosed in the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest other than any deemed benefits which may arise from transactions entered into in the ordinary course of business as disclosed in Note 26 to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than those arising from the warrants and the share options granted under the ESOS.

AUDITORS

The auditors, Messrs. Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution dated 31 March 2016.

LIM BENG FOOK **LIM SOON SENG**

Statement by DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

We, the undersigned, being two of the directors of the Company, do hereby state that, in our opinion, the accompanying financial statements as set out on pages 45 to 94 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 95 has been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution dated 31 March 2016.

LIM BENG FOOK

LIM SOON SENG

Statutory DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, Leong Choi Ling, being the person primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 45 to 94 and the supplementary information set out on page 95 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared at
Petaling Jaya in Selangor Darul Ehsan
on 31 March 2016

LEONG CHOI LING

Before me

S. AROKIADASS (B 460)
Commissioner for Oath

Independent Auditors' REPORT

To the Members of K-One Technology Berhad (Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of K-One Technology Berhad, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 45 to 94.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.

(b) We have considered the financial statements of the subsidiary of which we have not acted as auditors, as indicated in Note 14 to the financial statements. We have not considered the auditors' report of this subsidiary as it is not available.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) Other than the subsidiary without the auditors' report as disclosed in Note 14 to the financial statements, the auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

Independent Auditors' Report
(Continued)

Other Reporting Responsibilities

The supplementary information set out on page 95 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad ("Bursa Securities") and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Securities. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Securities.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

BAKER TILLY MONTEIRO HENG
No. AF 0117
Chartered Accountants

LEE KONG WENG
2967/07/17(J)
Chartered Accountant

Kuala Lumpur
31 March 2016

Statements of Profit or Loss
AND OTHER COMPREHENSIVE INCOME
For the financial year ended 31 December 2015

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
Revenue	4	**146,062,447**	186,096,888	**2,952,947**	12,409,204
Cost of sales	5	**(127,856,165)**	(160,414,830)	**(2,520,839)**	(2,737,031)
Gross profit		**18,206,282**	25,682,058	**432,108**	9,672,173
Other income		**5,189,453**	1,452,638	**2,157,565**	102,990
Administrative expenses		**(8,241,033)**	(8,681,413)	**(578,968)**	(609,407)
Sales and distribution costs		**(1,312,615)**	(1,702,784)	**(94,572)**	(79,987)
Other operating expenses		**(3,131,863)**	(3,712,451)	**(576,897)**	(1,532,148)
		(12,685,511)	(14,096,648)	**(1,250,437)**	(2,221,542)
Profit from operations		**10,710,224**	13,038,048	**1,339,236**	7,553,621
Finance costs	6	**-**	(474,787)	**-**	-
Profit before tax	7	**10,710,224**	12,563,261	**1,339,236**	7,553,621
Tax credit/(expense)	10	**429,018**	(685,000)	**494,700**	-
Profit for the financial year		**11,139,242**	11,878,261	**1,833,936**	7,553,621
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation		**95,060**	20,466	**-**	-
Total comprehensive income for the financial year		**11,234,302**	11,898,727	**1,833,936**	7,553,621
Profit attributable to:					
Owners of the Company		**11,139,242**	11,878,261	**1,833,936**	7,553,621
Total comprehensive income attributable to:					
Owners of the Company		**11,234,302**	11,898,727	**1,833,936**	7,553,621
Earnings per ordinary share attributable to owners of the Company					
Basic (sen)	11	**2.58**	3.13		
Diluted (sen)	11	**2.48**	2.83		

The annexed notes form an integral part of, and should be read in conjunction with these financial statements.

Statements of FINANCIAL POSITION

As at 31 December 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
ASSETS					
Non-current assets					
Property, plant and equipment	12	**13,913,502**	16,240,519	**4,016,308**	4,381,025
Other intangible assets	13	**413,022**	512,784	**282,498**	329,938
Investment in subsidiaries	14	**-**	-	**43,439,435**	43,651,024
Deferred tax assets	21	**684,000**	-	**494,700**	-
Goodwill on consolidation	15	**5,545,761**	5,545,761	**-**	-
		20,556,285	22,299,064	**48,232,941**	48,361,987
Current assets					
Inventories	16	**9,182,796**	13,531,071	**-**	-
Receivables and deposits	17	**27,563,993**	43,298,975	**3,215,892**	1,134,483
Dividend receivable		**-**	-	**-**	9,000,000
Tax assets		**127,844**	222,939	**7,062**	18,969
Cash and bank balances	18	**52,145,190**	33,131,457	**18,789,849**	82,332
		89,019,823	90,184,442	**22,012,803**	10,235,784
TOTAL ASSETS		**109,576,108**	112,483,506	**70,245,744**	58,597,771
EQUITY AND LIABILITIES					
Share capital	19	**47,265,534**	41,778,705	**47,265,534**	41,778,705
Reserves	20	**37,919,322**	23,089,577	**21,599,794**	16,170,415
Total equity		**85,184,856**	64,868,282	**68,865,328**	57,949,120
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	21	**270,300**	760,200	**-**	-
		270,300	760,200	**-**	-
Current liabilities					
Payables and accruals	22	**23,410,941**	46,855,024	**1,380,416**	648,651
Tax payables		**710,011**	-	**-**	-
		24,120,952	46,855,024	**1,380,416**	648,651
Total liabilities		**24,391,252**	47,615,224	**1,380,416**	648,651
TOTAL EQUITY AND LIABILITIES		**109,576,108**	112,483,506	**70,245,744**	58,597,771

The annexed notes form an integral part of, and should be read in conjunction with these financial statements.

Consolidated Statement of CHANGES IN EQUITY

For the financial year ended 31 December 2015

		← Attributable to Owners of the Company →					
			← Non-distributable →			Distributable	
	Note	Share Capital RM	Share Premium RM	Warrant Reserve RM	Foreign Exchange Reserve RM	Retained Earnings RM	Total Equity RM
At 1 January 2014		37,454,820	3,595,812	1,404,556	(120,203)	1,122,023	43,457,008
Comprehensive income							
Profit for the financial year		-	-	-	-	11,878,261	11,878,261
Other comprehensive income							
Foreign currency translation difference		-	-	-	20,466	-	20,466
Total comprehensive income		-	-	-	20,466	11,878,261	11,898,727
Transactions with owners							
Issuance of shares pursuant to exercise of warrants		4,323,885	5,837,246	(648,584)	-	-	9,512,547
At 31 December 2014		41,778,705	9,433,058	755,972	(99,737)	13,000,284	64,868,282
Comprehensive income							
Profit for the financial year		-	-	-	-	11,139,242	11,139,242
Other comprehensive income							
Foreign currency translation difference		-	-	-	95,060	-	95,060
Total comprehensive income		-	-	-	95,060	11,139,242	11,234,302
Transactions with owners							
Dividends paid	23	-	-	-	-	(2,139,933)	(2,139,933)
Issuance of shares pursuant to exercise of warrants		4,779,479	6,452,298	(716,922)	-	-	10,514,855
Issuance of shares pursuant to exercise of ESOS		707,350	-	-	-	-	707,350
Warrants lapsed		-	-	(39,050)	-	39,050	-
Total transactions with owners		5,486,829	6,452,298	(755,972)	-	(2,100,883)	9,082,272
At 31 December 2015		**47,265,534**	**15,885,356**	**-**	**(4,677)**	**22,038,643**	**85,184,856**

The annexed notes form an integral part of, and should be read in conjunction with these financial statements.

Statement of Changes in Equity

(Continued)

	Note	Share Capital RM	Share Premium RM	Warrant Reserve RM	(Accumulated Loss)/ Retained earnings RM	Total Equity RM
		← Attributable to Owners of the Company →				
			← Non-distributable →		Distributable	
At 1 January 2014		37,454,820	3,595,812	1,404,556	(1,572,236)	40,882,952
Profit for the financial year, representing total comprehensive profit for the financial year		-	-	-	7,553,621	7,553,621
Transactions with owners						
Issuance of shares pursuant to exercise of warrants		4,323,885	5,837,246	(648,584)	-	9,512,547
At 31 December 2014		41,778,705	9,433,058	755,972	5,981,385	57,949,120
Profit for the financial year, representing total comprehensive profit for the financial year		-	-	-	1,833,936	1,833,936
Transactions with owners						
Issuance of shares pursuant to exercise of warrants		4,779,479	6,452,298	(716,922)	-	10,514,855
Issuance of shares pursuant to exercise of ESOS		707,350	-	-	-	707,350
Warrants lapsed		-	-	(39,050)	39,050	-
Dividends paid	23	-	-	-	(2,139,933)	(2,139,933)
Total transactions with owners		5,486,829	6,452,298	(755,972)	(2,100,883)	9,082,272
At 31 December 2015		**47,265,534**	**15,885,356**	**-**	**5,714,438**	**68,865,328**

The annexed notes form an integral part of, and should be read in conjunction with these financial statements.

Statements of CASH FLOWS

For the financial year ended 31 December 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Cash Flows from Operating Activities					
Profit before tax		**10,710,224**	12,563,261	**1,339,236**	7,553,621
Adjustments for:					
Impairment loss on trade receivables		**-**	715,661	**-**	-
Impairment loss on amounts due from subsidiary		**-**	-	**-**	1,234,686
Amortisation of computer software		**107,762**	95,759	**47,440**	38,644
Depreciation of property, plant and equipment		**3,088,303**	2,446,139	**406,897**	147,019
Dividend income		**-**	-	**-**	(9,000,000)
Bad debts written off		**1,714**	-	**-**	-
Interest expense		**-**	474,787	**-**	-
Inventories written off		**1,627,530**	-	**-**	-
Property, plant and equipment written off		**2,571**	-	**-**	-
Gain on disposal of property, plant and equipment		**(28,698)**	(57,203)	**-**	(13,499)
Interest income		**(551,988)**	(32,872)	**(278,677)**	-
Net unrealised loss/(gain) on foreign exchange		**459,274**	(879,873)	**(39,294)**	(6,388)
Operating profit/(loss) before working capital changes		**15,416,692**	15,325,659	**1,475,602**	(45,917)
Inventories		**2,720,745**	7,275,127	**-**	332,169
Receivables		**13,986,843**	4,591,749	**(891,417)**	448,569
Payables		**(25,872,856)**	3,647,217	**(370,625)**	254,419
Cash generated from operations		**6,251,424**	30,839,752	**213,560**	989,240
Interest paid		**-**	(474,787)	**-**	-
Tax paid		**(83,235)**	(83,458)	**(7,062)**	(8,305)
Tax refunded		**143,459**	101,080	**18,969**	-
Net cash from operating activities		**6,311,648**	30,382,587	**225,467**	980,935

The annexed notes form an integral part of, and should be read in conjunction with these financial statements.

Statements of Cash Flows
(Continued)

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Cash Flows from Investing Activities					
Acquisition of property, plant and equipment		**(763,404)**	(1,501,682)	**(42,180)**	(358,159)
Purchase of intangible assets		**(8,000)**	(219,440)	**-**	(200,000)
Dividend received		**-**	-	**9,000,000**	-
Interest received		**551,988**	32,872	**278,677**	-
Advance to subsidiaries		**-**	-	**(982,218)**	(9,863,249)
Proceeds from disposal of:					
- property, plant and equipment		**28,702**	83,114	**-**	13,500
- intangible assets		**-**	527,892	**-**	527,892
Net cash (used in)/from investing activities		**(190,714)**	(1,077,244)	**8,254,279**	(9,880,016)
Cash Flows from Financing Activities					
Repayment of short term borrowings		**-**	(14,183,497)	**-**	-
Repayment of term loan		**-**	(1,512,098)	**-**	-
Proceeds from issuance of shares		**11,222,204**	9,512,547	**11,222,205**	9,512,547
Dividend paid		**(2,139,933)**	-	**(2,139,933)**	-
Advances from/(Repayment to) subsidiaries		**-**	-	**1,120,183**	(2,021,008)
Payment of hire purchase		**-**	(111,298)	**-**	-
Net cash from/(used in) financing activities		**9,082,271**	(6,294,346)	**10,202,455**	7,491,539
Net increase/(decrease) in cash and cash equivalents		**15,203,205**	23,010,997	**18,682,201**	(1,407,542)
Effect of exchange rate fluctuations on cash and cash equivalents		**3,810,528**	1,058,398	**25,316**	64,091
Cash and cash equivalents at beginning of financial year		**33,131,457**	9,062,062	**82,332**	1,425,783
Cash and cash equivalents at end of financial year	18	**52,145,190**	33,131,457	**18,789,849**	82,332

The annexed notes form an integral part of, and should be read in conjunction with these financial statements.

Notes to the FINANCIAL STATEMENTS
- 31 December 2015

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the ACE Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is Unit 07-02, Level 7, Persoft Tower, 6B, Persiaran Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at 66 & 68, Jalan SS22/21, Damansara Jaya, 47400 Petaling Jaya, Selangor Darul Ehsan.

The Company is principally engaged in research, design and development of electronic end-products and sub-systems for the communication, computer and consumer electronics industries. The principal activities of the subsidiaries are set out in Note 14. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were approved and authorised for issue in accordance with a Board of Directors' resolution dated 31 March 2016.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as otherwise disclosed in the summary of significant accounting policies.

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(c).

2. BASIS OF PREPARATION (Continued)

(a) Statement of compliance (Continued)

New MFRSs and Amendments/Improvements to MFRSs

(i) Adoption of Amendments/Improvements to MFRSs

The Group and the Company had adopted the following amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:-

Amendments/Improvements to MFRSs

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 2	Share-based Payment
MFRS 3	Business Combinations
MFRS 8	Operating Segments
MFRS 13	Fair Value Measurement
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 124	Related Party Disclosures
MFRS 138	Intangible Assets
MFRS 140	Investment Property

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company.

(ii) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new MFRSs and amendments/improvements to MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:

		Effective for financial periods beginning on or after
New MFRS		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments/Improvements to MFRSs		
MFRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 10	Consolidated Financial Statements	To be determined by MASB/ 1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosures of Interests in Other Entities	1 January 2016
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 116	Property, Plant and Equipment	1 January 2016
MFRS 119	Employee Benefits	1 January 2016

2. BASIS OF PREPARATION (Continued)

(a) Statement of compliance (Continued)

New MFRSs and Amendments/Improvements to MFRSs (Continued)

(ii) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (Continued)

		Effective for financial periods beginning on or after
Amendments/Improvements to MFRSs (Continued)		
MFRS 127	Separate Financial Statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	To be determined by MASB/ 1 January 2016
MFRS 138	Intangible Assets	1 January 2016
MFRS 141	Agriculture	1 January 2016

A brief discussion on the above significant new MFRSs and amendments/improvements to MFRSs are summarised below. Due to the complexity of these new standards, the financial effects of their adoption are currently still being assessed by the Group and the Company.

MFRS 9 Financial Instruments

Key requirements of MFRS 9:-

MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

Notes to the Financial Statements
- 31 December 2015 (Continued)

2. BASIS OF PREPARATION (Continued)

(a) Statement of compliance (Continued)

New MFRSs and Amendments/Improvements to MFRSs (Continued)

(ii) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (Continued)

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

- Identify the contracts with a customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

Amendments to MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 7 provides additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of MFRS 7.

The Amendments also clarify the applicability of Disclosure – Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7) to condensed interim financial statements.

Amendments to MFRS 101 Presentation of Financial Statements

Amendments to MFRS 101 improve the effectiveness of disclosures. The amendments clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Amendment to MFRS 116 Property, Plant and Equipment

Amendments to MFRS 116 prohibit revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed.

2. BASIS OF PREPARATION (Continued)

(a) Statement of compliance (Continued)

New MFRSs and Amendments/Improvements to MFRSs (Continued)

(ii) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (Continued)

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

(b) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ('RM'), which is also the Company's functional currency. All financial information presented in RM has been rounded to the nearest RM, unless otherwise stated.

(c) Significant accounting estimates and judgements

Significant areas of estimation, uncertainty and critical judgements in applying accounting principles that have significant effect on the amount recognised in the financial statements are described in the following notes:

(i) Tax expense (Note 10) – significant judgement is required in determining the capital allowances and deductibility of certain expenses when estimating the provision for taxation. There were transactions during the ordinary course of business for which the ultimate tax determination of whether additional taxes will be due is uncertain. The Group recognises liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax in the periods in which the outcome is known.

(ii) Depreciation of property, plant and equipment and amortisation of intangible assets (Note 12 and 13) – the cost of property, plant and equipment and intangible assets are depreciated or amortised on a straight line basis over the assets' useful lives. The management estimates the useful lives of these property, plant and equipment to be within 5 to 50 years and computer software to be 5 years based on past experience with similar assets or/and common life expectancies of the industries. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets resulting in revision of future depreciation or amortisation charges.

The Group and the Company anticipate that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

(iii) Impairment of goodwill (Note 15) – significant judgement is used in the estimation of the present value of future cash flows generated by the cash-generating units which involve uncertainties and are based on assumptions used and judgement made regarding estimates of future cash flows and discount rate.

2. BASIS OF PREPARATION (Continued)

(c) Significant accounting estimates and judgements (Continued)

(iv) Inventories (Note 16) – the saleability of inventories are reviewed by the management on a periodic basis. This review involves comparison of the carrying value of the inventory items with the respective net realisable value. The purpose is to ascertain whether a write down to net realisable value is required to be made.

(v) Impairment loss on receivables (Note 17) – the Group assesses at each reporting date whether there is any objective evidence that a receivable is impaired. Allowances are applied where events or changes in circumstances indicate that the balances may not be collectable. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables at the reporting date.

(vi) Determination of functional currency - Functional currency is the currency of the primary economic environment in which the Company operates. When indicators of the primary economic environment are mixed, the management uses its judgement to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of controls as mentioned above.

When the Group has less than majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other holders;
- Potential voting rights, if such rights are substantive, held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements;
- The nature of the Group's relationship with other parties and whether those other parties are acting on its behalf (i.e. they are 'de facto agents'); and
- Any additional facts and circumstances that indicate the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is held for sale or distribution. The transaction costs of the investments shall be recognised as expense in the profit or loss in the period in which the costs are incurred.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of consolidation (Continued)

(ii) Accounting for business combinations

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the financial year.

The financial statements of the Company and its subsidiaries are all drawn up to the same reporting date.

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group and continue to consolidate until the date that such control ceases.

If the initial accounting for a business combination is incomplete by end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items of which the accounting is incomplete. These provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Acquisition on or after 1 January 2012
For acquisition on or after 1 January 2012, the Group measures goodwill at the acquisition date as:-

i) The fair value of the consideration transferred; plus
ii) The recognised amount of any non-controlling interests in the acquiree; plus
iii) If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
iv) The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a gain on bargain purchase is recognised immediately in profit or loss.

For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at the acquisition date either at fair value or at the proportionate share of the acquiree's identifiable net assets.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of consolidation (Continued)

(ii) Accounting for business combinations (Continued)

Acquisition between 1 January 2007 and 31 December 2011
For acquisition between 1 January 2007 and 31 December 2011, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. Any excess of the net fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities of the subsidiaries acquired over the cost of acquisition is recognised immediately in the profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Acquisition prior to 1 January 2007
For acquisition prior to 1 January 2007, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

(iii) Non-controlling interests

Non-controlling interests are the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Group, whether directly or indirectly through subsidiaries, and are presented in the consolidated statement of financial position and consolidated statement of changes in equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the financial year between non-controlling interests and the equity shareholders of the Company.

The interests of non-controlling shareholders may be initially measured either at fair value at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

All losses attributable to the non-controlling interests are allocated to the minority shareholders even if the losses exceed the non-controlling interests in the subsidiary's equity.

(iv) Changes in group composition

The Group treats changes in the group composition that do not result in a loss of control as equity transaction between the Group and the minority shareholders. Any difference between the Group's shares of net assets before and after the change, and any consideration received or paid, is recognised directly in equity and attributed to owners of the Company.

Upon the loss of control of subsidiaries, the Group derecognised the assets and liabilities of the subsidiaries, any non-controlling interests and the other components of equity related to the subsidiaries. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiaries, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Transactions eliminated on consolidation

Intra-group balances and unrealised gains and losses arising from intra-group transactions are eliminated in full. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent the Group has interests. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Foreign currency

(i) Foreign currency transactions

Transactions in currencies other than the Group entities' functional currency (foreign currencies) are translated into the Group entities' functional currency at the rates of exchange ruling at the time of the transaction dates. Monetary items denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary items denominated in foreign currencies are not retranslated at the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation of monetary items are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operations are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operations, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

(i) Assets and liabilities for each reporting date presented are translated at the closing rate prevailing at the reporting date;

(ii) Income and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

(iii) All resulting exchange differences are taken to other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rate prevailing at the date of acquisition.

Upon disposal of a foreign subsidiary, the cumulative amount of translation differences at the date of disposal of the subsidiaries is taken to the consolidated statement of comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Revenue recognition

Revenue is recognised to the extent that is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(i) Sale of goods

Revenue is recognised upon delivery of goods and customer acceptance, if any, when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Services

Revenue from services are recognised when the services are rendered.

(iii) Interest income

Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset.

(iv) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(v) Dividend income

Dividend income is recognised when the right to receive payment is established.

(d) Tax expense

Tax expense in profit or loss represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the year, using tax rates enacted or substantially enacted by the reporting date, and any adjustments recognised for prior years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantially enacted by the reporting date.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Tax expense (Continued)

Deferred tax assets relating to items recognised outside of profit or loss is recognised outside of profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

(e) Employee Benefits

(i) Short Term Employee Benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial period when employees have rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(ii) Defined Contribution Plans

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund. The contributions are recognised as a liability after deducting any contributions already paid and as an expense in the period in which the employees render their services.

(f) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowings costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

(g) Leases

(i) Finance lease – the Group as lessee

Assets acquired by way of finance leases where the Group assumes substantially all the benefits and risks of ownership are classified as property, plant and equipment.

Finance lease is capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding finance lease obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance lease is depreciated in accordance with the depreciation policy for property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Leases (Continued)

(ii) Operating lease – the Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentive provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(iii) Operating lease – the Group as lessor

Assets leased out under operating leases are presented on the statements of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(h) Property, plant and equipment

(i) Recognition and measurement

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land is stated at cost less impairment loss, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of an item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The cost of the day-to-day servicing of the property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Freehold land is not depreciated. Property, plant and equipment in-progress are not depreciated until these assets are ready for their intended use.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Property, plant and equipment (Continued)

(iii) Depreciation (Continued)

The principal annual rates for the current and comparative financial years are as follows:

Leasehold land	Over 35 years
Buildings	2%
Furniture and fittings, office equipment and renovation	15% to 40%
Motor vehicles	20%
Plant and machinery and testing equipment	20%

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries.

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill is measured at cost allocated to cash generating units and is not amortised but tested for impairment at least annually or more frequently when there is objective evidence of impairment.

(j) Intangible assets

Intangible assets of the Group and the Company consist of computer software. These intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Computer software with finite lives are amortised on a straight-line basis over the estimated economic useful lives of 5 years and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

(k) Impairment of non-financial assets

The carrying amounts of non-financial assets other than, deferred tax assets, inventories and non-current assets classified as held for sale are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of fair value less cost of disposal and the value in use, which is measured by reference to discounted future cash flows and is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs to.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment of non-financial assets (Continued)

An impairment loss is recognised whenever the carrying amount of an item of assets exceeds its recoverable amount. An impairment loss is recognised as an expense in profit or loss except for assets that are previously revalued and where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Any subsequent increase in recoverable amount of an asset, other than goodwill, due to a reversal of impairment loss is restricted to the carrying amount that would have been determined (net of accumulated depreciation, where applicable) had no impairment loss been recognised in prior years. The reversal of impairment loss is recognised in profit or loss.

(l) Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is based on first-in first-out method, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress and finished goods, costs include raw materials, direct labour and an appropriate production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(m) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and have categorised their financial assets in loans and receivables.

(i) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or where appropriate, a shorter period to the net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term highly liquid investments which are subject to an insignificant risk of changes in value. For the purposes of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(p) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(q) Warrant reserve

Proceeds from the issuance of warrants, net of issue cost or amount allocated in relation to the issuance of warrants, are credited to warrants reserve which is non-distributable as cash dividend. Warrants reserve is transferred to the share premium account upon the exercise of warrant and the warrant reserve in relation to unexercised warrants at the expiry of the warrants period will be transferred to retained earnings.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables and other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Loans and borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(s) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by their respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the chief operation decision maker of the Company who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are disclosed in Note 30, including the factors used to identify the reportable segments and the measurement basis of segment information.

(t) Earnings per share

(i) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date or the amount initially recognised less cumulative amortisation.

(v) Fair value measurement

Fair value of an asset or liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market which must be accessible to by the Group.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in the highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at each reporting date.

For the purpose of fair value disclosures, the Group had determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Notes to the Financial Statements
- 31 December 2015 (Continued)

4. REVENUE

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Research, design and development of electronic end-products and sub-systems	**2,952,947**	3,091,534	**2,952,947**	3,091,534
Manufacturing of electronic end-products and sub-systems	**143,109,500**	182,687,684	**-**	-
Sales of electronic service/products	**-**	317,670	**-**	317,670
Dividend income from subsidiaries	**-**	-	**-**	9,000,000
	146,062,447	186,096,888	**2,952,947**	12,409,204

5. COST OF SALES

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Research, design and development of electronic end-products and sub-systems	**2,520,839**	2,404,862	**2,520,839**	2,404,862
Cost of electronic end-products and sub-systems	**125,335,326**	157,677,799	**-**	-
Cost of electronic service/products	**-**	332,169	**-**	332,169
	127,856,165	160,414,830	**2,520,839**	2,737,031

6. FINANCE COSTS

	Group 2015 RM	Group 2014 RM
Bankers' acceptance	**-**	276,643
Bank overdraft interest	**-**	45,515
Hire purchase interest	**-**	2,353
Revolving credit interest	**-**	41,061
Term loan interest	**-**	86,181
Trust receipt interest	**-**	23,034
	-	474,787

7. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Impairment loss on:				
- trade receivables	-	715,661	-	-
- amounts due from subsidiaries	-	-	-	1,234,686
Amortisation of computer software	**107,762**	95,759	**47,440**	38,644
Auditors' remuneration				
- current year	**143,752**	138,415	**43,000**	40,000
- other services	**9,000**	9,000	**9,000**	9,000
Bad debts written off	**1,714**	-	-	-
Depreciation of property, plant and equipment	**3,088,303**	2,446,139	**406,897**	147,019
Directors' fees (Note 9)	**96,000**	84,000	**96,000**	84,000
Directors' other emoluments	**1,517,640**	1,276,864	**10,000**	10,000
Foreign currency exchange (gain)/loss				
- realised	**(4,446,583)**	(301,142)	**(328,474)**	(54,063)
- unrealised	**459,274**	(879,873)	**(39,294)**	(6,388)
Property, plant and equipment written off	**2,571**	-	-	-
Inventories written off	**1,627,530**	-	-	-
Rental of equipment	**5,154**	31,475	**5,154**	6,775
Rental of photocopier machine	**2,613**	2,535	-	-
Rental of office	**3,000**	6,000	-	-
Staff premises rental	**57,500**	50,000	-	-
Factory rental	**89,100**	113,700	-	-
Interest income	**(551,988)**	(32,872)	**(278,677)**	-
Gain on disposal of property, plant and equipment	**(28,698)**	(57,203)	-	(13,499)
Rental income of rooftop	**(31,460)**	(29,040)	**(31,460)**	(29,040)

8. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Executive directors' other emoluments	**1,507,640**	1,266,864	-	-
EPF	**704,004**	757,765	**144,316**	103,819
Salaries and bonus	**6,078,349**	6,463,482	**1,167,940**	890,423
SOCSO	**108,052**	70,444	**10,032**	6,863
Other personnel costs	**172,043**	614,086	**33,829**	42,577
	8,570,088	9,172,641	**1,356,117**	1,043,682

Notes to the Financial Statements
- 31 December 2015 (Continued)

9. DIRECTORS' REMUNERATION

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Executive:				
Salary and other emoluments	**1,507,640**	1,266,864	**-**	-
Benefits-in-kind	**7,750**	14,000	**-**	-
	1,515,390	1,280,864	**-**	-
Non-executive:				
Fees	**96,000**	84,000	**96,000**	84,000
Allowances	**10,000**	10,000	**10,000**	10,000
Total directors' remuneration	**1,621,390**	1,374,864	**106,000**	94,000

10. TAX CREDIT/EXPENSE

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Current tax:				
Malaysian income tax:				
Current financial year	**791,700**	55,500	**-**	-
Overprovision in prior financial years	**(46,818)**	-	**-**	-
	744,882	55,500	**-**	-
Deferred tax (Note 21):				
Origination and reversal of temporary differences	**(847,100)**	684,000	**(494,700)**	-
Relating to changes in tax rate	**-**	(3,200)	**-**	-
Overprovision in prior financial years	**(326,800)**	(51,300)	**-**	-
	(1,173,900)	629,500	**(494,700)**	-
Tax (credit)/expense	**(429,018)**	685,000	**(494,700)**	-

10. TAX CREDIT/EXPENSE (Continued)

The reconciliations of the tax amount at statutory income tax rate to the Group's and the Company's tax (credit)/ expense are as follows:

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Profit before tax	**10,710,224**	12,563,261	**1,339,236**	7,553,621
Tax at the Malaysian statutory income tax rate of 25%	**2,677,600**	3,140,800	**334,800**	1,888,400
Tax effect on non-deductible expenses	**290,800**	284,800	**87,100**	385,100
Tax effect on non-taxable income	**(635,700)**	-	**(39,900)**	(2,250,000)
Tax effect of changes in tax rate	**-**	(3,200)	**-**	-
Effect of deferred tax at different tax rate	**(61,700)**	(117,600)	**(15,300)**	(1,000)
Recognition of deferred tax assets previously not recognised	**(494,700)**	-	**(494,700)**	-
Utilisation of deferred tax assets previously not recognised	**(1,831,700)**	(2,568,500)	**(366,700)**	(22,500)
(Over)/Underprovision in prior years				
- current tax	**(46,818)**	-	**-**	-
- deferred tax	**(326,800)**	(51,300)	**-**	-
	(429,018)	685,000	**(494,700)**	-

During the financial year, the Group and the Company utilised brought forward unabsorbed tax losses to set off against chargeable income resulting in tax savings of approximately RM1,864,300 and RM411,100 (2014: RM558,600 and RM Nil) respectively.

Domestic income tax is calculated at the Malaysian statutory income tax rate of 25% (2014: 25%) of the estimated assessable profit for the financial year. The domestic statutory income tax rate would be reduced to 24% from the current year's rate of 25% with effect from the year of assessment 2016. The computation of deferred tax as at 31 December has reflected these changes.

11. EARNINGS PER ORDINARY SHARE

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2015 RM	**2014 RM**
Profit for the financial year attributable to owners of the Company	**11,139,242**	11,878,261
Weighted average number of ordinary shares outstanding during the financial year	**431,370,112**	379,201,154
Basic earnings per ordinary share (sen)	**2.58**	3.13

11. EARNINGS PER ORDINARY SHARE (Continued)

(b) Diluted

The diluted earnings per share of the Group is calculated by dividing the Group's net profit attributable to owners of the Company for the financial year by the weighted average number of ordinary shares in issue, adjusted to assume the conversion of all dilutive potential ordinary shares, i.e. warrants and share options. A calculation is done to determine the number of shares that could have been acquired at market price based on the monetary value of the subscription rights attached to the outstanding warrants and share options.

	2015 RM	2014 RM
Profit for the financial year attributable to owners of the Company	**11,139,242**	11,878,261
Weighted average number of ordinary shares:	**431,370,112**	379,201,154
Effect of dilution from share options and warrants	**17,572,769**	41,247,687
Adjusted weighted average number of ordinary shares in issue and issuable	**448,942,881**	420,448,841
Diluted earnings per ordinary share (sen)	**2.48**	2.83

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the authorisation of these financial statements.

12. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Short term Leasehold land RM	Buildings RM	Furniture and fittings, office equipment and renovation RM	Motor vehicles RM	Plant and machinery and testing equipment RM	Capital work in progress RM	Total RM
Cost								
At 1 January 2015	**1,433,333**	**1,680,000**	**4,816,667**	**7,655,835**	**23,000**	**15,207,099**	**-**	**30,815,934**
Additions	**-**	**-**	**116,133**	**513,764**	**-**	**104,220**	**29,287**	**763,404**
Disposals	**-**	**-**	**-**	**-**	**-**	**(61,600)**	**-**	**(61,600)**
Written off	**-**	**-**	**-**	**(4,682)**	**-**	**-**	**-**	**(4,682)**
Effect of movement in exchange rates	**-**	**-**	**-**	**6,071**	**-**	**-**	**-**	**6,071**
At 31 December 2015	**1,433,333**	**1,680,000**	**4,932,800**	**8,170,988**	**23,000**	**15,249,719**	**29,287**	**31,519,127**
Accumulated Depreciation								
At 1 January 2015	**-**	**192,000**	**440,465**	**6,973,224**	**22,998**	**6,946,728**	**-**	**14,575,415**
Charge for the financial year	**-**	**48,000**	**107,185**	**195,732**	**-**	**2,737,386**	**-**	**3,088,303**
Disposals	**-**	**-**	**-**	**-**	**-**	**(61,596)**	**-**	**(61,596)**
Written off	**-**	**-**	**-**	**(2,111)**	**-**	**-**	**-**	**(2,111)**
Effect of movement in exchange rates	**-**	**-**	**-**	**5,614**	**-**	**-**	**-**	**5,614**
At 31 December 2015	**-**	**240,000**	**547,650**	**7,172,459**	**22,998**	**9,622,518**	**-**	**17,605,625**
Net Carrying Amount								
At 31 December 2015	**1,433,333**	**1,440,000**	**4,385,150**	**998,529**	**2**	**5,627,201**	**29,287**	**13,913,502**
Cost								
At 1 January 2014	1,433,333	1,680,000	4,816,667	7,551,963	863,948	11,823,252	2,422,307	30,591,470
Additions	-	-	-	102,055	-	1,266,309	133,318	1,501,682
Disposals	-	-	-	-	(840,948)	(438,087)	-	(1,279,035)
Reclassification	-	-	-	-	-	2,555,625	(2,555,625)	-
Effect of movement in exchange rates	-	-	-	1,817	-	-	-	1,817
At 31 December 2014	1,433,333	1,680,000	4,816,667	7,655,835	23,000	15,207,099	-	30,815,934
Accumulated Depreciation								
At 1 January 2014	-	144,000	333,280	6,552,778	863,944	5,486,976	-	13,380,978
Charge for the financial year	-	48,000	107,185	419,024	-	1,871,930	-	2,446,139
Disposals	-	-	-	-	(840,946)	(412,178)	-	(1,253,124)
Effect of movement in exchange rates	-	-	-	1,422	-	-	-	1,422
At 31 December 2014	-	192,000	440,465	6,973,224	22,998	6,946,728	-	14,575,415
Net Carrying Amount								
At 31 December 2014	1,433,333	1,488,000	4,376,202	682,611	2	8,260,371	-	16,240,519

Notes to the Financial Statements
- 31 December 2015 (Continued)

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company	Freehold land RM	Buildings RM	Furniture and fittings, office equipment and renovation RM	Motor vehicles RM	Plant and machinery and testing equipment RM	Total RM
Cost						
At 1 January 2015	**1,433,333**	**2,866,667**	**2,126,979**	**-**	**558,912**	**6,985,891**
Additions	**-**	**-**	**-**	**-**	**42,180**	**42,180**
At 31 December 2015	**1,433,333**	**2,866,667**	**2,126,979**	**-**	**601,092**	**7,028,071**
Accumulated Depreciation						
At 1 January 2015	**-**	**229,332**	**2,115,601**	**-**	**259,933**	**2,604,866**
Charge for the financial year	**-**	**57,333**	**8,484**	**-**	**341,080**	**406,897**
At 31 December 2015	**-**	**286,665**	**2,124,085**	**-**	**601,013**	**3,011,763**
Net Carrying Amount						
At 31 December 2015	**1,433,333**	**2,580,002**	**2,894**	**-**	**79**	**4,016,308**
Cost						
At 1 January 2014	1,433,333	2,866,667	2,126,979	143,000	200,753	6,770,732
Additions	-	-	-	-	358,159	358,159
Disposals	-	-	-	(143,000)	-	(143,000)
At 31 December 2014	1,433,333	2,866,667	2,126,979	-	558,912	6,985,891
Accumulated Depreciation						
At 1 January 2014	-	171,999	2,096,752	142,999	189,096	2,600,846
Charge for the financial year	-	57,333	18,849	-	70,837	147,019
Disposals	-	-	-	(142,999)	-	(142,999)
At 31 December 2014	-	229,332	2,115,601	-	259,933	2,604,866
Net Carrying Amount						
At 31 December 2014	1,433,333	2,637,335	11,378	-	298,979	4,381,025

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

Included in the above property, plant and equipment are:

(a) Freehold land and buildings of the Group and the Company charged to a financial institution for credit facilities granted to the Group. The net carrying amount of assets pledged for bank facilities are as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Freehold land	**1,433,333**	1,433,333	**1,433,333**	1,433,333
Leasehold land	**-**	1,488,000	**-**	-
Office buildings	**2,580,002**	4,376,202	**2,580,002**	2,637,335
	4,013,335	7,297,535	**4,013,335**	4,070,668

(b) Capital work in progress
These are in respect of preparation or making of moulds.

(c) Short term leasehold land has remaining unexpired lease period of less than 50 years.

13. OTHER INTANGIBLE ASSETS

	Group		Company	
Computer software	2015 RM	2014 RM	2015 RM	2014 RM
Cost				
At beginning of financial year	**1,273,966**	1,602,468	**865,795**	1,213,737
Addition during the financial year	**8,000**	219,440	**-**	200,000
Disposal during the financial year	**-**	(547,942)	**-**	(547,942)
At end of the financial year	**1,281,966**	1,273,966	**865,795**	865,795
Accumulated amortisation				
At beginning of financial year	**761,182**	685,473	**535,857**	517,263
Charge during the financial year	**107,762**	95,759	**47,440**	38,644
Disposal during the financial year	**-**	(20,050)	**-**	(20,050)
At end of financial year	**868,944**	761,182	**583,297**	535,857
Net carrying amount	**413,022**	512,784	**282,498**	329,938

Notes to the Financial Statements
- 31 December 2015 (Continued)

14. INVESTMENT IN SUBSIDIARIES

	Group 2015 RM	Group 2014 RM
Unquoted shares, at cost		
In Malaysia	**9,554,844**	9,554,844
Outside Malaysia		
At beginning of financial year	**161,775**	161,775
Written off	**(161,774)**	-
At end of financial year	**1**	161,775
	9,554,845	9,716,619
Less: Impairment loss		
At beginning of financial year	**(491,774)**	(491,774)
Written off	**161,774**	-
At end of financial year	**(330,000)**	(491,774)
	9,224,845	9,224,845
Quasi loans	**34,214,590**	34,426,179
	43,439,435	43,651,024

Quasi loans represent advances and payments made on behalf of which the settlement is neither planned nor likely to occur in the foreseeable future. These amounts are, in substance, a part of the Company's net investment in the subsidiaries. The quasi loans are stated at cost less accumulated impairment losses, if any.

Details of the subsidiaries are as follows:

Name of Company	Principal place of business/ Country of incorporation	Principal Activities	Effective ownership interest/voting right 2015	Effective ownership interest/voting right 2014
EMB Technology Sdn. Bhd.	Malaysia	Investment holding	**100%**	100%
Big' Ant (M) Sdn. Bhd.	Malaysia	Ceased operation	**100%**	100%
K-One Electronics Sdn. Bhd.	Malaysia	Development and manufacturing of wire harness and electronic related accessories	**100%**	100%
K-One Resources Sdn. Bhd.	Malaysia	Ceased operation	**100%**	100%
K-One eLearning Sdn. Bhd.	Malaysia	Dormant	**100%**	100%
K-One International Limited *	Hong Kong	Dormant	**100%**	100%

14. INVESTMENT IN SUBSIDIARIES (Continued)

Name of Company	Principal place of business/ Country of incorporation	Principal Activities	Effective ownership interest/voting right 2015	Effective ownership interest/voting right 2014
Subsidiary of EMB Technology Sdn. Bhd.				
K-One Industry Sdn. Bhd.	Malaysia	Design and development of manufacturing process/tools and manufacturing of electronics end-products and sub-systems	**100%**	100%
Subsidiary of K-One Industry Sdn. Bhd.				
K-One Manufacturing Sdn. Bhd.	Malaysia	Development and manufacturing of electronic products and sub-systems	**100%**	100%

* Not audited by Baker Tilly Monteiro Heng and consolidated using unaudited management financial statements

15. GOODWILL ON CONSOLIDATION

	Group 2015 RM	Group 2014 RM
Goodwill on consolidation	**5,545,761**	5,545,761

The carrying amount of goodwill allocated to the Group's cash generating unit ("CGU") is based on the CGU's excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets and liabilities. The goodwill has been allocated to the Group's CGU according to the principal activities as follows:

	Group 2015 RM	Group 2014 RM
Development and manufacturing of wire harness and electronic related accessories	**5,523,218**	5,523,218
Sales of digital pens and paper	**22,543**	22,543
	5,545,761	5,545,761

The recoverable amount of a CGU is determined based on value-in-use calculations using 5 years of cash flow projections from financial budgets and projections approved by the management. Cash flows beyond the five-year period are extrapolated using the growth rates stated below.

The goodwill allocated to the sales of digital pens and paper activity is not significant in comparison with the Group's total carrying amount of goodwill.

15. GOODWILL ON CONSOLIDATION (Continued)

Key assumptions used in the value-in-use calculations based on four-year cash flow projection in respect of impairment test for goodwill on the development and manufacturing of wire harness and electronic related accessories activity are:

(i) Revenue – Revenue is based on existing customer base and management's estimate.
(ii) Budgeted gross margins – Gross margins of 5% (2014: 5%) are based on management's past experience.
(iii) Growth rates – Revenue growth rate of 5% (2014: 2%) for the next 4 years are based on the Company's estimates of the sector and industry trends, general market and economic conditions. No growth rate (2014: Nil) was extrapolated beyond the 4-year period as the management does not anticipate significant growth.
(iv) Pre-tax discount rate – Discount rate of 20% (2014: 14%) reflects the current market assessment of the risks specific to the segment. This is the benchmark used by the management to assess operating performance and to evaluate future investment proposals.

No impairment loss was required for the goodwill assessed as its recoverable amount was in excess of its carrying amount.

In assessing the value-in-use, management does not foresee any possible changes in the above key assumptions that would cause the carrying amounts of goodwill to materially exceed its recoverable amount.

16. INVENTORIES

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
At cost				
Raw materials	**8,455,063**	12,213,895	**-**	-
Finished goods	**727,733**	1,317,176	**-**	-
	9,182,796	13,531,071	**-**	-

During the financial year, inventories of the Group recognised as cost of goods sold amounted to RM127,856,165 (2014: RM158,009,968).

17. RECEIVABLES AND DEPOSITS

		Group		Company	
	Note	**2015 RM**	**2014 RM**	**2015 RM**	**2014 RM**
Current					
Trade					
Trade receivables	(a)	**26,592,909**	43,401,117	**1,342,451**	409,241
Less: Allowance for impairment loss		**(156,812)**	(715,661)	**-**	-
		26,436,097	42,685,456	**1,342,451**	409,241

17. RECEIVABLES AND DEPOSITS (Continued)

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Non-trade					
Other receivables		**190,999**	258,269	**11,152**	6,550
GST refundable		**600,012**	-	**-**	-
		791,011	258,269	**11,152**	6,550
Amounts due from subsidiaries	(b)	**-**	-	**3,073,349**	1,896,447
Less: allowance for impairment loss		**-**	-	**(1,234,686)**	(1,234,686)
		-	-	**1,838,663**	661,761
Deposits		**84,712**	88,320	**16,144**	16,280
Prepayments		**252,173**	266,930	**7,482**	40,651
		27,563,993	43,298,975	**3,215,892**	1,134,483

(a) Trade receivables

(i) Credit term of trade receivables

The normal credit terms extended to customers range from 30 to 90 days (2014: 30 to 90 days).

(ii) Ageing analysis of trade receivables

The ageing analysis of trade receivables as at the end of the reporting period are as follows:

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Neither past due nor impaired	**20,949,345**	34,922,319	**894,274**	394,601
1 to 30 days past due not impaired	**4,245,944**	6,046,858	**76,414**	9,856
31 to 60 days past due not impaired	**147,792**	782,868	**4,992**	1,395
61 to 90 days past due not impaired	**250,238**	427,170	**54,805**	2,341
91 to 120 days past due not impaired	**275,067**	139,089	**66,144**	-
More than 121 days past due not impaired	**567,711**	367,152	**245,822**	1,048
	5,486,752	7,763,137	**448,177**	14,640
Impaired	**156,812**	715,661	**-**	-
	26,592,909	43,401,117	**1,342,451**	409,241

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with long term relationship and good payment records with the Group.

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM5,486,752 and RM448,177 (2014: RM7,763,137 and RM14,640) respectively that are past due at the reporting date but not impaired because there have been no significant changes in the credit quality of the debtors and the amounts are still considered recoverable. These trade receivables that are past due but not impaired are unsecured in nature.

17. RECEIVABLES AND DEPOSITS (Continued)

(a) Trade receivables (Continued)

(iii) Receivables that are impaired

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Group	
	2015	**2014**
	RM	**RM**
At beginning of financial year	**715,661**	-
Additions	**-**	715,661
Written off	**(558,849)**	-
At end of financial year	**156,812**	715,661

Trade receivables that are individually determined to be impaired at the reporting date related to customers' disagreement pertaining to discrepancies involving pricing, quantity and other delivery terms. These receivables are not secured by any collateral or credit enhancements.

(b) Amounts due from subsidiaries

The amounts due from subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand in cash and cash equivalents.

The movements in the allowance for impairment losses of amounts due from subsidiaries were:

	Company	
	2015	**2014**
	RM	**RM**
At beginning of financial year	**1,234,686**	-
Additions	**-**	1,234,686
At end of financial year	**1,234,686**	1,234,686

18. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Cash and bank balances	**52,145,190**	33,131,457	**18,789,849**	82,332

19. SHARE CAPITAL

	Group/Company			
	2015		2014	
	Number of shares	RM	Number of shares	RM
Authorised:				
Ordinary shares of RM0.10 each				
At beginning / end of financial year	**1,500,000,000**	**150,000,000**	1,500,000,000	150,000,000
Issued and fully paid:				
Ordinary shares of RM0.10 each				
At beginning of financial year	**417,787,052**	**41,778,705**	374,548,200	37,454,820
Issued pursuant to exercise of ESOS	**7,073,500**	**707,350**	-	-
Issued pursuant to exercise of warrants	**47,794,790**	**4,779,479**	43,238,852	4,323,885
At end of financial year	**472,655,342**	**47,265,534**	417,787,052	41,778,705

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

During the financial year, the issued and paid-up share capital increased from RM41,778,705 to RM47,265,534 by way of exercise of 47,794,790 warrants for 47,794,790 new ordinary shares of RM0.10 each at a subscription price of RM0.22 per share and exercise of 7,073,500 share options for 7,073,500 new ordinary shares at an exercise price of RM0.10 per share. These newly issued ordinary shares rank pari passu in all respects with the existing shares of the Company.

20. RESERVES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Non-distributable:				
Share premium	**15,885,356**	9,433,058	**15,885,356**	9,433,058
Warrant reserve	**-**	755,972	**-**	755,972
Foreign exchange reserve	**(4,677)**	(99,737)	**-**	-
Distributable:-				
Retained earnings	**22,038,643**	13,000,284	**5,714,438**	5,981,385
	37,919,322	23,089,577	**21,599,794**	16,170,415

Share premium

The share premium arose from the issue of the Company's shares at a premium.

20. RESERVES (Continued)

Warrants reserve

Proceeds from the issuance of warrants are credited to warrants reserve which is non-distributable as cash dividends. Warrants reserve is transferred to the share premium account upon the exercise of warrants and the warrants reserve in relation to unexercised warrants at the expiry of the warrants period will be transferred to retained earnings.

Foreign exchange reserve

The translation reserve comprises all foreign currency differences arising from translation of the financial statements of the entities within the Group with functional currencies other than RM.

21. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Deferred tax assets/(liabilities)				
At beginning of financial year	**(760,200)**	(130,700)	**-**	-
Recognised in profit or loss (Note 10)	**1,173,900**	(629,500)	**494,700**	-
At end of financial year	**413,700**	(760,200)	**494,700**	-

Presented after appropriate offsetting as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Deferred tax assets	**684,000**	-	**494,700**	-
Deferred tax liabilities	**(270,300)**	(760,200)	**-**	-
	413,700	(760,200)	**494,700**	-

Deferred tax liabilities are attributable to the following:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Difference between the carrying amount of property, plant and equipment and its tax base	**(430,000)**	(711,000)	**(8,900)**	(63,400)
Deductible temporary differences in respect of expense	**43,800**	70,000	**-**	-
Taxable temporary differences in respect of income	**(10,500)**	(209,700)	**(10,500)**	-
Unutilised re-investment allowance	**-**	1,400	**-**	-
Unutilised capital allowance	**25,100**	-	**-**	-
Unabsorbed tax losses	**785,300**	89,100	**514,100**	63,400
	413,700	(760,200)	**494,700**	-

21. DEFERRED TAX ASSETS/(LIABILITIES) (Continued)

Deferred tax assets have not been recognised in respect of the following temporary differences:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Unutilised capital allowance	-	66,600	-	66,600
Unabsorbed tax losses	-	10,375,100	-	3,522,400
	-	10,441,700	-	3,589,000

22. PAYABLES AND ACCRUALS

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
Trade					
Trade payables	(a)	**22,741,305**	46,025,268	**43,069**	415,114
Non-trade					
Other payables		**436,827**	166,023	**168,288**	76,715
Amount due to a director	(b)	**2,354**	2,354	**2,351**	2,351
Amount due to subsidiaries	(c)	**-**	-	**1,105,237**	1,959
Accruals		**221,595**	652,519	**52,611**	143,652
Deposit received		**8,860**	8,860	**8,860**	8,860
		669,636	829,756	**1,337,347**	233,537
		23,410,941	46,855,024	**1,380,416**	648,651

(a) Trade payables

The normal trade credit terms granted to the Group range from 30 to 90 days (2014: 30 to 90 days).

(b) Amount due to a director

The amount due to a director is non-trade in nature, unsecured, interest-free, expected to be settled in cash and is repayable on demand.

(c) Amount due to subsidiaries

The amount due to subsidiaries is non-trade in nature, unsecured, interest-free, expected to be settled in cash and is repayable on demand.

23. DIVIDEND

	Group/Company	
	2015	2014
	RM	RM
Recognised during the financial year:		
Dividends on ordinary shares:		
- Interim single tier dividend for the financial year ended 31 December 2015: 0.5 sen per ordinary share of RM0.10 each	**2,139,933**	-

24. WARRANTS AND EMPLOYEE BENEFITS

Warrants

The warrants (Warrant B) were constituted under the Deed Poll dated 29 August 2012. The warrants expired on 11 December 2015.

The salient features of the above warrants are as follows:

(a) Each of the warrant entitles the holder to the right of exercise of one ordinary share in the Company. The number of warrants are subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll;
(b) The exercise price is RM0.22 per share subject to adjustments in accordance with the provisions of the Deed Poll;
(c) The warrants have a maturity period of three (3) years from the date of issuance; thereafter the outstanding warrants will cease to be valid for any purpose;
(d) The new ordinary shares allotted and issued upon exercise of the warrants shall be fully paid and rank pari passu with the then existing ordinary shares of the Company. The warrant holders will not have any voting rights in any general meeting of the Company unless the warrants are exercised into new ordinary shares and registered prior to the date of the general meeting of the Company; and
(e) The warrants are quoted on the ACE Market of Bursa Malaysia Securities Berhad.

The movements in the Company's warrants to subscribe for new ordinary shares of RM0.10 each during the financial year are as follows:

	Number of warrants			
	At 1 January 2015	Exercised	Lapsed	At 31 December 2015
Number of warrants	50,398,198	(47,794,790)	(2,603,408)	-

The weighted average quoted price of shares of the Company at the time when the warrants were exercised was RM0.35 (2014: RM0.48).

Employees' Share Option Scheme ("ESOS")

The Company implemented an Employees' Share Option Scheme ("ESOS") which came into effect on 30 December 2005 for a period of five (5) years. However, the ESOS Committee had reviewed, discussed and approved the extention of the ESOS for a further period of five (5) years from the date of expiry. The ESOS expired on 31 December 2015. The ESOS was governed by the by-laws which were approved by the shareholders on 30 November 2005.

24. WARRANTS AND EMPLOYEE BENEFITS (Continued)

Employees' Share Option Scheme ("ESOS")

The salient features of the ESOS are as follows:

(a) The eligibility for participation in the ESOS is at the discretion of the ESOS Committee. It is open to any eligible confirmed employee in the Company and certain of its subsidiary companies;

(b) The total number of shares to be offered under the ESOS and in respect of which options may be granted shall not exceed 10% of the total issued and paid-up capital of the Company at any point in time during the duration of the ESOS, such that not more than 50% of the shares available under the ESOS is allocated in aggregate to the directors and the senior management;

(c) The number of shares that may be offered and allotted to eligible employees under the ESOS is determined at the discretion of the ESOS Committee subject to no individual eligible employee receiving more than 10% of the shares available under the ESOS;

(d) The option exercise price for each ordinary share of RM0.10 each shall be at a discount of not more than ten percent of the five (5)-day weighted average market price of the shares shown in the daily official list issued by Bursa Malaysia Securities Berhad at the time the option is granted or the par value of the shares of RM0.10, whichever is the higher. In the event the ESOS is made to the eligible employees prior to the admission of the Company on the ACE market of Bursa Malaysia Securities Berhad, the option price shall be the higher of the theoretical ex-bonus price after the public issue and bonus issue of RM0.10 or the par value of the shares; and

(e) The new shares to be allotted upon the exercise of any options will, upon allotment and issue, rank pari passu in all respects with the existing issued and paid-up shares of the Company, except that the new shares will not be entitled to any dividends, rights, allotments or other distributions, the Entitlement Date of which is prior to the date of allotment of the said shares.

Movement of share options during the financial year

The following table illustrates the number ("No.") and weighted average exercise prices ("WAEP") of, and movements in, share options during the financial year:

	2015		2014	
	No.	**WAEP (RM)**	**No.**	**WAEP (RM)**
Outstanding at 1 January	**7,089,000**	**0.10**	7,089,000	0.10
- Exercised	**(7,073,500)**	**0.10**	-	0.10
- Lapsed	**(15,500)**	**0.10**	-	0.10
Outstanding at 31 December	**-**	**-**	7,089,000	0.10
Exercisable at 31 December	**-**	**-**	7,089,000	0.10

	Exercise Price RM	**Exercise Period RM**
Share Options		
2014		
First Grant	0.10	30.12.2005 - 30.12.2015

Fair value of share option granted

As allowed by the transitional provisions in MFRS 2 "Share-based payment", the recognition and measurement principles have not been applied to these grants.

25. CORPORATE GUARANTEE

	Company 2015 RM	Company 2014 RM
Corporate guarantees for credit facilities granted to subsidiaries:-		
- K-One Industry Sdn. Bhd.	**22,756,000**	28,756,000

The corporate guarantees mature in 2016. It could be called on demand by the licensed bank in the event of a default by the subsidiary.

26. RELATED PARTY DISCLOSURES

(a) Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Company has related party relationship with its subsidiaries, companies in which the directors have substantial financial interest and key management personnel.

(b) Related party transactions

	Group 2015 RM	Group 2014 RM
Paid or payable to a director of the Company		
Rental of factory	**60,000**	60,000

	Company 2015 RM	Company 2014 RM
Received or receivable from subsidiaries		
Gross dividend	-	9,000,000
Management fee	**1,478,178**	-

(c) Related party balances

Information on the outstanding balances with related parties at the end of the reporting period are disclosed in Notes 17 and 23.

26. RELATED PARTY DISCLOSURES (Continued)

(d) Compensation of key management personnel

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Directors of the Company				
Fees	**96,000**	84,000	**96,000**	84,000
Salaries and other emoluments (including estimated monetary value of benefits-in-kind)	**1,363,990**	1,160,064	**10,000**	10,000
Post-employment benefits	**161,400**	130,800	**-**	-
	1,621,390	1,374,864	**106,000**	94,000

27. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

Group 2015 Financial assets	Loans and receivables RM	Total RM
Receivables and deposits	**27,311,820**	**27,311,820**
Cash and bank balances	**52,145,190**	**52,145,190**
	79,457,010	**79,457,010**

Group 2015 Financial liabilities	Financial liabilities at amortised cost RM	Total RM
Payables and accruals	**23,410,941**	**23,410,941**

Group 2014 Financial assets	Loans and receivables RM	Total RM
Receivables and deposits	43,032,045	43,032,045
Cash and bank balances	33,131,457	33,131,457
	76,163,502	76,163,502

Group 2014 Financial liabilities	Financial liabilities at amortised cost RM	Total RM
Payables and accruals	46,855,024	46,855,024

Notes to the Financial Statements
- 31 December 2015 (Continued)

27. FINANCIAL INSTRUMENTS (Continued)

(a) Categories of financial instruments (Continued)

Company 2015 Financial assets	Loans and receivables RM	Total RM
Receivables and deposits	**3,208,410**	**3,208,410**
Cash and bank balances	**18,789,849**	**18,789,849**
	21,998,259	**21,998,259**

Company 2015 Financial liabilities	Financial liabilities at amortised cost RM	Total RM
Payables and accruals	**1,380,416**	**1,380,416**

Company 2014 Financial assets	Loans and receivables RM	Total RM
Receivables and deposits	1,093,832	1,093,832
Cash and bank balances	82,332	82,332
	1,176,164	1,176,164

Company 2014 Financial liabilities	Financial liabilities at amortised cost RM	Total RM
Payables and accruals	648,651	648,651

28. FAIR VALUE OF FINANCIAL INSTRUMENTS

The methods and assumptions used to determine the fair value of the following classes of financial assets and liabilities are as follows:

(a) Cash and bank balances, trade and other receivables and payables

The carrying amounts of cash and bank balance, trade and other receivables and payables are reasonable approximation of fair values due to the short term nature of these financial instruments.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders while minimising potential adverse effects on the performance of the Group. Financial risk management is carried out through risk reviews, internal control systems and adherence to the Group's financial risk management policies. The Group and the Company are exposed mainly to liquidity risk, credit risk, foreign currency risk and interest rate risk. Information on the management of the related exposures is detailed below.

(i) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company actively manage their operating cash flows by maintaining a sufficient level of cash to meet their working capital requirements and availability of funding through an adequate amount of credit facilities.

The Group's financial liabilities at the reporting date either mature within one year or are repayable on demand.

(ii) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's exposure to credit risk or the risk of counter parties defaulting, arises mainly from receivables. For other financial assets, the Group minimises credit risk by dealing with high credit rating counterparties and creditworthy financial institutions. The maximum exposure to credit risk is represented by the total carrying amount of these financial assets in the statements of financial position and corporate guarantee provided by the Company to banks on subsidiaries' credit facilities.

Receivables

The Group manages its exposure to credit risk by investing its cash assets safely and profitably and by the application of credit approvals, credit limits and monitoring procedures on an on-going basis.

At the reporting date, approximately 84% (2014: 74%) of the gross trade receivables were from four (2014: four) customers.

Credit risk concentration profile

The credit risk concentration profile of the Group's and Company's trade receivables at the financial year end by geographical region are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Malaysia	**127,425**	85,062	**91,896**	78,720
Asia (excluding Malaysia)	**9,772,053**	16,334,218	**-**	2,959
Europe	**16,226,488**	25,422,911	**1,250,555**	327,562
United States of America	**310,131**	843,265	**-**	-
	26,436,097	42,685,456	**1,342,451**	409,241

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(ii) Credit risk (Continued)

Financial guarantee
The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to subsidiaries.

The Company monitors on an ongoing basis the repayments made by the subsidiaries and their financial performance.

At the reporting date, the subsidiaries did not have any outstanding credit facilities.

The financial guarantees have not been recognised since the fair value on initial recognition was immaterial as the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiaries' borrowings in view of the securities pledged by the subsidiaries and it was not probable that the counterparties to financial guarantee contracts will claim under the contracts.

(iii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising on sales and purchases that are denominated in currencies other than the functional currency of the Group entities, primarily RM. The foreign currencies in which these transactions are denominated mainly include United States Dollar ("USD"), Euro Dollar ("Euro") and Sterling Pound ("GBP").

The Group's and the Company's exposure to foreign currency risk based on the carrying amounts as at the end of the financial year is as follows:-

Group	Trade and other receivables	Cash and bank balances	Trade and other payables	Total
2015				
USD	**25,762,641**	**20,461,507**	**(19,171,035)**	**27,053,113**
Euro	**-**	**16,761**	**(615,657)**	**(598,896)**
GBP	**550,128**	**2,953,397**	**(89,347)**	**3,414,178**
SGD	**-**	**-**	**(913)**	**(913)**
HKD	**32,559**	**111,904**	**(7,748)**	**136,715**
	26,345,328	**23,543,569**	**(19,884,700)**	**30,004,197**
2014				
USD	41,993,504	14,990,626	(41,724,012)	15,260,118
Euro	11	23,736	(535,195)	(511,448)
GBP	589,224	-	(12,630)	576,594
SGD	-	-	(397)	(397)
HKD	30,548	92,058	(6,309)	116,297
KRW	3,726	172,133	(14,347)	161,512
CHF	17,654	-	-	17,654
	42,634,667	15,278,553	(42,292,890)	15,620,330

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iii) Foreign currency risk (Continued)

Company	Trade and other receivables	Cash and bank balances	Trade and other payables	Total
2015				
USD	**1,249,988**	**232,438**	**(26)**	**1 ,482,400**
2014				
USD	330,521	33,228	(135,922)	227,827

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's and the Company's profit net of tax to a reasonably possible change in the major currencies, United States Dollar ("USD"), Euro Dollar ("Euro") and Sterling Pound ("GBP") exchange rates against the functional currency of the Group entities, RM, with all other variables held constant.

		Group		Company	
		Profit for the financial year Increase/(Decrease)			
		2015 RM	2014 RM	2015 RM	2014 RM
USD/RM	- Strengthen by 5%	**1,014,500**	572,300	**55,600**	8,500
	- Weaken by 5%	**(1,014,500)**	(572,300)	**(55,600)**	(8,500)
EURO/RM	- Strengthen by 5%	**(22,500)**	(19,200)	**-**	-
	- Weaken by 5%	**22,500**	19,200	**-**	-
GBP/RM	- Strengthen by 5%	**128,000**	21,600	**-**	-
	- Weaken by 5%	**(128,000)**	(21,600)	**-**	-

30. SEGMENT INFORMATION

For management purposes, the Group is organised into business segments based on their products and services. The Group's chief operation decision maker reviews the information of each business segment on a monthly basis for the purposes of resource allocation and assessment of segment performance. Therefore, the Group's reportable segments under MFRS 8 are as follows:

Research, design, development and sales — Research, design and development of electronic end products and sub-systems for the communication, computer and consumer electronics industries and service sales.

Manufacturing — Manufacturing of electronic end products, sub-systems, wire-harness and electronic related accessories.

Investment holding — Investment holding and dormant companies.

Performance is measured based on segment profit before tax and interest, as included in the internal management reports that are reviewed by the Company's chief operation decision maker . Segment profit is used to measure performance as the management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Notes to the Financial Statements
- 31 December 2015 (Continued)

30. SEGMENT INFORMATION (Continued)

Segment revenue and results

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment results represent profit or loss before interest and tax of the segment. Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment excluding tax assets, as included in the internal management reports that are reviewed by the Company's executive directors. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

The total of segment liability is measured based on all liabilities of a segment excluding deferred tax liabilities, borrowings, tax payables and amount due to director, as included in the internal management reports that are reviewed by the Company's executive directors.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, and intangible assets other than goodwill.

	Research, design and development and sales RM	Manufacturing RM	Investment holding RM	Elimination RM	Consolidated RM
2015					
Total external revenue	2,952,947	143,109,500	-	-	146,062,447
Inter-segment revenue	-	261,068	-	(261,068)	-
Total segment revenue	2,952,947	143,370,568	-	(261,068)	146,062,447
Segment result	1,339,237	9,578,891	(207,904)	-	10,710,224
Finance costs				-	-
Tax credit					429,018
Profit for the financial year					11,139,242
Other information					
Segment assets	24,465,884	83,377,320	921,060	-	108,764,264
Unallocated corporate assets					811,844
Consolidated total assets					109,576,108

30. SEGMENT INFORMATION (Continued)

	Research, design and development and sales RM	Manufacturing RM	Investment holding RM	Elimination RM	Consolidated RM
2015 (Continued)					
Other information (Continued)					
Segment liabilities	272,828	23,110,987	24,772	-	23,408,587
Unallocated corporate liability					982,665
Consolidated total liabilities					24,391,252
Capital expenditure	50,180	721,224	-	-	771,404
Amortisation of computer software	47,440	60,322	-	-	107,762
Depreciation of property, plant and equipment	406,897	2,676,923	4,483	-	3,088,303
Inventories written off	-	1,627,530	-	-	1,627,530
2014					
Total external revenue	3,409,204	182,687,684	-	-	186,096,888
Inter-segment revenue	-	-	-	-	-
Total segment revenue	3,409,204	182,687,684	-	-	186,096,888
Segment result	(211,693)	13,300,040	(50,299)	-	13,038,048
Finance costs					(474,787)
Tax expense					(685,000)
Profit for the financial year					11,878,261
Other information					
Segment assets	5,266,018	106,546,657	447,892	-	112,260,567
Unallocated corporate assets					222,939
Consolidated total assets					112,483,506
Segment liabilities	644,341	46,159,884	48,445	-	46,852,670
Unallocated corporate liability					762,554
Consolidated total liabilities					47,615,224
Capital expenditure	558,159	1,162,963	-	-	1,721,122
Amortisation of computer software	38,644	57,115	-	-	95,759
Depreciation of property, plant and equipment	147,018	2,291,590	7,531	-	2,446,139
Impairment loss on trade receivables	-	715,661	-	-	715,661

30. SEGMENT INFORMATION (Continued)

Geographical information

The Group's business is derived mainly from three geographical areas. About 99% (2014: 99%) of the business activities are derived from outside Malaysia. The Group primarily exports design and development services and finished goods of electronic end-products and sub-systems to Europe, USA and Asia. The manufacturing activities are mainly conducted in Malaysia.

Revenue and non-current assets information is presented based on the segment's country of domicile. Non-current assets do not include financial instruments and deferred tax assets.

	Revenue		Non-current assets	
	2015 RM	2014 RM	2015 RM	2014 RM
Malaysia	**461,000**	1,311,576	**17,777,089**	19,534,038
Europe	**75,511,000**	102,275,533	**-**	-
United States of America	**2,544,000**	2,673,925	**-**	-
Australia	**46,000**	179,825	**-**	-
Asia (excluding Malaysia)	**67,484,000**	79,527,861	**2,095,196**	2,765,026
Africa	**-**	78,606	**-**	-
Middle East	**16,447**	49,562	**-**	-
	146,062,447	186,096,888	**19,872,285**	22,299,064

Information about major customers

The Group has 4 (2014: 6) major international customers (each with revenue equal or more than 10% of the Group revenue) from the manufacturing segment contributing total revenue of approximately RM100,310,699 (2014: RM135,765,000).

31. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that it maintains a strong credit and healthy capital ratios in order to support its business and maximise shareholder value.

The Group and the Company manage its capital structure and make adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2015 and 2014.

The Group and the Company monitor capital by reviewing various financial ratios to ensure they are at acceptable levels and within industry norms.

The Group and the Company do not have any borrowings as at the financial years ended 31 December 2015 and 2014. As such, no disclosure of the gearing ratio is shown as it is not meaningful.

The Group is not subject to any externally imposed capital requirements.

Supplementary Information on Realised AND UNREALISED PROFITS OR LOSSES

The following analysis of realised and unrealised retained earnings of the Group and of the Company at 31 December 2015 is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Securities") dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Total retained earnings/(accumulated losses) of the Company and its subsidiaries				
- realised	**15,923,168**	6,699,205	**5,180,444**	5,974,997
- unrealised	**(45,574)**	119,673	**533,994**	6,388
	15,877,594	6,818,878	**5,714,438**	5,981,385
Add: Consolidation adjustments	**6,161,049**	6,181,406	**-**	-
Total retained earnings	**22,038,643**	13,000,284	**5,714,438**	5,981,385

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not applied for any other purpose.

List of PROPERTIES

As at 31 December 2015

LOCATION	DESCRIPTION	TENURE/ DATE OF EXPIRY	APPROXIMATE AGE OF BUILDINGS (YEARS)	APPROXIMATE BUILT-UP AREA (SQ.FEET)	DATE OF ACQUISITION	NET CARRYING AMOUNT AS AT 31/12/2015 (RM '000)
66, Jalan SS22/21 Damansara Jaya 47400 Petaling Jaya Selangor	4-Storey shoplot: Office	Freehold	26	6,000	4.7.2006	2,007
68, Jalan SS22/21 Damansara Jaya 47400 Petaling Jaya Selangor	4-Storey shoplot: Office	Freehold	26	6,000	4.7.2006	2,007
5,7,9,11,15 & 17 Persiaran Rishah 7 Kawasan Perindustrian Silibin 30100 Ipoh, Perak	6 units of factory building cum office	Leasehold – 60 years expiring in 2045	26	45,000	9.8.2007	3,129

Analysis of SHAREHOLDINGS

As at 1 April 2016

Authorised Share Capital	:	RM150,000,000
Issued and Fully Paid-Up Share Capital	:	RM47,265,534
Class of Shares	:	Ordinary shares of RM0.10 each
Voting Rights	:	One (1) vote per shareholder on a show of hands One (1) vote per share on a poll

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 1 APRIL 2016

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	24	0.51	935	0
100 to 1,000	171	3.64	103,016	0.02
1,001 to 10,000	1,346	28.69	9,666,818	2.05
10,001 to 100,000	2,624	55.93	107,867,391	22.82
100,001 to less than 5% of issued shares	524	11.17	191,870,925	40.59
5% and above of issued shares	3	0.06	163,146,257	34.52
Total	**4,692**	**100**	**472,655,342**	**100**

DIRECTORS' SHAREHOLDINGS AS AT 1 APRIL 2016

	DIRECT		INDIRECT	
Name	No. of Shares	%	No. of Shares	%
Lim Beng Fook	65,832,988	13.93	-	-
Lim Soon Seng	56,245,575	11.90	-	-
Bjørn Bråten	45,243,694	9.57	-	-
Loi Kim Fah	111,300	0.02	-	-
Goh Chong Chuang	408,220	0.09	-	-

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS AT 1 APRIL 2016

	DIRECT		INDIRECT	
Name	No. of Shares	%	No. of Shares	%
Lim Beng Fook	65,832,988	13.93	-	-
Lim Soon Seng	56,245,575	11.90	-	-
Bjørn Bråten	45,243,694	9.57	-	-

Analysis of Shareholdings
(Continued)

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 1 APRIL 2016

No.	Names	No. Of Shares Of RM0.10 Each	% Of Issued Capital
1.	Lim Beng Fook	65,832,988	13.93
2.	Lim Soon Seng	52,069,575	11.02
3.	Bjørn Bråten	45,243,694	9.57
4.	Lim Moi Moi	6,338,000	1.34
5.	Acculex Sdn Bhd	4,324,400	0.91
6.	Lim Soon Seng	4,176,000	0.88
7.	Koh Kim Boon	3,183,200	0.67
8.	CIMSEC Nominees (Asing) Sdn Bhd Exempt An For CIMB Securities (Singapore) Pte Ltd (Retail Clients)	2,734,600	0.58
9.	Lars Peter Vennstrom	2,600,000	0.55
10.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Yee Wai Chow	2,301,400	0.49
11.	Mak Tian Meng	2,200,000	0.47
12.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Poon Soi Tai	2,137,000	0.45
13.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Koh Kin Lip (MY0502)	2,073,900	0.44
14.	RHB Capital Nominees (Tempatan) Sdn Bhd Baskaran A/L Govinda Nair	2,000,000	0.42
15.	Ong Kim Leng	1,900,000	0.40
16.	Chua Siew Wah	1,790,000	0.38
17.	Law Chin Chiang	1,736,000	0.37
18.	Chaw Moi @ Chaw Yet Moi	1,600,000	0.34
19.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Parlisamy A/L Muthusamy	1,558,300	0.33
20.	Cheong Kong Huat	1,516,800	0.32
21.	Maybank Nominees (Tempatan) Sdn Bhd Liew Choy Yip	1,502,600	0.32
22.	Baskaran A/L Govinda Nair	1,500,000	0.32
23.	Chee Kok Yean	1,500,000	0.32

Analysis of Shareholdings

(Continued)

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 1 APRIL 2016 (Continued)

No.	Names	No. Of Shares Of RM0.10 Each	% Of Issued Capital
24.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chong Keong	1,433,200	0.30
25.	Yap Yoon Jan	1,370,000	0.29
26.	Alliance Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Kong Kok Choy (8092812)	1,345,000	0.28
27.	Liu Fui Yee	1,230,000	0.26
28.	Lim Chong Chuan	1,200,000	0.25
29.	Chua Siew Wah	1,185,800	0.25
30.	Law King Yong	1,100,000	0.23

Notice of the Fifteenth ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifteenth Annual General Meeting of the Company will be held at the Greens II Functions Room, Main Wing at Level 1, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, 20 May 2016 at 9.00 a.m. for the following purposes:-

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Directors' and Auditors' Reports attached thereon. **Please refer to Note B on this Agenda**

2. To approve the payment of Directors' fees of RM96,000 for the financial year ended 31 December 2015. **Resolution 1**

3. To re-elect the following Directors who are retiring in accordance with Article 104 of the Company's Articles of Association:-

   3.1 Loi Kim Fah and **Resolution 2**

   3.2 Bjørn Bråten **Resolution 3**

4. To re-elect Anita Chew Cheng Im who is retiring in accordance with Article 91 of the Company's Articles of Association. **Resolution 4**

5. To re-appoint Messrs Baker Tilly Monteiro Heng as the Company's Auditors for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 5**

SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modifications, the following Resolutions:-

6. **Authority to Issue and Allot Shares Pursuant to Section 132D of the Companies Act, 1965** **Resolution 6**

   "**THAT** subject always to the approvals of the relevant authorities, the Directors be and are hereby authorised pursuant to Section 132D of the Companies Act, 1965, to issue and allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total issued capital of the Company at the time of issue **AND THAT** the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares to be issued on Bursa Malaysia Securities Berhad **AND FURTHER THAT** such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

Notice of the Fifteenth Annual General Meeting
(Continued)

7. **Authority for Mr. Goh Chong Chuang to Continue in Office as Independent Non-Executive Director** **Resolution 7**

"Mr. Goh Chong Chuang who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby authorised to continue to act as Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code on Corporate Governance 2012."

8. **Authority for Mr. Loi Kim Fah to Continue in Office as Independent Non-Executive Director** **Resolution 8**

"Mr. Loi Kim Fah who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby authorised to continue to act as Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code on Corporate Governance 2012."

9. **Proposed Renewal of Shareholders' Mandate for Share Buy-Back** **Resolution 9**

"**THAT** subject to the Companies Act, 1965, the Memorandum and Articles of Association of the Company, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other prevailing laws, rules, regulations and orders issued and/or amended from time to time by the relevant regulatory authorities, the Company be and is hereby authorised to purchase and/or hold up to ten percent (10%) of the issued and paid-up share capital of the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors of the Company may deem fit and expedient in the best interest of the Company and an amount not exceeding the retained profits and share premium reserves of the Company, be allocated by the Company for the Proposed Share Buy-Back. The retained profits and share premium reserves of the Company stood at RM5,714,438 and RM15,885,536 respectively for the financial year ended 31 December 2015.

AND THAT upon completion of the purchase by the Company of its own shares, the Directors of the Company be and are hereby authorised to cancel such shares or retain such shares as Treasury Shares or a combination of both. The Directors of the Company are further authorised to resell the Treasury Shares on Bursa Securities or distribute the Treasury Shares as dividends to the shareholders of the Company or subsequently cancel the Treasury Shares or any combination of the three.

AND FURTHER THAT the Directors of the Company be and are hereby authorised to carry out the Proposed Share Buy-Back immediately upon the passing of this resolution until:-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the authority shall lapse, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to the conditions; or
(b) the expiration of the period within which the next AGM is required by law to be held; or
(c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting.

whichever occur first but not so as to prejudice to the completion of purchase(s) by the Company before the aforesaid expiry date and to take all steps as are necessary and/or to do all such acts and things as the Directors of the Company deem fit and expedient in the interest of the Company to give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, amendments and/or variations as may be imposed by the relevant authorities."

Notice of the Fifteenth Annual General Meeting
(Continued)

10. To transact any other business of the Company of which due notice shall be given in accordance with the Company's Articles of Association and the Companies Act, 1965.

BY ORDER OF THE BOARD
K-ONE TECHNOLOGY BERHAD

Ng Yim Kong (LS 0009297)
Company Secretary
Selangor Darul Ehsan

Date: 22 April 2016

Notes:

A. Proxy

1. *A member of the Company entitled to be present and to vote at the meeting is entitled to appoint a proxy/proxies, to attend and vote instead of him. A proxy may but need not be a member of the Company and need not be an advocate, an approved company auditor or a person appointed by the Registrar of Companies.*

2. *A member shall be entitled to appoint more than two (2) proxies to attend and vote at the same meeting.*

3. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*

4. *If the appointer is a corporation, the Form of Proxy must be executed under its Common Seal or under the hand of its attorney.*

5. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

6. *A proxy appointed to attend and vote in a meeting of a Company shall have the same rights as the member to speak at the meeting.*

7. *The duly completed Form of Proxy must be deposited at the Registered Office of the Company at Unit 07-02, Level 7, Persoft Tower, 6B Persiaran Tropicana, Tropicana Golf & Country Club, 47410 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.*

B. Audited Financial Statements for the Financial Year Ended 31 December 2015

The Audited Financial Statements in Agenda 1 is meant for discussion only as the approval of the shareholders is not required pursuant to the provision of Section 169(1) of the Companies Act, 1965. Hence, this Agenda is not put forward for voting by the shareholders of the Company.

Notice of the Fifteenth Annual General Meeting

(Continued)

EXPLANATORY NOTES ON SPECIAL BUSINESS OF THE AGENDA

1. Authority to Issue and Allot Shares pursuant to Section 132D of the Companies Act, 1965 (Resolution 6)

The proposed Resolution 6, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting, with the authority to issue and allot shares in the Company up to an amount not exceeding 10% of the issued capital of the Company for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting.

This general mandate sought to grant authority to Directors to issue and allot shares is a renewal of the mandate that was approved by the Shareholders at the Fourteenth Annual General Meeting held on 20 May 2015. The renewal of this general mandate is to provide flexibility to the Company to issue new shares without the need to convene a separate general meeting to obtain shareholders' approval so as to avoid incurring cost and time. The purpose of this general mandate is for fund raising exercises including but not limited to further placement of shares for the purpose of funding current and/or future investment projects, working capital and/or acquisitions.

Up to the date of this Notice, the Company did not issue any shares pursuant to the mandate granted to the Directors at the Fourteenth Annual General Meeting because there was no need for any fund raising activity for the purpose of investment, acquisition or working capital.

2. Authority to Continue in Office as Independent Non-Executive Directors of the Company Pursuant to the Malaysian Code On Corporate Governance 2012 (Resolutions 7 and 8)

(a) Mr. Goh Chong Chuang

Mr. Goh Chong Chuang was appointed as an Independent Non-Executive Director of the Company on 3 February 2005 and has therefore served for more than nine (9) years as at the forthcoming Fifteenth Annual General Meeting. However, he has met the independence criteria as set out in Chapter 1 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("AMLR"). The Board based on the review and recommendation made by the Nomination Committee, therefore, considers him to be independent and recommends that he should continue to act as Independent Non-Executive Director. Further rationale for his retention as Independent Non-Executive Director can be found on Page 21 of this Annual Report.

(b) Mr. Loi Kim Fah

Mr. Loi Kim Fah was appointed as an Independent Non-Executive Director of the Company on 3 February 2005 and has therefore served for more than nine (9) years as at the forthcoming Fifteenth Annual General Meeting. However, he has met the independence criteria as set out in Chapter 1 of the AMLR. The Board based on the review and recommendation made by the Nomination Committee, therefore, considers him to be independent and recommends that he should continue to act as Independent Non-Executive Director. Further rationale for his retention as Independent Non-Executive Director can be found on Page 21 of this Annual Report.

3. Proposed Renewal of Shareholders' Mandate for Share Buy-Back (Resolution 9)

The proposed Resolution 9 is to seek the authority for the Company to purchase and/or hold up to 10% of the issued and paid-up share capital of the Company on Bursa Malaysia Securities Berhad. For further information on the Proposed Renewal of Shareholders' Mandate for Share Buy-Back, please refer to the Statement to Shareholders which is included in the Company's 2015 Annual Report.

GENERAL MEETING RECORD OF DEPOSITORS

For the purpose of determining whether a member is entitled to attend this meeting, the Company shall be requesting from Bursa Malaysia Depository Sdn Bhd in accordance with Article 60(1) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 3 May 2016. Only a depositor whose name appears on the Record of Depositors as at 3 May 2016 shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote in his stead.

Statement Accompanying
NOTICE OF THE FIFTEENTH ANNUAL GENERAL MEETING

Details of the Directors who are standing for re-election in Agenda 3.1 (Loi Kim Fah), Agenda 3.2 (Bjørn Bråten) and Agenda 4 (Anita Chew Cheng Im) of the Notice of the Fifteenth Annual General Meeting are laid out in the Directors' Profile appearing on pages 5 to 7 of this Annual Report.

Proposed Renewal of Authority for Share BUY-BACK OF UP TO 10% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF THE COMPANY

"Proposed Renewal of Authority for Share Buy-Back"

Definitions

Act	:	The Companies Act, 1965
AGM	:	Annual General Meeting
Board	:	The Board of Directors of K-One Technology Berhad
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
Chief Executive Officer	:	The principal executive officer of the corporation for the time being, by whatever name called, and whether or not he is a director
Code	:	Malaysian Code on Take-Overs and Mergers, 2010
Director	:	Shall have the same meaning given in Section 2(1) of the Capital Markets and Services Act, 2007 and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a Director of K-One Tech, its subsidiary or holding company or a Chief Executive Officer of K-One Tech, its subsidiary or holding company.
EPS	:	Earnings Per Share
"K-One Tech" or "the Company"	:	K-One Technology Berhad (539757-K)
"K-One Group" or "the Group"	:	K-One Tech and its subsidiaries
"K-One Shares" or the "Shares"	:	Ordinary Shares of RM0.10 each in K-One Tech
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities
Major Shareholder	:	A person who has an interest or interests in one (1) or more voting shares in the company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares is:- (a) 10% or more of the aggregate of the nominal amounts of all the voting shares in the company; or (b) 5% or more of the aggregate of the nominal amounts of all the voting shares in the company where such person is the largest shareholder of the company. For the purpose of this definition, "interest in shares" shall have the meaning given in Section 6A of the Act. A Major Shareholder includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a major shareholder of the Company or any other corporation which is its subsidiary or holding company
NA	:	Net Assets

Proposed Renewal of Authority for Share Buy-Back
(Continued)

Definitions (Continued)

Person Connected	:	In relation to a Director or a Major Shareholder, means such person who falls under any one of the following categories: • a member of the Director's or Major Shareholder's family; • a trustee of a trust (other than a trustee for an employee share scheme or pension scheme) under which the Director, Major Shareholder or a member of the Director's or Major Shareholder's family is the sole beneficiary; • a partner of the Director, Major Shareholder or a partner of a person connected with that Director or Major Shareholder; • a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder; • a person in accordance with whose directions, instructions or wishes the Director or Major Shareholder is accustomed or is under an obligation, whether formal or informal, to act; • a body corporate or its Directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder; • a body corporate or its Directors whose directions, instructions or wishes the Director or Major Shareholder is accustomed or under an obligation, whether formal or informal, to act; • a body corporate in which the Director, Major Shareholder and/or persons connected with him are entitled to exercise, or control the exercise of, not less than 15% of the votes attached to voting shares in the body corporate; or • a body corporate which is a related corporation.
"Proposed Renewal of Authority for Share Buy-Back"	:	Proposal of the Company to grant its Directors a general mandate to exercise the authority to carry out a share buy-back of its own shares up to a maximum of 10% of its Issued and Paid-up Share Capital (excluding treasury shares)
Purchased Shares	:	Shares purchased pursuant to the Proposed Share Buy-Back
RM or Sen	:	Ringgit Malaysia and sen respectively
Treasury Shares	:	The K-One Shares purchased by the Company that can be retained, distributed as dividend or resold and/or subsequently cancelled

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporation, unless otherwise specified.

Any reference in this Statement to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any reference to a time of day in this Statement shall be a reference to Malaysian time, unless otherwise stated.

Proposed Renewal of Authority for Share Buy-Back
(Continued)

1. Introduction

K-One Tech had on 21 April 2016 announced its intention to seek shareholders' approval of the "Proposed Renewal of Authority for Share Buy-Back" at the forthcoming Fifteenth Annual General Meeting ("15th AGM") of the Company.

The purpose of this Statement is to provide you with the relevant information on the "Proposed Renewal of Authority for Share Buy-Back" and to seek your approval of the ordinary resolution to be tabled at the forthcoming 15th AGM of the Company.

The authority from the shareholders for the proposed purchase would be effective immediately upon the passing of the ordinary resolution for the "Proposed Renewal of Authority for Share Buy-Back" until the conclusion of the next AGM of K-One Tech unless earlier revoked or varied by ordinary resolution of shareholders of K-One Tech at a general meeting.

2. Rationale for renewal of authority from the shareholders of the Company to enable the Company to purchase and/or hold up to ten percent (10%) of its issued and paid-up share capital pursuant to Section 67A of the Companies Act, 1965 ("Proposed Renewal of Authority for Share Buy-Back")

The "Proposed Renewal of Authority for Share Buy-Back", if exercised, is expected to potentially benefit the Company and its shareholders in the following manners:-

(a) The earnings per share of the Group may be enhanced (in the case where the shares so purchased are cancelled), and thereby long term investors are expected to enjoy a corresponding increase in the value of their investments in the Company;

(b) If the purchased shares are kept as treasury shares, the treasury shares may be realised with potential gain without affecting the total issued and paid-up share capital of the Company. Alternatively, the purchased shares can be distributed as share dividends to reward the shareholders of the Company; and

(c) The Company may be able to stabilize the supply and demand of its shares in the open market, thereby supporting its fundamental value.

3. Retained Profits and Share Premium

Based on the Audited Financial Statements of the Company for the financial year ended 31 December 2015, the retained profits of the Company and the Group stood at RM5,714,438 and RM22,038,643 respectively while their share premium stood at RM15,885,536 each.

4. Funding

The maximum amount of funds to be allocated for the "Proposed Renewal of Authority for Share Buy-Back" will be limited to the combined amount of retained profits and share premium of the Company. The amount allocated for the share buy-back, if implemented, will be financed by internally generated funds.

5. Direct and Indirect Interests of the Directors and Substantial Shareholders in the Proposed Renewal of Authority for Share Buy-Back

Save for the inadvertent proportionate increase in the percentage shareholdings and/or voting rights of the shareholders of the Company as a consequence of the share buy-back, none of the Directors and/or substantial shareholders nor persons connected with the Directors and/or substantial shareholders of the Company have any interest, direct or indirect, in the "Proposed Renewal of Authority for Share Buy-Back" and the proposed resale of treasury shares, if any.

As such, none of the Directors and/or substantial shareholders nor persons connected with them need to abstain from voting in respect of their direct and indirect shareholdings on the ordinary resolution approving the "Proposed Renewal of Authority for Share Buy-Back".

Proposed Renewal of Authority for Share Buy-Back
(Continued)

5. Direct and Indirect Interests of the Directors and Substantial Shareholders in the Proposed Renewal of Authority for Share Buy-Back (Continued)

The effects of the proposed share buy-back on the shareholdings of the Directors and substantial shareholders based on the Record of Depositors of the Company as at 1 April 2016 are set out below based on the following assumptions:-

(a) The proposed share buy-back is implemented in full, i.e. up to 10% of the enlarged issued and paid-up share capital or 47,265,534 of the Company's shares are purchased; and

(b) The shares so purchased are from shareholders other than the substantial shareholders and Directors of the Company.

Directors	As At 1 April 2016				After the Proposed Share Buy-Back			
	Direct No. of Shares	%	Indirect No. of Shares	%	Direct No. of Shares	%	Indirect No. of Shares	%
Lim Beng Fook	65,832,988	13.93	-	-	65,832,988	15.48	-	-
Lim Soon Seng	56,245,575	11.90	-	-	56,245,575	13.22	-	-
Bjørn Bråten	45,243,694	9.57	-	-	45,243,694	10.64	-	-
Goh Chong Chuang	408,220	0.09	-	-	408,220	0.10	-	-
Loi Kim Fah	111,300	0.02	-	-	111,300	0.03	-	-
Substantial Shareholders								
Lim Beng Fook	65,832,988	13.93	-	-	65,832,988	15.48	-	-
Lim Soon Seng	56,245,575	11.90	-	-	56,245,575	13.22	-	-
Bjørn Bråten	45,243,694	9.57	-	-	45,243,694	10.64	-	-

6. Potential Advantages and Disadvantages of the "Proposed Renewal of Authority for Share Buy-Back"

The potential advantages of the "Proposed Renewal of Authority for Share Buy-Back" to the Company and its shareholders are stated in Item 2 above.

The potential disadvantages of the "Proposed Renewal of Authority for Share Buy-Back" to the Company and its shareholders are as follows:-

(a) As the "Proposed Renewal of Authority for Share Buy-Back" can only be made out of the retained profits and share premium account of the Company, it may result in the reduction of financial resources available for distribution to the shareholders in the immediate future; and

(b) The amount of financial resources of the Company will decline upon exercising the share buy-back which may result in the Group having to forego feasible investment opportunities that may emerge in the future.

In any event, the Directors will be mindful of the interests of the Company and its shareholders in implementing the share buy-back.

7. Financial Effects of the "Proposed Renewal of Authority for Share Buy-Back"

On the assumption that the share buy-back is carried out in full, the effects of the "Proposed Renewal of Authority for Share Buy-Back" on the share capital, NA per share, working capital and EPS of the Company are set out below:-

(a) Share Capital

The effect of the share buy-back on the share capital of the Company will depend on the intention of the Board with regard to the purchased shares. As at 31 December 2015, the issued and paid-up share capital of the Company is RM47,265,534 comprising 472,655,342 shares.

However, the "Proposed Renewal of Authority for Share Buy-Back" will have no effect on the issued and paid-up share capital if all Purchased Shares are to be retained as treasury shares but the rights attached to the treasury shares in relation to voting, dividends and participation in any other distributions or otherwise are suspended. While these shares remain as treasury shares, the Act prohibits the taking into account of such shares in calculating the number of percentage of shares in the Company for a purpose whatsoever including substantial shareholdings, takeovers, notices, requisitioning of meetings, quorum for meetings and the result of votes on resolutions.

(b) NA

The effect of the "Proposed Renewal of Authority for Share Buy-Back" on the NA per share of the Company is dependent on the number of shares purchased, purchase price of the shares, the funding cost, if any, and the subsequent treatment of the shares so purchased.

If all the shares purchased are cancelled, the proposed share buy-back is likely to reduce the NA per share of the Group if the purchase price exceeds the audited NA per share of the Group at the time of purchase and conversely, will increase the NA per share of the Group if the purchase price is less than the audited NA per share of the Group at the time of purchase.

For shares so purchased, which are kept as treasury shares, upon its resale, the NA of the Group may be affected depending on the actual selling price of the treasury shares and the actual number of treasury shares resold.

(c) Working Capital

The "Proposed Renewal of Authority for Share Buy-Back" will reduce the working capital of the Group, the quantum of which depends on, amongst others, the number of shares eventually purchased and the purchase price of the shares.

(d) EPS

Depending on the number of shares purchased, purchase price of shares and the effective cost as well as the opportunity cost of funding the shares, the proposed share buy-back may increase the EPS of the Group.

Any cancellation of shares so purchased is expected to give rise to increased EPS to the Company and the Group due to the reduced number of shares in issue.

(e) Dividends

Assuming the "Proposed Renewal of Authority for Share Buy-Back" is implemented in full, the preceding will have the effect of increasing the dividend rate of the Company as a result of the reduction in the issued and paid-up share capital of the Company.

Proposed Renewal of Authority for Share Buy-Back

(Continued)

7. Financial Effects of the "Proposed Renewal of Authority for Share Buy-Back" (Continued)

(f) **Shareholdings**

The effect of the "Proposed Renewal of Authority for Share Buy-Back" on the percentage of shareholdings of the Directors and substantial shareholders of the Company would depend on the timing of the purchase, the number of shares purchased and their actual shareholdings at the time of such purchase.

Please refer to Item 5 for further details on the shareholding structure of the Directors and substantial shareholders of the Company.

8. Implication Under the Code

Under the Code, a director and any person acting in concert with him or a relevant shareholder will be required to make a mandatory general offer for the remaining ordinary shares of the Company not already owned by him/them if his/their stake in the Company is increased beyond thirty-three (33%) or if his/their existing shareholding is between thirty-three percent (33%) and fifty percent (50%) and exceeds by another two percent (2%) in any six (6) months period.

Assuming that the "Proposed Renewal of Authority for Share Buy-Back" is carried out in full and the shareholdings of the directors and parties acting in concert will be increased beyond thirty-three percent (33%) as a result of the share buy-back and pursuant to the Code, the directors and parties acting in concert are required to make a mandatory general offer.

Should such circumstances arise and if required, the directors and parties acting in concert are expected to submit an application to the Securities Commission for a waiver from implementing a mandatory general offer under the Code.

The Company takes cognizance of the Code and intends to implement the share buy-back in a manner that it will not result any of the shareholders having to undertake a mandatory offer pursuant to the Code.

9. Purchase, Resale and Cancellation of shares made in the previous twelve (12) months

In the previous twelve (12) months, the Company has not made any purchase of ordinary shares in the Company.

10. Public Shareholding Spread

Based on the Record of Depositors of the Company as at 1 April 2016, the public shareholding spread of the Company was 64.6%.

11. Directors' Statement

This Statement has been seen and approved by the Board and they individually and collectively accept full responsibility for the accuracy of the information given in this Statement and confirm that, after making all reasonable enquiries, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

Having considered all aspects of the "Proposed Renewal of Authority for Share Buy-Back", the Board is of the opinion that the preceding is fair, reasonable and in the best interest of the Company.

12. Directors' Recommendation

The Board recommends that you vote in favour of the ordinary resolution for the "Proposed Renewal of Authority for Share Buy-Back" to be tabled at the Fifteenth Annual General Meeting.

K-One
innovate

K-ONE TECHNOLOGY BERHAD
(Company No. 539757-K) (Incorporated in Malaysia)

Form of PROXY

*I/*We, ______________________________ (NRIC No./Company No. ______________)
(FULL NAME IN BLOCK LETTERS)

of ______________________________
(FULL ADDRESS)

being a *member/*members of K-ONE TECHNOLOGY BERHAD (Company No. 539757-K), hereby appoint ______________

____
(FULL NAME)

of ______________________________
(FULL ADDRESS)

or failing whom, ______________________________
(FULL NAME)

of ______________________________
(FULL ADDRESS)

or failing whom, the CHAIRMAN of the General Meeting as *my/*our Proxy(ies) to vote for *me/*us and on *my/*our behalf at the Fifteenth Annual General Meeting of the Company to be held at Greens II Functions Room, Main Wing at Level 1, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, 20 May 2016 at 9.00 a.m. and at any adjournment thereof *for/*against the resolution(s) to be proposed thereat.

*My/*Our proxy(ies) *is/*are to vote on the Resolutions as indicated below:-

No.	Resolutions	For	Against
Resolution 1	Approval of the payment of Directors' fees of RM96,000 for the financial year ended 31 December 2015.		
	Re-election of the following Directors who are retiring in accordance with Article 104 of the Company's Articles of Association:-		
Resolution 2	Mr Loi Kim Fah		
Resolution 3	Mr. Bjørn Bråten		
Resolution 4	Re-election of Anita Chew Cheng Im who is retiring in accordance with Article 91 of the Company's Articles of Association.		
Resolution 5	To re-appoint Messrs Baker Tilly Monteiro Heng as the Company's Auditors for the ensuing year and to authorise the Directors to fix their remuneration.		
Resolution 6	Authority to issue and allot shares pursuant to Section 132D of the Companies Act, 1965.		
Resolution 7	Authority for Mr. Goh Chong Chuang to continue to act as Independent Non-Executive Director.		
Resolution 8	Authority for Mr. Loi Kim Fah to continue to act as Independent Non-Executive Director.		
Resolution 9	Proposed Renewal of Shareholders' Mandate for Share Buy-Back		

[Please indicate with (X) in the spaces provided above as to how you wish your vote to be casted. If no specific direction as to voting is given, the Proxy will vote or abstain at his(her) discretion]

Dated this ____________ day of ______________ 2015.

Number of Ordinary shares held:

____
[Signature/Common Seal of Shareholder (s)]
* Delete if not applicable

Notes:

1. A member of the Company entitled to be present and to vote at the meeting is entitled to appoint a proxy/proxies, to attend and vote instead of him. A proxy may but need not be a member of the Company and need not be an advocate, an approved company auditor or a person appointed by the Registrar of Companies.
2. A member shall be entitled to appoint more than two (2) proxies to attend and vote at the same meeting.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. If the appointer is a corporation, the Form of Proxy must be executed under its Common Seal or under the hand of its attorney.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. A proxy appointed to attend and vote in a meeting of a Company shall have the same rights as the member to speak at the meeting.
7. The duly completed Form of Proxy must be deposited at the Registered Office of the Company at Unit 07-02, Level 7, Persoft Tower, 6B Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

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AFFIX
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Unit 07-02, Level 7, Persoft Tower
6B Persiaran Tropicana
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