

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

	Note	Individual quarter		Cumulative quarter	
		Current year quarter	Preceding year quarter	Current year-to-date	Preceding year-to-date
		31/12/2017 RM'000	31/12/2016 RM'000	31/12/2017 RM'000	31/12/2016 RM'000
Revenue		36,202	31,284	137,488	119,195
Cost of sales		(25,688)	(22,940)	(97,929)	(83,793)
Gross profit		10,514	8,344	39,559	35,402
Other income		463	197	1,537	1,350
Distribution costs		(2,410)	(1,661)	(9,009)	(7,510)
Administration expenses		(4,360)	(3,586)	(14,710)	(11,555)
Finance costs		(72)	(137)	(315)	(326)
Listing expenses		-	(4,141)	-	(4,141)
Profit/(loss) before tax		4,135	(984)	17,062	13,220
Tax expense	B5	(552)	(856)	(3,144)	(3,837)
Profit/(loss) for the period		3,583	(1,840)	13,918	9,383
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income/(loss)		3,583	(1,840)	13,918	9,383
Profit/(loss) attributable to:					
Owners of the parent		3,583	(1,840)	13,918	9,166
Non-controlling interests		-	-	-	217
		3,583	(1,840)	13,918	9,383
Total comprehensive income/(loss) attributable to:					
Owners of the parent		3,583	(1,840)	13,918	9,166
Non-controlling interests		-	-	-	217
		3,583	(1,840)	13,918	9,383
Earnings/(loss) per ordinary share attributable to owners of the parent:					
- Basic (sen)	B12	2.15	(1.47)	8.38	7.31
- Diluted (sen)	B12	N/A	N/A	N/A	N/A

The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to these interim financial statements.

N/A Not applicable.

RHONE MA HOLDINGS BERHAD (Company No. 1116225-A)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017**

	Note	As at 31/12/2017 RM'000	Audited As at 31/12/2016 RM'000
Non-current asset			
Property, plant and equipment		<u>34,029</u>	<u>23,109</u>
Current assets			
Inventories		28,299	23,758
Trade and other receivables		34,662	28,243
Current tax assets		-	23
Cash and bank balances		<u>33,973</u>	<u>45,073</u>
		<u>96,934</u>	<u>97,097</u>
Total assets		<u>130,963</u>	<u>120,206</u>
Equity attributable to owners of the parent			
Share capital		92,114	83,000
Share premium account		-	9,114
Reorganisation debit balance	B14	(59,489)	(59,489)
Retained earnings	B15	<u>69,816</u>	<u>62,538</u>
Total equity		<u>102,441</u>	<u>95,163</u>
Non-current liabilities			
Borrowings	B9	7,232	3,693
Deferred tax liabilities		<u>411</u>	<u>276</u>
		<u>7,643</u>	<u>3,969</u>
Current Liabilities			
Trade and other payables		19,309	17,931
Borrowings	B9	884	1,550
Current tax liabilities		<u>686</u>	<u>1,593</u>
		<u>20,879</u>	<u>21,074</u>
Total liabilities		<u>28,522</u>	<u>25,043</u>
Total equity and liabilities		<u>130,963</u>	<u>120,206</u>
Net assets per share attributable to owners of the parent (RM)	B13	0.62	0.57

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to these interim financial statements.

RHONE MA HOLDINGS BERHAD (Company No. 1116225-A)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

	<----- Attributable to owners of the parent ----->						
	<----- Non-distributable ----->			Distributable	Total attributable to owners of the parent	Non-controlling interests	Total equity
	Share capital RM'000	Share premium account RM'000	Reorganisation debit balance RM'000	Retained earnings RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2017	83,000	9,114	(59,489)	62,538	95,163	-	95,163
Profit for the financial period	-	-	-	13,918	13,918	-	13,918
Other comprehensive income, net of tax	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	13,918	13,918	-	13,918
Transactions with owners:							
Adjustment for effects of Companies Act 2016 ⁽¹⁾	9,114	(9,114)	-	-	-	-	-
Dividend paid	-	-	-	(6,640)	(6,640)	-	(6,640)
Total transactions with owners	9,114	(9,114)	-	(6,640)	(6,640)	-	(6,640)
Balance as at 31 December 2017	92,114	-	(59,489)	69,816	102,441	-	102,441
Balance as at 1 January 2016	2,450	-	-	53,155	55,605	1,324	56,929
Profit for the financial period	-	-	-	9,166	9,166	217	9,383
Other comprehensive income, net of tax	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	9,166	9,166	217	9,383
Transactions with owners:							
Issuance of new ordinary shares	83,000	10,530	-	-	93,530	-	93,530
Share issuance expenses	-	(1,416)	-	-	(1,416)	-	(1,416)
Acquisition of subsidiaries	(2,450)	-	(59,489)	-	(61,939)	-	(61,939)
Acquisition of additional interests in a subsidiary	-	-	-	217	217	(1,541)	(1,324)
Total transactions with owners	80,550	9,114	(59,489)	217	30,392	(1,541)	28,851
Balance as at 31 December 2016	83,000	9,114	(59,489)	62,538	95,163	-	95,163

RHONE MA HOLDINGS BERHAD (Company No. 1116225-A)

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to these interim financial statements.

Notes:

- (1) Pursuant to Section 74 of the Companies Act 2016, the Company's shares no longer have a par or nominal value with effect from 31 January 2017. There is no impact on the number of shares in issue or the relative entitlement of any of the members as a result of this transition. In accordance with the transitional provisions set out in Section 618 of the Companies Act 2016, any amount standing to the credit of the share premium account becomes part of the Company's share capital. Companies have twenty-four (24) months upon the commencement of Companies Act 2016 to utilise the credit. During the financial period, the Company did not utilise any of the credit of the share premium account which have now become part of the Company's share capital.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

	Current year- to-date 31/12/2017 RM'000	Preceding year-to-date 31/12/2016 RM'000
Cash flows from operating activities		
Profit before tax	17,062	13,220
Adjustments for:		
Impairment on trade receivables	31	-
Depreciation of property, plant and equipment	1,511	1,303
Inventories written back	(117)	(407)
Inventories written off	905	204
Interest expense	315	326
Interest income	(879)	(124)
Unrealised (gain)/loss on foreign currency translation	(524)	169
Loss on disposal of property, plant and equipment	11	-
Gain on disposal of other investment	-	(18)
Gain on bargain purchase of subsidiaries	-	(486)
Operating profit before working capital changes	<u>18,315</u>	<u>14,187</u>
Changes in working capital:		
Increase in inventories	(5,329)	(3,783)
Increase in trade and other receivables	(6,450)	(353)
Increase in trade and other payables	<u>1,887</u>	<u>212</u>
Cash generated from operations	8,423	10,263
Tax refund	54	-
Tax paid	<u>(3,947)</u>	<u>(3,319)</u>
Net cash from operating activities	<u>4,530</u>	<u>6,944</u>
Cash flows from investing activities		
Acquisition of additional interests in a subsidiary	-	(1,324)
Acquisition of subsidiaries	-	(1,063)
Purchase of property, plant and equipment	(8,045)	(313)
Proceeds from disposal of property, plant and equipment	23	-
Proceeds from disposal of other investment	-	22
Interest received	879	124
Net cash used in investing activities	<u>(7,143)</u>	<u>(2,554)</u>
Cash flows from financing activities		
Repayment of borrowings	(1,532)	(2,770)
Interest paid	(315)	(326)
Dividend paid	(6,640)	-
Proceeds from issuance of shares	-	30,175
Net cash (used in)/from financing activities	<u>(8,487)</u>	<u>27,079</u>
Net (decrease)/increase in cash and cash equivalents	(11,100)	31,469
Cash and cash equivalents at beginning of financial year	<u>45,073</u>	<u>13,604</u>
Cash and cash equivalents at end of financial year	<u><u>33,973</u></u>	<u><u>45,073</u></u>

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to these interim financial statements.

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORTING

A1. Basis of preparation

The unaudited interim financial statements have been prepared in accordance with the requirements of MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2016 and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2016.

A2. Significant accounting policies

The significant accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the audited financial statements of the Group for the financial year ended 31 December 2016.

A3. Auditors’ report

There was no qualification to the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2016.

A4. Seasonal or cyclical factors

The business operations of the Group were not materially affected by any seasonal and cyclical factors during the current quarter and financial year-to-date under review.

A5. Unusual items affecting assets, liabilities, equity, net income or cash flows

Rhone Ma Malaysia Sdn Bhd (“RMM”), a subsidiary of the Company, had on 12 December 2017, received a signed amendment dated 8 December 2017 to the distribution agreement dated 7 November 2000 between RMM and Merial (as amended on 31 July 2001, 31 January 2003, 6 June 2003 and 23 July 2014) to replace the current products list with a new products list which excludes swine, poultry, ruminant and veterinary public health products (“Excluded Products”) (“Amendment”).

RMM had been the distributor of Merial products comprising products for swine, poultry, ruminant and companion animals as well as veterinary public health products. Pursuant to the Amendment, RMM will continue to distribute companion animal products of Merial. In respect of the Excluded Products, Merial or its affiliate or any nominated designated third party shall be entitled in its sole discretion to repurchase the remaining inventory of the Excluded Products in the possession of RMM which meets the criteria specified in the Amendment.

In the event where Merial decided not to repurchase the Excluded Products, Merial shall inform RMM in writing and RMM shall use its best efforts:

- (i) to sell all remaining inventory of the excluded swine, veterinary public health and ruminant products for the period up to 31 December 2017; and
- (ii) to sell all remaining inventory of the excluded poultry products for the period up to 30 March 2018.

Notwithstanding the above, in the event that RMM, despite its best efforts, is not able to sell the remaining inventory as stated in (i) and (ii) above, Merial or its affiliate or any nominated designated third party shall have the sole discretion to purchase the remaining unsold inventory of the Excluded Products in the possession of RMM which meets the criteria specified in the Amendment at the price in accordance with the product list annexed to the Amendment.

The Amendment does not have any material impact on the earnings of the Group for the financial year ended 31 December 2017 but is expected to have a negative financial impact to the Group for the financial year ending 31 December 2018.

Save for the above, there were no other unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the current quarter and financial year-to-date under review.

A6. Changes in estimates

There were no changes in estimates that have a material effect in the current quarter and financial year-to-date under review.

A7. Debt and equity securities

There was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities for the current quarter and financial year-to-date under review.

A8. Dividend

On 21 February 2017, the Board of Directors declared a first interim single tier dividend of 2 sen per ordinary share, amounting to RM3.32 million in respect of the financial year ended 31 December 2016. The dividend was paid on 21 March 2017 and had been accounted for in equity as an appropriation of retained earnings in the financial year ended 31 December 2017.

A final single-tier dividend of 2 sen per ordinary share, amounting to RM3.32 million in respect of the financial year ended 31 December 2016 was approved by shareholders at the Company's Annual General Meeting on 20 June 2017. The dividend was paid on 13 July 2017 and had been accounted for in equity as an appropriation of retained earnings in the financial year ended 31 December 2017.

A9. Segmental information

The Group's operating segments are animal health products, food ingredients and others. These operating segments are required to be organised and managed separately according to the nature of products and services as well as specific expertise which require different business and marketing strategies. The segmental results are as follows:

	Individual quarter		Cumulative quarter	
	Current year quarter	Preceding year quarter	Current year- to-date	Preceding year-to-date
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	RM'000	RM'000	RM'000	RM'000
Revenue				
Animal health products	28,327	23,380	101,577	92,111
Food ingredients	7,117	7,314	33,338	26,494
Others	758	590	2,573	590
	<u>36,202</u>	<u>31,284</u>	<u>137,488</u>	<u>119,195</u>
Profit before tax				
Animal health products	3,284	3,065	14,298	16,847
Food ingredients	511	257	1,834	972
Others	340	(4,306)	930	(4,599)
	<u>4,135</u>	<u>(984)</u>	<u>17,062</u>	<u>13,220</u>

A10. Property, plant and equipment

(i) Acquisitions and disposals

RMM, a wholly-owned subsidiary of the Company had on 1 August 2017 entered into a sale and purchase agreement with Klanggroup Development Sdn Bhd for the acquisition of a semi-detached factory comprising one (1) mezzanine (store) and two (2)-storey office, located in Mukim Kapar, Daerah Klang, Selangor Darul Ehsan for an aggregate cash consideration of RM5,588,000.

The acquisition is in line with the Group's future plans which include the expansion of the existing range of food ingredients as it allows the Group to cater to the increasing storage needs of food ingredients. In addition, the Group may house the manufacturing facility for food ingredients in the property, should the Group decides to venture into the manufacturing of food ingredients in the future.

Save for the above, there were no other material acquisitions and disposals during the current quarter and financial year-to-date under review.

(ii) Impairment losses

There were no impairment losses during the current quarter and financial year-to-date under review.

(iii) Valuation

The Group has not carried out any valuation on its property, plant and equipment during the current quarter and financial year-to-date under review.

A11. Material events subsequent to the end of the quarter

- (i) RMM, a wholly-owned subsidiary of the Company, had on 1 January 2018, signed a distribution agreement with Ceva Sante Animale S.A. and Ceva Animal Health Malaysia Sdn Bhd (collectively referred to as “Ceva”) for the exclusive distribution of Ceva’s animal health products related to swine listed in the agreement (“Agreement”). Ceva Sante Animale S.A. is an international corporation engaged in research, development, production and marketing of pharmaceutical products and vaccines for companion animal, poultry, ruminant and swine with presence in 45 countries.

The Agreement with Ceva allows RMM to distribute, promote and sell Ceva’s animal health products related to swine in Malaysia and is valid from 1 January 2018 until 31 December 2020. The Agreement shall be renewed and continue in full force and effects for a successive periods of 1 year unless and until either party gives to the other written notice of termination at least 3 months prior to the end of the initial term or any successive one-year period.

The Agreement with Ceva is expected to contribute positively towards the Group's earnings and net assets per share for the financial year ending 31 December 2018 and the contribution from the Agreement is expected to mitigate the impact of the loss of revenue from the cessation of distribution of swine products from RMM’s previous supplier.

- (ii) Asia-Pacific Special Nutrients Sdn Bhd, a wholly-owned subsidiary of the Company, had on 13 February 2018, incorporated a wholly-owned subsidiary known as APSN Healthcare & Diagnostics Sdn Bhd which intended principal activities comprise the provision of test and diagnostics services for human healthcare, conducting research and development in biotechnology and distribution of human healthcare and related products.

Save for the above, there were no other material events subsequent to the end of the current quarter that have not been reflected in this interim financial report.

A12. Changes in the composition of the Group

Asia-Pacific Special Nutrients Sdn Bhd, a wholly-owned subsidiary of the Company, had on 20 January 2017 incorporated a wholly-owned subsidiary known as APSN Biotech Sdn Bhd which intended principal activities comprise trading in biotechnology and animal health products and provision of related services.

There were no other changes in the composition of the Group during the current quarter and financial year-to-date under review.

A13. Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets as at the date of this report.

A14. Capital commitments

The capital commitments of the Group as at the end of the quarter under review were as follows:

	RM'000
Approved and contracted for:	
- Construction of warehouse in Kapar, Klang, Selangor Darul Ehsan	7,696
- Acquisition of shop houses in Kuching, Sarawak	1,951
- Machineries and equipment	<u>5,426</u>
	<u>15,073</u>

A15. Significant related party transactions

There were no significant related party transactions during the current quarter and financial year-to-date under review.

B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES MALAYSIA BERHAD

B1. Review of performance

The Group recorded revenue of approximately RM36.20 million for the current quarter, an increase of approximately RM4.92 million compared to the revenue of approximately RM31.28 million in the preceding year's corresponding quarter. The increase was mainly due to the increase in revenue from animal health products of approximately RM4.95 million.

The Group's profit before tax for the current quarter of approximately RM4.14 million was approximately RM5.12 million higher compared to the loss before tax of approximately RM0.98 million reported for the preceding year's corresponding quarter which included a one-off charge of the Group's listing expenses amounting to approximately RM4.14 million.

For the financial year-to-date under review, the Group recorded revenue of approximately RM137.49 million, an increase of approximately RM18.29 million compared to the revenue of approximately RM119.20 million recorded in the corresponding period of the preceding year. The increase was mainly due to the increase in revenue from animal health products and food ingredients of approximately RM9.47 million and RM6.84 million respectively.

The Group's profit before tax for the financial year-to-date under review of approximately RM17.06 million was approximately RM3.84 million higher compared to the profit before tax of approximately RM13.22 million reported for the corresponding period of the preceding year. However, the profit before tax for the corresponding period of the preceding year after adjusting for the one-off charge of the Group's listing expenses amounting to approximately RM4.14 million would have been approximately RM17.36 million. The comparatively lower profit before tax for the financial year-to-date under review was mainly due to the increase in salaries and other staff related expenses of approximately RM1.98 million, increase in inventories written off of approximately RM0.70 million, as well as higher depreciation of approximately RM0.21 million.

B2. Material changes in the quarterly results compared to the immediate preceding quarter

The Group's revenue of approximately RM36.20 million for the current quarter was approximately RM0.99 million or 2.66% lower compared to the revenue reported for the preceding quarter of approximately RM37.19 million. The decrease was primarily due to the decrease in revenue of food ingredients of approximately RM3.40 million which was mitigated by an increase in revenue from animal health products of approximately RM2.33 million.

In line with the decrease in revenue, the Group's profit before tax for the current quarter of approximately RM4.14 million was RM0.25 million lower compared to the profit before tax of approximately RM4.39 million reported for the preceding quarter.

B3. Prospects

As result of the Amendment (as stated in Note A5), the Group had ceased distributing swine, veterinary public health and ruminant products of that major supplier since 1 January 2018 and will also cease distributing their poultry products from 31 March 2018. Nonetheless, the Group expects that the signing of the Agreement with another supplier on 1 January 2018 (as stated in Note A11(i)) will contribute to the revenues of the Group with the distribution of new swine products in accordance with the Agreement. In addition, the Group is also exploring options with other major international suppliers of animal health products for the distribution of their poultry and ruminant products.

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Further, the Group will continue to focus on the expansion of our product range which includes in-house developed products and products from third party international animal health products manufacturers. The Group also intends to expand our market presence in the existing regional markets as part of our future plans.

We have commenced work on our new warehouse situated in Kapar, Selangor Darul Ehsan in July 2017. The new warehouse, which will be used as our main distribution centre to cater to our increasing storage needs for both animal health products and food ingredients, is estimated to be completed by the third quarter of 2018.

The Group's future plans and strategies will focus on the expansion of our manufacturing activities by constructing and operating a new GMP-compliant plant in Nilai, Negeri Sembilan Darul Khusus which will increase our production capacity by approximately four (4) times of the existing maximum production capacity. As at to-date, we have obtained the planning approval and are awaiting approval for the commencement of earthworks from the relevant authority. The construction of the plant is estimated to be completed by the fourth quarter of 2018.

The continued expansion of our capacity and operations through our future plans would provide a platform to grow and sustain our business amidst the favourable outlook of the animal health and nutrition market and food ingredients market in Malaysia. Barring any unforeseen circumstances and in the event that the Group is able to secure a new supplier for the poultry products in a timely manner, the Board of Directors expects the financial performance of the Group to be satisfactory for 2018.

B4. Profit forecast

The Group has not issued any profit forecast in any form of public documentation and announcement.

B5. Tax expense

	Individual quarter		Cumulative quarter	
	Current year quarter 31/12/2017 RM'000	Preceding year quarter 31/12/2016 RM'000	Current year-to-date 31/12/2017 RM'000	Preceding year-to-date 31/12/2016 RM'000
Current tax				
Current year	436	957	3,225	4,191
Over provision in prior years	(19)	(11)	(216)	(264)
Deferred tax				
Current year	17	(65)	17	(65)
Over provision in prior years	118	(25)	118	(25)
	<u>552</u>	<u>856</u>	<u>3,144</u>	<u>3,837</u>

The effective tax rates of the Group for the current quarter and financial year-to-date of 13.35% and 18.43% respectively were lower than the statutory tax rate of 24.00%. This was due principally to one of the Company's subsidiaries, Asia-Pacific Special Nutrients Sdn Bhd, being awarded the BioNexus status incentive under the Income Tax (Exemption) (No. 17) Order 2007 on 23 July 2007 and was granted 100% tax exemption on qualifying activities for a period of ten (10) years from its first year of statutory income in the year of assessment 2010.

B6. Notes to the Condensed Consolidated Statement of Comprehensive Income

	Individual quarter		Cumulative quarter	
	Current year quarter	Preceding year quarter	Current year-to-date	Preceding year-to-date
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging / (crediting):				
Depreciation of property, plant and equipment	462	383	1,511	1,303
Inventories written back	(522)	(678)	(117)	(407)
Inventories written off	255	86	905	204
Interest expense	72	137	315	326
(Gain)/loss on foreign currency translations	(177)	807	254	524
Gain on disposal of other investments	-	(18)	-	(18)
Interest income	(345)	(19)	(879)	(124)

Save for the above, the other items as required under Appendix 9B Part A (16) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

B7. Status of corporate proposals

There is no corporate proposal announced but not completed as at the date of this report.

B8. Utilisation of proceeds

The status of utilisation of proceeds of approximately RM31.59 million from the Company's Initial Public Offering of 42,122,000 new ordinary shares at RM0.75 each as at 31 December 2017 is as follows:

Details of the utilisation of proceeds	Proposed utilisation RM'000	Actual utilisation RM'000	Deviation RM'000	Balance unutilised RM'000	Estimated timeframe for utilisation
Capital expenditure	24,500	4,596	-	19,904	Within 24 months
Working capital	2,092	1,535	(557) ⁽¹⁾	-	Within 24 months
Estimated listing expenses	5,000	5,557	557 ⁽¹⁾	-	Within 3 months
Total	31,592	11,688	-	19,904	

Note:

- (1) The actual listing expenses incurred were more than the estimated listing expenses by approximately RM0.56 million due mainly to higher than expected incidental charges incurred in conjunction with the listing exercise. In accordance with Section 3.8 of the Prospectus of the Company dated 29 November 2016, the additional listing expenses of approximately RM0.56 million were adjusted from the portion allocated for working capital.

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The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 29 November 2016.

B9. Borrowings

The Group's borrowings as at 31 December 2017 are as follows:

	As at 31/12/2017 RM'000	As at 31/12/2016 RM'000
Non-current liabilities (secured)		
Term loans	7,134	3,426
Hire purchase creditors	98	267
	<u>7,232</u>	<u>3,693</u>
Current liabilities (secured)		
Term loans	712	1,387
Hire purchase creditors	172	163
	<u>884</u>	<u>1,550</u>
Total borrowings	<u><u>8,116</u></u>	<u><u>5,243</u></u>

All borrowings are denominated in Ringgit Malaysia.

B10. Material litigation

There is no litigation which has a material effect on the financial position of the Group and the Board is not aware of any proceedings pending or of any fact likely to give rise to any proceedings as at the date of this report.

B11. Dividend

On 15 January 2018, the Board of Directors declared an interim single tier dividend of 2.5 sen per ordinary share totalling RM4.15 million in respect of the financial year ended 31 December 2017, which had been paid on 13 February 2018 to shareholders registered at the close of business on 29 January 2018. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2018.

B12. Earnings per share

(a) Basic earnings per share

Basic earnings per share is computed based on the profit attributable to owners of the parent divided by the weighted average number of ordinary shares in issue for the period under review.

	Individual quarter		Cumulative quarter	
	Current year	Preceding	Current	Preceding
	quarter	year quarter	year-to-date	year-to-date
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Profit/(loss) attributable to owners of the parent (RM'000)	3,583	(1,840)	13,918	9,166
Weighted average number of ordinary shares in issue ('000)	166,000	125,374	166,000	125,374
Basic earnings/(loss) per share (sen)	2.15	(1.47)	8.38	7.31

(b) Diluted earnings per share

There are no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the quarter under review.

B13. Net assets per share

Net assets per share attributable to owners of the parent is arrived at by dividing the total equity attributable to owners of the parent at the end of the financial period by the number of ordinary shares in issue at the end of the financial period.

	As at 31/12/2017	As at 31/12/2016
Total equity attributable to owners of the parent (RM'000)	102,441	95,163
Number of ordinary shares in issue ('000)	166,000	166,000
Net assets per share attributable to owners of the parent (RM)	0.62	0.57

B14. Reorganisation debit balance

The reorganisation debit balance arose from the acquisition of RMM on 28 September 2016 based on the difference between the amount recorded as the cost of acquisition, which comprised the share capital issued by the Company of RM61,938,999, and the nominal value of share capital acquired under reverse acquisition accounting by analogy.

RMM had been identified as the accounting acquirer under the concept of reverse acquisition accounting by analogy pursuant to MFRS 3 since the substance of the business combination is that RMM acquired the Company in a reverse acquisition.

B15. Realised and unrealised profits or losses

	As at 31/12/2017 RM'000	As at 31/12/2016 RM'000
Total retained earnings of the Group		
Realised	69,703	62,982
Unrealised	113	(444)
	<u>69,816</u>	<u>62,538</u>