



K-One Technology Berhad (539757-K)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019**

**Condensed Consolidated Statements of Comprehensive Income
For The Fourth Quarter Ended 31 December 2019**

Figures in RM'000	3 months ended		12 months ended	
	31.12.2019 Unaudited	31.12.2018 Unaudited	31.12.2019 Unaudited	31.12.2018 Audited
Operating revenue	26,704	18,758	97,078	73,782
Cost of sales	(19,836)	(13,620)	(73,226)	(55,353)
Gross profit	6,868	5,138	23,852	18,429
Other income	108	154	771	705
Interest income	362	396	1,584	1,259
Operating expenses	(4,696)	(4,090)	(17,237)	(14,376)
Other expenses	(514)	-	(514)	-
Profit from operations	2,128	1,598	8,456	6,017
Share of profit after tax of equity-accounted associate	-	-	-	501
Profit before tax	2,128	1,598	8,456	6,518
Income tax (expense)/ credit	(9)	523	(473)	(859)
Profit after tax for the period	2,119	2,121	7,983	5,659

Profit attributable to:

Owners of the Parent	1,260	2,121	6,225	5,659
Non-controlling interests	859	-	1,758	-
	2,119	2,121	7,983	5,659

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

Basic EPS	0.17	0.33	0.85	0.90
Diluted EPS	0.17	0.33	0.85	0.89

**Condensed Consolidated Statements of Comprehensive Income
For The Fourth Quarter Ended 31 December 2019 (Cont'd)**

Figures in RM'000	3 months ended		12 months ended	
	31.12.2019 Unaudited	31.12.2018 Unaudited	31.12.2019 Unaudited	31.12.2018 Audited
Profit for the period	2,119	2,121	7,983	5,659
Items that may be subsequently reclassified to profit or loss:				
Foreign currency translation	(7)	7	(15)	3
Total comprehensive income	2,112	2,128	7,968	5,662

Total comprehensive income attributable to:

Owners of the Parent	1,253	2,128	6,210	5,662
Non-controlling interests	859	-	1,758	-
	2,112	2,128	7,968	5,662

The above condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statements of Financial Position
As At 31 December 2019

Figures in RM'000	Unaudited 31.12.2019	Audited 31.12.2018
ASSETS		
<i>Non-Current Assets</i>		
Property, plant and equipment	15,263	10,174
Prepaid land lease	918	939
Intangible assets	26	82
Goodwill on consolidation	18,609	-
Deferred tax assets	1,501	1,036
Investment in associate company	-	9,201
Other investment	115	-
Total Non-Current Assets	36,432	21,432
<i>Current Assets</i>		
Inventories	20,310	15,487
Trade receivables	17,903	16,555
Other receivables	12,562	3,799
Tax recoverable	2,028	716
Short term cash investments	8,067	28,243
Cash and bank balances	42,613	36,355
Total Current Assets	103,483	101,155
TOTAL ASSETS	139,915	122,587

EQUITY AND LIABILITIES		
<i>Equity</i>		
Share capital	94,679	94,679
Reserves	4,465	3,668
Retained earnings	15,268	9,042
	114,412	107,389
Non-controlling Interest	2,951	-
Total Equity	117,363	107,389

Condensed Consolidated Statements of Financial Position
As At 31 December 2019 (Cont'd)

Figures in RM'000	Unaudited 31.12.2019	Audited 31.12.2018
EQUITY AND LIABILITIES		
<i>Non-Current Liabilities</i>		
Deferred tax liabilities	341	231
Total Non-Current Liabilities	341	231
<i>Current Liabilities</i>		
Trade payables	13,733	13,708
Other payables and accruals	2,596	1,191
Contract liabilities	5,126	-
Amount due to Directors	2	2
Tax payable	754	66
Total Current Liabilities	22,211	14,967
Total Liabilities	22,552	15,198
TOTAL EQUITY AND LIABILITIES	139,915	122,587
Net assets per share attributable to Owners of the Parent (sen)	16.10	16.67

The above condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

**Condensed Consolidated Statements of Changes in Equity
For The Fourth Quarter Ended 31 December 2019**

Figures in RM'000	<-----Attributable to Owners of the Parent ----->				Total	Non-controlling Interest	Total Equity
	Share Capital	Share Option Reserve	Foreign Currency Translation Reserve	Retained Earnings			
At 1 January 2019	94,679	3,681	(13)	9,042	107,389	-	107,389
Comprehensive profit							
Profit for the period	-	-	-	6,226	6,226	2,951	9,177
Other comprehensive income							
Foreign currency translation difference	-	-	(2)	-	(2)	-	(2)
Total comprehensive profit	-	-	(2)	6,226	6,224	2,951	9,175
Transactions with owners							
Share based payment under Employees' Share Options Scheme ("ESOS")	-	799	-	-	799	-	799
Total transactions with owners	-	799	-	-	799	-	799
At 31 December 2019	94,679	4,480	(15)	15,268	114,412	2,951	117,363

**Condensed Consolidated Statements of Changes in Equity
For The Fourth Quarter Ended 31 December 2019 (Cont'd)**

Figures in RM'000	<-----Attributable to Owners of the Parent ----->				Total	Non-controlling Interest	Total Equity
	<-----Non-distributable		Distributable				
	Share Capital	Share Option Reserve	Foreign Currency Translation Reserve	Retained Earnings			
At 1 January 2018	69,659	12,840	(15)	3,209	85,693	-	85,693
Comprehensive loss							
Profit for the period	-	-	-	5,659	5,659	-	5,659
Other comprehensive income							
Foreign currency translation difference	-	-	3	-	3	-	3
Total comprehensive loss	-	-	3	5,659	5,662	-	5,662
Transactions with owners							
Issuance of ordinary shares	25,020	(10,430)			14,590		14,590
Share based payment under Employees' Share Options Scheme (ESOS)	-	1,270	-	174	1,444	-	1,444
Total transactions with owners	25,020	(9,160)	-	174	16,034	-	16,034
At 31 December 2018	94,679	3,680	(12)	9,042	107,389	-	107,389

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 2018 and the accompanying explanatory notes attached to the interim financial statements

**Condensed Consolidated Statements of Cash Flows
For The Fourth Quarter Ended 31 December 2019**

Figures in RM'000	12 months ended	
	31.12.2019	31.12.2018
CASH FLOW FROM OPERATING ACTIVITIES		
<i>Profit before taxation</i>	8,456	6,518
Adjustments for:		
Depreciation of property, plant and equipment	1,005	827
Amortization of intangible assets	49	94
ESOS expense	799	1,444
Interest income	(1,222)	(1,631)
Foreign exchange loss/ (gain) – unrealized	97	(164)
Loss on disposal of associate company	514	-
Share of profit of associate company	-	(501)
Operating profit before working capital changes	9,698	6,587
Changes in working capital:		
(Increase)/ Decrease in inventory	(4,824)	188
Decrease/ (Increase) in receivables	403	(3,179)
Increase/(Decrease) in payables	647	(3,225)
Cash generated from operations	5,924	371
Taxation paid	(1,474)	(776)
Interest income	1,102	674
Net cash from operating activities	5,552	269
CASH FLOW FROM INVESTING ACTIVITIES		
Redemption of short term cash fund	20,176	4,504
Withdrawal/(Placement) in time deposits	(1,609)	(10,500)
Income from short term cash investment	120	585
Acquisition of a subsidiary	(18,360)	-
Investment in non-quoted securities	(116)	-
Purchase of property, plant and equipment	(5,917)	(2,244)
Purchase of intangible assets	(7)	(5)
Net cash (used in)/from investing activities	(5,713)	(7660)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	14,590
Repayment of term loan	(8)	-
Net cash used in financing activities	(8)	14,590

**Condensed Consolidated Statements of Cash Flows
For The Fourth Quarter Ended 31 December 2019
(Cont'd)**

Figures in RM'000	12 months ended	
	31.12.2019	31.12.2018
Net (decrease) / increase in cash and cash equivalents	(169)	7,199
Effect of exchange rate changes	317	42
Cash and cash equivalents at beginning of the period	12,356	5,115
CASH AND CASH EQUIVALENT AT END OF THE PERIOD	12,504	12,356

COMPOSITION OF CASH AND CASH EQUIVALENTS

Figures in RM'000	12 months ended	
	31.12.2019	31.12.2018
Cash and bank balances	12,504	7,856
Deposit placed with licensed banks	30,109	28,500
	42,613	36,356
Less: Non-short term fixed deposits	(30,109)	(24,000)
	12,504	12,356

The above condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 2018.

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 2018, except for the following Malaysian Financial Reporting Standards (MFRSs) and IC Interpretations (IC Int):

New MFRSs

MFRS 16 Leases

Amendments/Improvements to MFRSs

MFRS 3 Business Combinations

MFRS 9 Financial Instruments

MFRS 11 Joint Arrangements

MFRS 112 Income Taxes

MFRS 119 Employee Benefits

MFRS 123 Borrowing Costs

MFRS 128 Investments in Associates and Joint Ventures

New IC Int

IC Int 23 Uncertainty over Income Tax Treatments

2. AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENT

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

3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The Group's Electronics Manufacturing Services (EMS) business, being predominantly export in nature (95.8% export in 4Q'19; 96.9% export in 4Q'18) and caters largely for the consumer electronics market, is subject to seasonal fluctuations. Business in the second half of the year is normally stronger than the first half of the year due to surge in consumer demand during Christmas and New Year seasons overseas.

Revenue contribution from the Cloud Computing business (through G-AsiaPacific Sdn. Bhd. for which the acquisition of 60% equity interest in the said company was concluded in March 2019) is almost entirely derived from Malaysia and 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		12 months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Depreciation of property, plant and equipment	(415)	313	(1005)	(827)
Amortization of intangible assets	(12)	(21)	(49)	-
Foreign exchange gain/(loss)				
- realized	51	139	(66)	(217)
- unrealized	55	(208)	97	(164)
Interest income	402	396	1,222	1,258

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 & Sales RM'000	Manu- facturing RM'000	Cloud RM'000	Investment Holding RM'000	Total RM'000
Sales					
External sales	281	16,578	9,833	12	26,704
Internal sales	-	-	-	-	-
Total operating sales	281	16,578	9,833	12	26,704
Others and interest income	380	73	17	-	470
	661	16,651	9,850	12	27,174
Results					
Segment results	(63)	569	2,136	-	2,642
Finance costs	-	-	-	-	-
Income tax	34	(35)	(8)	-	(9)
Loss on disposal of associate company	-	-	-	(514)	(514)
Profit after tax before non-controlling interest	(29)	534	2,128	(514)	2,119
Non-controlling interest	-	-	(859)	-	(859)
Profit after tax after non-controlling interest	(29)	534	1,269	(514)	1,260

9. SEGMENT INFORMATION (Cont'd)

(a) Contribution by Activities (Cont'd)

	Research, D&D and Sales RM'000	Manu- facturing RM'000	Cloud RM'000	Invest- ment Holding RM'000	Total RM'000
Other information					
Segment assets	64,479	55,312	16,435	160	136,386
Unallocated assets					3,529
					139,915
Segment liabilities	197	12,273	8,937	13	21,420
Unallocated liabilities					1,132
					22,552

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

The geographical sales breakdown is as follows:

	12 months ended	
	31.12.2019 RM'000	31.12.2018 RM'000
Malaysia	**26,943	2,281
Asia (excluding M'sia)	13,738	12,835
Europe	50,134	50,494
US	6,186	8,145
Oceania	61	5
Middle East	16	22
	97,078	73,782

** Includes RM23,888,920 from the Cloud business. The Cloud sales is mainly derived from Malaysia.

Note: The EMS business is 95.8% derived from the export markets with the balance of 4.2% from the local (Malaysia) market.

9. SEGMENT INFORMATION (Cont'd)

(c) Sales to Major Customers for the EMS Business

For the 12 months ended 31 December 2019, two (2) major international customers (each with revenue of more than 10% of the Group's revenue) contributed total revenue of approximately RM48.9 million (4Q'18: RM49.6 million).

10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

11. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the financial quarter ended 31 December 2019, save for the disposal of the associate company, AHM Consultancy & Security Services Sdn. Bhd. ("AHM").

12. CONTINGENT ASSETS & LIABILITIES

As at the end of the quarter under review, the corporate guarantee for credit facilities granted to a subsidiary was:-

	RM'000
K-One Industry Sdn Bhd	22,576
	22,576

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
(4Q'19 vs 4Q'18)**

For the fourth quarter ended 31 December 2019, the Group's sales revenue increased by 42% to RM26.7 million from RM18.8 million in the corresponding quarter last year. The spike was attributed entirely to sales contributions from the Cloud business following the completion of the acquisition of 60% equity stake in G-AsiaPacific Sdn. Bhd. (GAP) in March 2019.

Sales from the EMS business retracted by RM1.9 million, decreasing to RM16.9 million from RM18.8 million in the corresponding quarter last year. The unexpected downturn of sales of industrial products and the weak sales of electronic headlamps and floor-care products as a result of soft global market demands encountered by customers in the latter's industry segments led to a decline in sales in the EMS business. Fortunately, trial production of specific new medical/healthcare devices, running of a new IoT gadget and uptake of specific consumer electronic products managed to prop up the EMS sales.

The Cloud business, which is the second engine of growth of the Group since the said acquisition in March 2019, generated strong sales revenue of RM9.8 million in 4Q'19, primarily driven by implementation orders from new customers and climbing recurring sales revenue from existing customers.

The EMS and Cloud profit contributions were approximately RM0.5 million and RM1.3 million respectively, adding up to RM1.8 million in profit. However, the crystallization of RM0.5 million as a one-off loss on sale of 30% equity in an associate company; namely AHM Consultancy & Security Services Sdn. Bhd (AHM), reduced the Group's profit attributable to equity holders of the parent company to RM1.3 million as compared to a profit of RM2.1 million for the corresponding quarter last year. Discounting the one-off loss indicated above due to the equity disposal in the associate company, the profit decrease was 14% which was basically attributed to the EMS business as explained in the next paragraph.

15. PERFORMANCE REVIEW (Cont'd)

**(a) Current quarter compared to the corresponding quarter of last year (Cont'd)
(4Q'19 vs 4Q'18)**

On the EMS business, overall gross profit margin slid from 27% in 4Q'18 to 24% in 4Q'19. The lower margin from the IoT gadgets, weakening of the USD in the current quarter and continuous intense marketing exercises overseas, in particular the holding of exhibitions in US to generate sales leads which led to higher prototype investments to fulfil potential customer needs pulled down the overall gross margin. Coupled with an unexpected decrease in sales for specific existing customers or industries as highlighted above in light of soft global market demands, this resulted in the consequential decrease in profit to RM0.5 million in 4Q'19 for the EMS business as indicated above.

However, on the Cloud business, profit based on 60% equity interest contributed about RM1.3 million was encouraging which increased in tandem with significant sales growth in the current quarter and to a certain extent, adjustment consideration following the change of GAP's accounting period to coincide with the financial year ending December of the K-One Group.

**(b) Current quarter versus the preceding quarter
(4Q'19 vs 3Q'18)**

The fourth quarter ended 31 December 2019 posted sales revenue of RM26.7 million, which was almost about the same level as the preceding quarter of RM26.9 million. The EMS and Cloud businesses contributed RM16.9 million and RM9.8 million respectively to make the RM26.7 million sales for the current quarter.

Sales for the EMS business contracted by RM4.0 million; from RM20.9 million (3Q'19) to RM16.9 million (4Q'19), representing a 19% decrease. The decline in EMS sales in the fourth quarter which bucked historical trends in this instance was mainly attributed to the weak demand of specific electronic headlamp models and industrial products in view of an uncertain and soft global market. Nevertheless, strong performance from the medical/healthcare segment propped up sales in the fourth quarter, but insufficient to make up for the preceding shortfall.

15. PERFORMANCE REVIEW (Cont'd)

(b) Current quarter versus the preceding quarter (Cont'd) (4Q'19 vs 3Q'18)

Sales revenue from the Cloud business increased by 63% to RM9.8 million in the current quarter as compared to RM6.0 million in the preceding quarter. The Cloud business continued its growth momentum, driven by continuous customer wins and increasing cloud adoption by existing customers, notwithstanding that the current and preceding quarter's sales were affected (affected positively and negatively respectively) by certain adjustments following the change of its accounting period to coincide with the financial year ending December of the K-One Group.

The Group posted profit attributable to equity holders of the parent company of RM1.3 million as compared to a profit of RM1.5 million in the preceding quarter. Discounting the one-off loss of RM0.5 million due to the disposal of equity in the associate company, the Group would have achieved profit of RM1.8 million which represented an increase of 20% as compared to last quarter's profit of RM1.5 million, despite weakened USD and reduced current quarter EMS sales.

On the contrary to the EMS business profit decline scenario for the current quarter, the Cloud business posted strong profit records on the back of significant sales jump and partly, the positive impact from certain adjustment as a result of the change of accounting period to align with the K-One Group, which helped to alleviate the overall profit for the Group.

16. COMMENTARY ON PROSPECTS AND TARGETS

Sales revenue for 2019 surged 32% year-on-year, from RM73.8 million to RM97.1 million. EMS's sales eased marginally by 1% to RM73.2 million, compared with RM73.8 million in the preceding year. Floor-care products, electronic security/surveillance peripherals, consumer electronic products and electronic headlamps succumbed to the softening global markets as the global economic headwinds gained strength as the year unfolded. On the other hand, medical/healthcare devices, IoT gadgets and industrial products demonstrated sturdy sales growth as their sales projectiles were boosted by business from new customers. Cloud business generated post-acquisition revenue of RM23.9 million registering strong double digit growth year-on-year, following the completion of its acquisition in March 2019.

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

Despite the marginal EMS sales contraction in 2019, the Group's EMS business is expected to be vibrant in 2020, primarily augmented by the start of mass production of certain medical/healthcare devices since the beginning of 2020 which have significant volume run. The signing of the US-China Phase One trade deal on 15 January 2020 has provided some comfort and stability to the global market. Nevertheless, the Group expects companies on both sides of the divide to take precautionary measures to diversify their risks by shifting a portion of their manufacturing bases to neutral countries, even after the conclusion of subsequent phases of trade deals by the two superpowers. Trade diversion could also be accelerated in the wake of the Covid-19 virus outbreak in China. This is presenting ample opportunities to the K-One Group as a prime beneficiary of manufacturing diversions from the said events. The Group has been relentlessly tapping on such opportunities by continuously marketing its capabilities and competencies directly in the US markets through organized exhibitions and targeted marketing blitz to potential companies based in US. The business leads secured are encouraging and are expected to be crystallized into sales in the medium term to add on to its bucket of new customers.

The diversification into the Cloud business has contributed positive results in both the top and bottom lines. The world is in the early stages of the 5G wireless revolution. It is anticipated that Cloud will be one of the IT services to boom throughout this shift of technology. Therefore, the Cloud Business will have tremendous growth potential. It is worthy to note that GAP, thru' its investment in P.T. GAsia Pasific Indo in September 2019 has made good progress in promoting Cloud computing solutions in Indonesia.

The Group recorded profit attributable to equity holders of RM 6.2 million for 2019 as compared to a profit of RM 5.7 million in 2018, representing an increase of 9%. The EMS and Cloud profit contributions were approximately RM4.1 million and RM2.6 million (based on 60% equity interest in GAP and accounting consolidation commencing end March'19) respectively. These profits were offset by a one-time non-recurring loss of RM0.5 million on the disposal of the K-One Group's entire 30% equity interest in the associate company - AHM. Otherwise, the Group would have registered profit of RM6.7 million in 2019 vs RM5.7 million in 2018.

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

We envisage that global uncertainty and instability to continue in 2020, owing to the lingering global protectionism, Covid-19 virus outbreak, heightened geopolitical tensions and weakening USD. Amidst a challenging global business landscape, the K-One Group remains broadly optimistic on its prospects, underpinned by a few key factors. Firstly, mass production for newly secured key EMS customers specialising in medical/healthcare devices is expected to ramp up production meaningfully in 2020. It is envisaged that healthcare devices will constitute a substantial portion of the Group's EMS business in 2020. Secondly, continuous diversification efforts and expansion into "sunrise" markets in the likes of IoT gadgets, healthcare/medical devices, wearables, automotive aggregates and industrial products continue to yield positive results, spurred in part by trade diversions. Thirdly, the Cloud business through GAP is generating impactful business and financial results to the Group, complemented by the impending realization of significant sales from major new customers. Fourthly, the imminent acquisition of the remaining 40% equity interest in GAP in the next few months will further fuel the business and financial growth of the Group upon the completion of the said corporate exercise. Last but not least, the continuous transformation into an Industry 4.0 enabled corporation will enable the Group to stay relevant, competitive and sustainable for long term growth, especially during this period of rapid technological advancements and disruptions.

17. INCOME TAX EXPENSE/(CREDIT)

	3 months ended		12 months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Deferred tax expense/ (income)	100	(1,010)	(81)	(529)
Current tax (credit)/ expense	(91)	493	554	330
Total Income Tax Expense/ (Credit)	9	(517)	473	859

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

18. PURCHASES OR SALES OF UNQUOTED SECURITIES AND PROPERTIES

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

19. QUOTED SECURITIES

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

20. CORPORATE PROPOSALS

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

a) Proposed Acquisition of 60% Equity Interest in G-AsiaPacific Sdn. Bhd. (GAP), Proposed Call/Put Options and Proposed Diversification (hereinafter referred to as "Proposed Acquisition")

The acquisition of 60% equity interest in GAP had been completed in March 2019. The Group will acquire the remaining 40% equity interest of GAP by exercising its Call Option. This is expected to materialize in the first half of 2020.

21. BORROWINGS AND DEBTS SECURITIES

The Group has neither any secured nor unsecured borrowings as at 31 December 2019.

22. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

23. CHANGES IN MATERIAL LITIGATION

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

24. PROPOSED DIVIDEND

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

25. EARNINGS 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.

(a) Basic earnings per share

	3 months ended		12 months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Profit attributable to equity holders of the parent (RM'000)	1,260	2,121	6,225	5,659
Weighted average number of Ordinary Shares in issue ('000)	728,939	629,745	728,939	629,745
Earnings Per Ordinary Share (sen)	0.17	0.33	0.85	0.90

25. EARNINGS PER SHARE (Cont'd)

(b) Diluted earnings per share

	3 months ended		12 months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Profit attributable to equity holders of the parent (RM'000)	1,260	2,121	6,225	5,659
Weighted average number of Ordinary Shares in issue ('000)	728,939	629,745	728,939	629,745
Effect of Share Options ('000)	6,880	4,437	6,880	4,437
Adjusted weighted average number of Ordinary Shares in issue ('000)	735,819	634,182	735,819	634,182
Diluted Earnings Per Ordinary Share (sen)	0.17	0.33	0.85	0.89

26. AUTHORIZED FOR ISSUE

The interim financial statements are authorized for issue by the Board of Directors in accordance with a resolution of the Directors on 27 February 2020.

BY ORDER OF THE BOARD
WONG YOUN KIM (MAICSA 7018778)
Company Secretary

27 February 2020