



**K-One Technology Berhad**

[Registration No. 200101004001 (539757-K)]

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024**

**Condensed Consolidated Statements of Comprehensive Income  
For The Third Quarter Ended 30 September 2024**

Figures in RM'000	3 months ended		9 months ended	
	30.9.2024 Unaudited	30.9.2023 Unaudited	30.9.2024 Unaudited	30.9.2023 Unaudited
Operating revenue	58,023	42,454	147,668	126,615
Cost of sales	(50,440)	(38,637)	(126,432)	(112,982)
Gross profit	7,583	3,817	21,236	13,633
Other income	341	202	3,295	1,889
Interest income	227	195	622	556
Operating expense	(8,863)	(5,976)	(22,347)	(17,702)
(Loss)/Profit before tax	(712)	(1,762)	2,806	(1,624)
Income tax expense	(576)	(186)	(1,330)	(731)
(Loss)/Profit for the period	(1,288)	(1,948)	1,476	(2,355)
Non-controlling interests	(751)	(34)	(684)	(34)
<b>(Loss)/Profit after tax after non-controlling interests</b>	<b>(2,039)</b>	<b>(1,982)</b>	<b>792</b>	<b>(2,389)</b>

(Loss)/Profit attributable to:

Owners of the Parent	(2,039)	(1,982)	792	(2,389)
Non-controlling interests	751	34	684	34
	(1,288)	(1,948)	1,476	(2,355)

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

Basic (LPS)/EPS	(0.25)	(0.24)	0.10	(0.29)
Diluted (LPS)/EPS	(0.25)	(0.24)	0.10	(0.29)

**Condensed Consolidated Statements of Comprehensive Income  
 For The Third Quarter Ended 30 September 2024 (Cont'd)**

Figures in RM'000	3 months ended		9 months ended	
	30.9.2024 Unaudited	30.9.2023 Unaudited	30.9.2024 Unaudited	30.9.2023 Unaudited
(Loss)/Profit for the period	(1,288)	(1,948)	1,476	(2,355)
Items that may be subsequently reclassified to profit:				
Foreign currency translation	(651)	(165)	(551)	(40)
<b>Total comprehensive (loss)/income</b>	<b>(1,939)</b>	<b>(2,113)</b>	<b>925</b>	<b>(2,395)</b>

**Total comprehensive (loss)/income attributable to:**

Owners of the Parent	(2,690)	(2,147)	241	(2,429)
Non-controlling interests	751	34	684	34
	<b>(1,939)</b>	<b>(2,113)</b>	<b>925</b>	<b>(2,395)</b>

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

**Condensed Consolidated Statements of Financial Position  
As At 30 September 2024**

Figures in RM'000	Unaudited 30.9.2024	Audited 31.12.2023
<b>ASSETS</b>		
<i>Non-Current Assets</i>		
Property, plant and equipment	18,197	19,329
Intangible assets	2,444	2,068
Goodwill on consolidation	22,676	22,676
Investment property	4,464	4,536
Deferred tax assets	2,978	3,302
<b>Total Non-Current Assets</b>	<b>50,759</b>	<b>51,911</b>
<i>Current Assets</i>		
Inventories	25,184	33,049
Trade receivables	38,582	29,185
Other receivables	9,572	4,599
Contract assets	6,157	3,943
Tax recoverable	731	744
Short term cash investments	5,360	8,634
Cash and bank balances	49,281	39,924
<b>Total Current Assets</b>	<b>134,867</b>	<b>120,078</b>
<b>TOTAL ASSETS</b>	<b>185,626</b>	<b>171,989</b>

<b>EQUITY AND LIABILITIES</b>		
<i>Equity</i>		
Share capital	123,644	123,644
Reserves	(553)	(2)
Non-controlling interests	1,823	1,454
Retained earnings	(7,848)	(8,640)
<b>Total Equity</b>	<b>117,066</b>	<b>116,456</b>

**Condensed Consolidated Statements of Financial Position  
As At 30 September 2024 (Cont'd)**

Figures in RM'000	Unaudited 30.9.2024	Audited 31.12.2023
<b>EQUITY AND LIABILITIES (Cont'd)</b>		
<i>Non-Current Liabilities</i>		
Other payable	-	33
Lease Liability	279	447
<b>Total Non-Current Liabilities</b>	<b>279</b>	<b>480</b>
<i>Current Liabilities</i>		
Trade payables	45,077	35,369
Other payables and accruals	7,817	6,313
Contract liabilities	15,087	13,024
Lease liability	219	211
Tax payable	81	136
<b>Total Current Liabilities</b>	<b>68,281</b>	<b>55,053</b>
<b>Total Liabilities</b>	<b>68,560</b>	<b>55,533</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>185,626</b>	<b>171,989</b>
<b>Net assets per share attributable to Owners of the Parent (sen)</b>	<b>14.07</b>	<b>14.00</b>

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

**Condensed Consolidated Statements of Changes in Equity  
 For The Third Quarter Ended 30 September 2024**

	←----- Attributable to Owners of the Parent----->					Non-controlling Interests	Total Equity
	Share Capital	Non-distributable Foreign Currency Translation Reserve	Other Reserve	Distributable Retained Earnings	Sub-Total		
Figures in RM'000							
<b>At 1 January 2024</b>	123,644	(2)	-	(8,640)	115,002	1,454	116,456
<b>Comprehensive income</b>							
Profit for the period	-	-	-	792	792	685	1,477
<b>Other comprehensive loss</b>							
Foreign currency translation difference	-	(551)	-	-	(551)	(316)	(867)
Total comprehensive Income	-	(551)	-	792	241	369	610
<b>At 30 September 2024</b>	123,644	(553)	-	(7,848)	115,243	1,823	117,066

**Condensed Consolidated Statements of Changes in Equity  
For The Third Quarter Ended 30 September 2023 (Cont'd)**

Figures in RM'000	←----- Attributable to Owners of the Parent ----->					Non- controlling Interests	Total Equity
	←----- Non-distributable ----->			----- Distributable -----			
	Share Capital	Foreign Currency Translation Reserve	Other Reserve	Retained Earnings	Sub-Total		
<b>At 1 January 2023</b>	123,644	(40)	-	(8,995)	114,609	-	114,609
<b>Comprehensive loss</b>							
Loss for the period	-	-	-	(2,389)	(2,389)	930	(1,459)
<b>Other comprehensive loss</b>							
Foreign currency translation difference	-	(40)	-	-	(40)	-	(40)
Total comprehensive loss	-	(40)	-	(2,389)	(2,429)	930	(1,499)
<b>At 30 September 2023</b>	123,644	(80)	-	(11,384)	112,180	930	113,110

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

**Condensed Consolidated Statements of Cash Flows  
For The Third Quarter Ended 30 September 2024**

Figures in RM'000	9 months ended	
	30.9.2024	30.9.2023
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<i>Profit/(Loss) before taxation</i>	2,806	(1,624)
Adjustments for:		
Amortisation of computer software	3	12
Depreciation of property, plant and equipment	2,228	1,962
Depreciation of investment property	72	72
Fair value gain on short term cash investment	(26)	-
Interest income	(622)	(556)
Foreign exchange (loss)/gain – unrealized	505	(749)
Interest expense on lease liabilities	29	-
Inventories written down	-	1,046
Impairment loss on trade receivables	-	86
Operating profit before working capital changes	4,995	249
Changes in working capital:		
Decrease/(Increase) in inventory	7,865	(900)
Increase in receivables	(16,784)	(53)
Increase in payables	13,042	12,277
Net cash generated from operations	9,118	11,573
Taxation (paid)/refund	(1,307)	71
Interest received	622	556
<b><i>Net cash generated from operating activities</i></b>	<b>8,433</b>	<b>12,200</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Redemption/(Placement) of short-term cash fund	3,274	(2,000)
Placement of deposits with licensed bank	(3,070)	-
Acquisition of a subsidiary	-	(4,587)
Capitalisation of intangible assets	(379)	-
Purchase of property, plant and equipment	(1,196)	(2,078)
<b><i>Net cash used in investing activities</i></b>	<b>(1,371)</b>	<b>(8,665)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid on lease liabilities	(29)	-
Payment of lease liabilities	(186)	-
<b><i>Net cash used in financing activities</i></b>	<b>(215)</b>	<b>-</b>



**Condensed Consolidated Statements of Cash Flows  
For The Third Quarter Ended 30 September 2024  
(Cont'd)**

Figure in RM'000	9 months ended	
	30.9.2024	30.9.2023
Net increase in cash and cash equivalents	6,847	3,535
Effect of exchange rate changes	(537)	209
Cash and cash equivalents at beginning of the financial year	17,927	17,876
<b>CASH AND CASH EQUIVALENT AT END OF THE PERIOD</b>	<b>24,237</b>	<b>21,620</b>

**COMPOSITION OF CASH AND CASH EQUIVALENTS**

Figure in RM'000	9 months ended	
	30.9.2024	30.9.2023
Cash and bank balances	24,237	21,620
Deposit placed with licensed banks	25,044	19,500
Less: Non-short term fixed deposits	49,281 (25,044)	41,120 (19,500)
	<b>24,237</b>	<b>21,620</b>

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

## Part A: Explanatory Notes Pursuant to Financial Reporting Standard 134 (“FRS 134”) - Interim Financial Reporting

### 1. BASIS OF PREPARATION

The interim financial statements are unaudited and has been prepared in accordance with MFRS 134 – Interim Financial Reporting issued by the Malaysian Accounting Standards Board (MASB) and Rule 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities) for the ACE Market and should be read in conjunction with the audited statutory financial statements presented for the financial year ended 31 December 2023.

The accounting policies and presentation adopted for this interim report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2023, except for the following Malaysian Financial Reporting Standards (MFRSs) and IC Interpretations (IC Int):

#### Amendments/Improvements to MFRSs

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

### 2. AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENT

The audited financial statements of the preceding financial year were not subjected to any qualification.

### 3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The K-One Group’s Electronic Manufacturing Services (EMS) business is predominantly export-oriented (96.4% export in 3Q’24; 99.2% export in 3Q’23) and is subject to seasonal fluctuations. Business in the second half of the year is normally stronger than the first half due to surge in demand attributed mainly to the consumer electronics market in conjunction with Christmas and New Year seasons overseas.

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

**4. UNUSUAL ITEM DUE TO THEIR NATURE, SIZE OR INCIDENCE**

During the quarter under review, there were no unusual items affecting assets, liabilities, equity, net income or cash flows to the effect that is unusual in nature, size or incidence.

**5. MATERIAL ESTIMATES AND CHANGES IN ESTIMATES**

There were no changes in estimates that have had any material effect on the financial year-to-date results.

**6. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES**

There were no issuances, repurchases and repayments of debt and equity securities during the period.

**7. DIVIDENDS PAID**

No dividend was paid during the quarter under review.

**8. Notes to Consolidated Statement of Comprehensive Income**

Figures in RM'000	3 months ended		9 months ended	
	30.9.2024	30.9.2023	30.9.2024	30.9.2023
Amortisation of computer software	(1)	(4)	(3)	(12)
Depreciation of:				
-property, plant and equipment	(623)	(679)	(2,228)	(1,962)
-investment property	(24)	(24)	(72)	(72)
Inventories written down	-	(508)	-	(1,046)
Foreign exchange (loss)/gain				
- realized	(957)	(212)	(1,165)	(482)
- unrealized	(839)	99	(505)	749
Fair value gain on short term cash investment	6	-	26	-
Interest income	227	195	622	556
Interest expense on lease liabilities	(9)	-	(29)	-

## 9. SEGMENT INFORMATION

Segment information is provided based on contribution by activities, sales contribution by geography and sales by major customers. Expenses, assets and liabilities which are common and cannot be meaningfully allocated to the segments are presented under unallocated expenses, assets and liabilities respectively.

### (a) Contribution by Activities

	Research, D&D and Sales RM'000	Manu- facturing RM'000	Cloud RM'000	Invest- ment Holding RM'000	Total RM'000
Sales					
External sales	443	18,636	38,944	-	58,023
Internal sales	-	-	-	-	-
Total operating sales	443	18,636	38,944	-	58,023
Others and interest income	57	323	65	123	568
	500	18,959	39,009	123	58,591
Results					
Segment results	115	(3,427)	2,602	(2)	(712)
Finance costs	-	-	-	-	-
Income tax credit/(expense)	6	(8)	(574)	-	(576)
Profit/(Loss) after tax before non-controlling interests	121	(3,435)	2,028	(2)	(1,288)
Non-controlling interests	-	-	(751)	-	(751)
Profit/(Loss) after tax after non-controlling interests	<b>121</b>	<b>(3,435)</b>	<b>1,277</b>	<b>(2)</b>	<b>(2,039)</b>
Other information					
Segment assets	54,917	69,649	57,359	38	181,963
Unallocated assets					3,663
					<b>185,626</b>
Segment liabilities	959	25,820	41,691	8	68,478
Unallocated liabilities					82
					<b>68,560</b>

## 9. SEGMENT INFORMATION (Cont'd)

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

The geographical sales breakdown is as follows:

	9 months ended 30.9.2024		
	EMS RM'000	Cloud RM'000	Total RM'000
Malaysia	1,535	46,449	47,984
Asia (excluding M'sia)	17,727	34,490	52,217
Europe	33,467	38	33,505
US	10,536	-	10,536
Oceania	1,812	284	2,096
Middle East	837	493	1,330
	<b>65,914</b>	<b>81,754</b>	<b>147,668</b>

  

	9 months ended 30.9.2023		
	EMS RM'000	Cloud RM'000	Total RM'000
Malaysia	1,958	36,173	38,131
Asia (excluding M'sia)	18,312	17,238	35,550
Europe	41,744	20	41,764
US	10,102	-	10,102
Oceania	1,031	37	1,068
	<b>73,147</b>	<b>53,468</b>	<b>126,615</b>

Note: 1)The EMS business is 97.7% (9 mths'23: 97.3%) derived from the export markets with the balance of 2.3% (9 mths'23: 2.7%) from the local (Malaysian) market.

2)The Cloud business is 43.2% (9 mths'23: 32.3%) derived from the overseas markets with the balance of 56.8% (9 mths'23: 67.7%) derived from the local (Malaysian) market.

### (c) Sales to Major Customers

For the 9 months ended 30 September 2024, two (2) major international customers contributed more than 10% of the Group's revenue.

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

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

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

There were no changes in the composition of the Group during the financial quarter ended 30 September 2024.

**12. CONTINGENT ASSETS & LIABILITIES**

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

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

**13. CAPITAL COMMITMENTS**

There were no material capital commitments for the period under review.

**14. SUBSEQUENT EVENT**

There are no subsequent events which have a material impact on the financial statements under review.

## 15. PERFORMANCE REVIEW

### (a) Current quarter compared to the corresponding quarter of last year (3Q'24 vs 3Q'23)

For the third quarter ended 30 September 2024 (3Q'24), the Group's sales revenue increased to RM58.0 million from RM42.6 million in the corresponding quarter last year (3Q'23), registering a considerable upsurge of 36%, underpinned by the robust Cloud Computing's (Cloud) sales.

#### EMS Sales

Sales from the Electronic Manufacturing Services (EMS) business declined to RM19.1 million in the current quarter from RM22.2 million in the corresponding quarter last year, representing a decrease of 14%, due mainly to:- a) completion of last time buy of a healthcare device, b) dip in sales of industrial equipment attributed to a slow-moving global market, c) reduced supply of spare parts and sub-assemblies for maintenance purpose to a specific customer, with the Group acting as its Asia Hub due to continued hiccups caused by the customer's ERP system maintenance which has since been resolved towards the end of 3Q'24 and d) 4% strengthening of the Ringgit (RM) to an average of RM4.43:USD1 in 3Q'24 from an average of RM4.62:USD1 in the same quarter a year ago further exacerbated the revenue decline owing to the export-oriented nature of the EMS business (96% sales was derived from the export markets).

On the contrary, sales of floorcare products increased to cushion the above mentioned sales slide and RM appreciation.

#### Cloud Sales

Cloud's sales sprung to RM38.9 million in 3Q'24 as compared with RM20.4 million in the corresponding quarter last year, marking a strong sales surge of 91%, attributed to:- a) stellar performance in recurring sales from existing customers and onboarding of new customers locally in Malaysia and b) sturdy sales performance from its overseas subsidiaries, in particular G-AsiaPacific (Vietnam) Company Limited (GAP Vietnam) which is a 51% owned JV established in July 2023 due in part to its government's broader national strategy aimed at transforming Vietnam into a digital economy.

**15. PERFORMANCE REVIEW (Cont'd)**

**(a) Current quarter compared to the corresponding quarter of last year  
(3Q'24 vs 3Q'23)**

**Earnings**

The EMS business registered a loss of RM3.3 million while the Cloud business contributed a profit of RM1.3 million, resulting in a net loss of RM2.0 million in 3Q'24 which was unchanged from the corresponding quarter last year.

The EMS business's loss increased to RM3.3 million as compared with RM2.8 million in the corresponding quarter last year on lower sales and a significant increase in foreign exchange loss from the USD, which totalled RM1.6 million in 3Q'24 as compared to a mere RM0.1 million in the same period of the prior year. However, improved gross profit margin, which rose from 4% in 3Q'23 to 8% in 3Q'24 driven by materials cost down, partial cost pass-through to customers, and a favorable product mix shift towards higher margin floorcare products and design and development services mitigated the loss.

The Cloud business registered a higher profit of RM1.3 million as compared to RM0.8 million in the previous year's corresponding quarter on sales surge. However, a jump in operating expenses on increasing headcount to drive the next stage of business expansion curtailed the profit growth, in addition to the higher rental and depreciation expenses following office relocation in early 1Q'24.

**(b) Current quarter versus the preceding quarter  
(3Q'24 vs 2Q'24)**

The third quarter ended 30 September 2024 posted sales revenue of RM58.0 million, which was a 29% increase over the preceding quarter of RM44.8 million on sturdy performance in the Cloud business.



## 15. PERFORMANCE REVIEW (Cont'd)

### (b) Current quarter versus the preceding quarter (Cont'd) (3Q'24 vs 2Q'24)

#### EMS Sales

Sales for the EMS business contracted from RM22.2 million (2Q'24) to RM19.1 million (3Q'24), representing a decrease of 14% due to:- a) weaker sales of electronic headlamps pending new model launches in the pipeline, b) weaker demand for industrial equipment on the backdrop of an uncertain global economy and c) decline in export revenue corresponding with the steep depreciation of the USD against RM by 6% quarter-over quarter.

However, the resilient sales of medical/healthcare devices cushioned the above decelerating sales in the third quarter, but insufficient to make up for the above indicated shortfall.

#### Cloud Sales

Sales revenue from the Cloud business soared by 72% to RM38.9 million from RM22.6 million in the preceding quarter on strong sales showing locally in Malaysia and from its overseas subsidiaries.

#### Earnings

The Group posted loss attributable to equity holders of the parent company of RM2.0 million in the current quarter as compared to a profit of RM1.0 million in the preceding quarter (2Q'24).

The EMS business reported a loss of RM3.3 million in the reporting quarter, versus a profit of RM0.3 million in 2Q'24 due mainly to:- a) sales dip, b) weakened margin (3Q'24: 8%; 2Q'24:16%) on product mix changes favouring the lower margin older/cheaper models of electronic headlamps and c) spike in foreign exchange loss (3Q'24: RM1.6 million; 2Q'24:RM37 thousand) due to the abrupt strengthening of RM vs USD.

The Cloud business registered a higher profit of RM1.3 million as compared to RM0.7 million in the previous quarter on accelerated sales growth.

## 16. COMMENTARY ON PROSPECTS AND TARGETS

For the 9 months ended 30 September 2024, the K-One Group achieved sales of RM147.7 million against RM126.6 million for the corresponding period last year, representing an increase of 17%, resulting from the continuous significant growth in the Cloud business.

EMS sales clocked-in at RM65.9 million for the first nine months of the financial year as compared with RM73.1 million in the corresponding period last year, representing a decrease of 10% due mainly to a) lacklustre sales of electronic headlamps, medical/healthcare devices and IoT gadgets, b) contraction in the sub-assemblies supply business for maintenance purpose and c) no sales of COVID-19 Antigen saliva self-test kits in 2024 since the push to do self-test had fizzled out with COVID-19 infections becoming less life-threatening.

On the other hand, floorcare products experienced an uptick in sales but were insufficient to make up for the shortfall chalked up in the above said product segments.

The Cloud business generated sales revenue of RM81.8 million for the initial 9-month period of 2024 as compared with RM53.4 million in the corresponding period last year, staging a surge of 53% on stronger recurring revenue from existing customers, key customer wins, significant growth in the sales contribution from GAP Vietnam subsequent to having extended its footprint in Vietnam in July 2023 and full-period consolidation of GAP Indo's post-acquisition revenue, compared to the previous year's 3-month consolidation (GAP Indo became a subsidiary in late June 2023, following the acquisition of additional shares). The remarkable results demonstrate the Group's ability to capitalize on opportunities in both the local and regional markets.

Moving forward to the final quarter of the year, barring unforeseen circumstances, the Group is cautiously optimistic and expects to see sales trending higher based upon the rationales and expectations illustrated below in the EMS, Cloud and Healthcare Products businesses's prospects respectively.

### EMS Business

1) Sales of electronic headlamps is expected to gradually recover with the impending launch of replacement models. The industrial segment is anticipated to get a sales boost when the environmentally friendly product line is launched towards year end. In the medical device segment, the Group is extremely excited to be working on a novelty medical device which is AI powered with planned production in the coming months.

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

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

3) The Group is stepping up to take advantage of manufacturing relocation opportunities unlocked by the ongoing rivalry with rising intensity between US and China. Donald Trump's re-election as the US President solidifies a trajectory of heightened tariffs and protectionist policies, which offers abundant opportunities for the Group to benefit from the US's increasing diversification away from China.

### Cloud Business

1) The Cloud business in ASEAN is still at its adolescence stage with ample market potential as witnessed by the Group's strong growth in this space. Having won the AWS Partner of the Year in Malaysia three times in the last five years is an exemplary credential to enable it to take on large enterprises and expanding outwards to make its mark in the ASEAN market. Incidentally, the Group has managed to sign up a combined few new prominent and large customers locally and overseas, which contributed to the strong surge in sales in 3Q'24.

2) Malaysia is emerging as a data centre powerhouse in ASEAN as it attracts billions of US Dollars in data centre investments from various tech giants. Google has committed to invest USD2 billion to establish its first data centre and Google Cloud region in Malaysia; Microsoft has committed to USD2.2 billion to advance new Cloud and AI infrastructure in Malaysia and Amazon Web Services (AWS) has assured investment of RM25.5 billion to build a new AWS Region in Malaysia which was officially launched on 22 August 2024. The strategic setting up of data centres in Malaysia (in particular) and ASEAN by the preceding Cloud giants is poised to further accelerate digital transformation and more importantly, open new doors in the financial and public sectors which require local data centre residency. The Group's Cloud arm - wholly-owned subsidiary G-AsiaPacific Sdn Bhd (GAP), being a premier ranking partner to these Cloud giants will be a key beneficiary in securing new Cloud business from the financial, public and other sensitive industries requiring local data centre residency in the various places where it operates, including Malaysia, Indonesia, Vietnam and Singapore.

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

3) GAP has the resources and competencies to deliver AI-powered applications for customers. Being in the forefront of Cloud and AI innovations enables it to take on a wide range of AI or generative AI projects. With the global AI boom, it is ready to seize opportunities from this rapidly expanding landscape. In fact GAP has started offering training on AI applications to customers as a new revenue stream. On a different note, the Group is proud to share that GAP VN has recently won various accolades from AWS affirming it as an outstanding Partner.

### Healthcare Products

1) As an exclusive distributor of the Diversey brand hygiene-care products, it is making inroads into the hospitals, nursing care and F&B fraternities. The Diversey superb quality and environmentally friendly products are taking traction in the local market.

2) The Group is in the midst of exploring to take on other distributorships of medical devices to spur growth for the long term.

Looking at the horizon, the Group is cautiously optimistic on its business prospects despite the soft and fragile global economy. While the world economy has successfully skirted a recession for now, escalating geopolitical tensions threaten to impose fresh obstacles. The ongoing battle against inflation, continuing Russia-Ukraine war, instabilities in the Middle East, the re-election of Trump as the new US President with his idiosyncrazies and the evolving dynamics of global supply chains could adversely affect economic activity worldwide. Nonetheless, being in Cloud, EMS and Healthcare which are resilient to market downturn, the K-One Group may be better insulated to weather through a potential global economic storm.

As a long term business strategy, the K-One Group, leveraging on its debt-free position and cash surplus of RM54.6 million is continuously on the look-out to acquire synergistic business to leap-frog its business growth.

## 17. INTANGIBLE ASSETS

Figures in RM'000	Ventilator Development	Software Development	Total
Cost			
At 1 January 2024	2,064	24	2,088
Addition	379	-	379
	<u>2,443</u>	<u>24</u>	<u>2,467</u>
Accumulated amortisation			
At 1 January 2024	-	20	20
Amortisation charged	-	3	3
	<u>-</u>	<u>23</u>	<u>23</u>
<b>Net carrying value</b>			
<b>At 30 September 2024</b>	<u>2,443*</u>	<u>1</u>	<u>2,444</u>

\* During the period, the Group received grant disbursement(s) from a government agency to support the ventilator development. A portion of this grant, amounting to RM0.8 million, was directly applied to reduce the cost of the relevant assets and capitalized expenditures, resulting in reduced carrying amount of RM2.4 million.

## 18. INCOME TAX EXPENSE

	3 months ended		9 months ended	
	30.9.2024	30.9.2023	30.9.2024	30.9.2023
	RM'000	RM'000	RM'000	RM'000
Current corporate tax	576	186	1,006	731
Deferred tax expense	-	-	324	-
<b>Total Income Tax Expense</b>	<u>576</u>	<u>186</u>	<u>1,330</u>	<u>731</u>

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

## 19. PURCHASES OR SALES OF UNQUOTED SECURITIES AND PROPERTIES

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

## 20. QUOTED SECURITIES

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

## 21. CORPORATE PROPOSALS

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

### a) Purchase Of Factory

K-One MediTech Sdn. Bhd., a subsidiary of the Group, has agreed to purchase a piece of leasehold land with a two-story factory located in Ipoh, Perak on 4 October 2024. This property, situated within walking distance of K-One's main factory, is in the process of being acquired from Lim Beng Fook (Executive Chairman) and Lim Soon Seng (CEO) for a purchase consideration of RM3 million. This purchase of property is considered a related party transaction whereby the amount involved required Board approval only. The Group paid a 10% deposit to the vendors after receiving written consent from the State Authority.

### b) Proposed Free Warrants Issue

On 28 October 2024, the Group proposed to undertake a free warrants issue of up to 208,001,732 free warrants D in the Company (“**Warrants D**”) on the basis of 1 Warrant D for every 4 existing ordinary shares in K-One held by the entitled shareholders of the Company. The listing application in relation to the Proposed Free Warrants Issue was submitted to Bursa Securities on 30 October 2024 with the Extraordinary General Meeting (EGM) for shareholders to consider the said free warrants issue expected to be held by year end.

## 22. BORROWINGS AND DEBTS SECURITIES

The Group has neither any secured nor unsecured borrowings as at 30 September 2024.

## 23. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

As at the end of the current quarter and up to the date of this report, there are no off balance sheet financial instruments which have a material impact to the financial statements under review.

## 24. CHANGES IN MATERIAL LITIGATION

As at the date of this report, the Group is not engaged in any material litigation as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the Group.

## 25. PROPOSED DIVIDEND

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

## 26. EARNINGS PER SHARE

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

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

### Basic/Diluted earnings per share

	3 months ended		9 months ended	
	30.9.2024	30.9.2023	30.9.2024	30.9.2023
(Loss)/Profit attributable to equity holders of the parent (RM'000)	(2,039)	(1,982)	792	(2,389)
Weighted average number of Ordinary Shares in issue ('000)	832,007	832,007	832,007	832,007
Basic/Diluted (Loss)/Earnings Per Ordinary Share (sen)	(0.25)	(0.24)	0.10	(0.29)

**27. AUTHORIZED FOR ISSUE**

The interim financial statements are authorized for issue by the Board of Directors in accordance with a resolution of the Directors on 26 November 2024.

**BY ORDER OF THE BOARD**

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

26 November 2024