

KLCI	1,832.26 ▼	6.43	Hang S
STI	3,136.26 ▲	7.09	SCI

1,974.68 ▼	0.94
105,462.31 ▲	16.42

# Lean and mean K-One expects 'fabulous' year

> Company believes 2014 will be exciting and is confident of remaining profitable

BY EE ANN NEE

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**PETALING JAYA:** K-One Technology Bhd, which returned to the black for the financial year ended Dec 31, 2013 (FY13) with a net profit of RM1.02 million, expects to continue its profit trajectory in FY14, driven by its existing businesses and new product lines.

K-One is in the business of design, development and manufacturing of electronics products in the segments of mobile phone accessories, computer peripherals, consumer electronic products, as well as in newer segments of automotive aggregator and medical/healthcare devices.

Its group chairman Edwin Lim Beng Fook said: "We expect 2014 to be an exciting and fabulous year as we've done the painful things over the last two to three years to get back to profitability."

K-One, which incurred losses in FY12 and FY11, has been implementing strategies to yield positive sales and financial results by discontinuing loss-making products, rightsizing the group and embarking on cost-cutting.

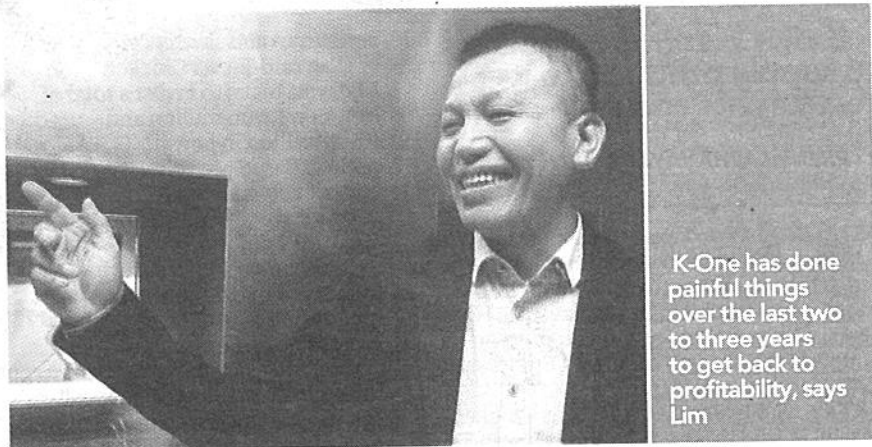
"That makes us now lean and mean," he told *SunBiz* in an interview recently.

For FY13, it made a net profit of RM1.02 million compared with a net loss of RM11.43 million in FY12 while revenue stood at RM171.25 million compared with RM160.84 million in the previous corresponding period.

The group launched new product lines at the start of 2014, which are able to provide better margins at the beginning of the price curve.

"It's good to be able to begin at the price curve when the product is launched, which gives good margin. Normally, this lasts two to three years. Beyond that, the margin becomes thinner and thinner," said Lim.

He said this will be helped by the



K-One has done painful things over the last two to three years to get back to profitability, says Lim

strengthening US dollar as over 90% of the group's remittances are denominated in US dollar.

"With the recovery in Europe and the US, we're optimistic of more businesses coming in from existing customers. This will be supplemented by new customers in the automotive and healthcare segments."

In essence, the group functions as an original equipment manufacturer and original design manufacturer for third parties, mostly multinational corporations (MNCs).

Over 90% of its products are exported, primarily to Europe, the US and Asia Pacific (mainly Japan and China). While Malaysia's contribution remains minimal at less than 5%, this country is where the group carries out design, development and manufacturing of its products. K-One has three plants in Ipoh.

Explaining the situation, Lim said K-One's forte is design and development but most local companies do not require these expertises here.

"For MNCs in Malaysia, the design requirement is minimal and for manufacturing (after the design process), it is competitive as there are many local players. It's better for us to focus overseas whereby we can make use of our skillsets in design and development and they (customers) allow us to manufacture for them."

Lim said the group is focusing on its existing markets but it is also paying attention to developing new markets in

the newer automotive and healthcare segments that it ventured into one to two years ago.

"This year we'll focus on the three traditional pillars of mobile phone accessories, computer peripherals and consumer electronic products but we'll spend more time in building the automotive and healthcare segments," he said, adding that the automotive and healthcare segments are more lucrative.

The ACE Market-listed group will look at transferring to the Main Market at the right time.

"At the moment we prefer to focus on growing the business and the bottom line. The intention is there (to get to the Main Market) but not a priority. Once the business is good, and we make good money, then we can spend some time to look at that," said Lim.

He added that when its business yields good results, it will be reflected positively in the group's share price. Shares of K-One closed at 33.5 sen each on Friday, up almost 2% or half a sen.

"We'll also look at dividend (policy) at an appropriate time," Lim said.

He said K-One does not see the necessity to raise funds, as it has enough internally generated funds to sustain and grow its business. "We don't foresee any corporate exercises but if there's a need, then we'll do one."

As at Dec 31, 2013 the company's cash reserves amounted to RM9.1 million.