

# K-One's value halved

Sharp fall in prices likely due to disappointing results

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**PETALING JAYA:** K-One Technology Bhd, an ACE Market-listed company that stands out for the large number of institutional funds listed as its shareholders, has shaved off more than half of its market value over the last five trading days. The stock has suffered a 50.4% drop between May 27 and June 3 to close at 31 sen yesterday.

K-One warrants, meanwhile, are down 54.29% over the same period to last trade at 17.5 sen.

Market observers pointed out that it is likely that the stock is being penalised for its disappointing results.

"K-One has failed to deliver on the earnings front, and if you are finding a reason for the fall in share price, then this is the most obvious," said a market dealer. It is believed that some local funds have sold their stakes in the company.

K-One had yet to get back to queries from StarBiz as at press time.

K-One is a one-stop technology solutions provider with its core activity in design, development, industrialisation, final assembly and quality testing of electronic end-products.

On May 27, K-One announced that its net profit for its first quarter ended March 31, came in 84% lower to RM520,000 as opposed to RM3.24mil in the previous corresponding quarter.

The company is expected to see more resilient earnings in the financial year 2015 (FY15), according to a research report early in the year, which had placed a fair value of 63 sen for the stock.

This follows the award of new orders worth around RM20mil from a world renowned multinational corporation in the fourth quarter of last year.

The contract was for the manufacturing of high-end communication accessories for sales and distribution globally, which could open doors for it to potentially win bigger size orders from another global brand customer, the research firm noted in the report.

K-One's mobile phone accessories segment, meanwhile, was also seen to benefit from a



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strong wave of the smartphone/tablet upcycle.

The company was making losses in FY11 and FY12, before turning around in the third quarter of FY13. It undertook a restructuring that included divestment of its loss-making businesses, rebalancing its product mix and better cost-management.

For FY14 ended Dec 31, it had reported a net profit of RM11.85mil from RM1.01mil in FY13.

In its recently released 2014 annual report, K-One executive chairman Edwin Lim Beng Fook said that the company anticipated the good vibes relating to its business performance in 2014 to extend this year. At the

same time, he cautioned that "the uncertainties of the global economy may pose business challenges, hence dampening growth".

K-One's major shareholders are brothers Edwin and Lim Soon Seng, who own 15.38% and 13.14%, respectively. Norwegian Bjorn Braten holds 10.57%, while where funds are concerned, CIMB-Principal Asset Management has 4.73% and Kenanga Unit Trust Bhd, 2.66%, according to Bloomberg data. Other funds with exposure in K-One are OSK UOB Unit Trust with 1.66% and Prudential Unit Trust with 1.35%.

The stock had traded to a high of 64 sen on May 18.