

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

	Note	Individual quarter		Cumulative quarter	
		Current year quarter	Preceding year quarter	Current year-to-date	Preceding year-to-date
		31/12/2018 RM'000	31/12/2017 RM'000	31/12/2018 RM'000	31/12/2017 RM'000
Revenue		30,634	36,202	135,239	137,488
Cost of sales		(21,289)	(25,688)	(98,418)	(97,929)
Gross profit		9,345	10,514	36,821	39,559
Other operating income		367	463	1,250	1,537
Distribution costs		(3,067)	(2,424)	(9,739)	(9,023)
Administration expenses		(3,094)	(4,346)	(14,062)	(14,696)
Finance costs		(235)	(72)	(660)	(315)
Profit before tax		3,316	4,135	13,610	17,062
Tax expense	B5	(1,029)	(565)	(3,544)	(3,157)
Profit for the financial period		2,287	3,570	10,066	13,905
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		2,287	3,570	10,066	13,905
Profit attributable to:					
Owners of the parent		2,287	3,570	10,066	13,905
Non-controlling interests		-	-	-	-
		2,287	3,570	10,066	13,905
Total comprehensive income attributable to:					
Owners of the parent		2,287	3,570	10,066	13,905
Non-controlling interests		-	-	-	-
		2,287	3,570	10,066	13,905
Earnings per ordinary share attributable to owners of the parent:					
- Basic (sen)	B12	1.38	2.15	6.06	8.38
- Diluted (sen)	B12	1.38	2.15	6.06	8.38

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 2017 and the accompanying explanatory notes attached to these interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Note	As at 31/12/2018 RM'000	Audited As at 31/12/2017 RM'000
Non-current asset			
Property, plant and equipment		47,613	34,029
Current assets			
Inventories		28,143	28,299
Trade and other receivables		30,769	34,662
Current tax assets		6	-
Cash and bank balances		24,435	33,973
		<u>83,353</u>	<u>96,934</u>
Total assets		<u>130,966</u>	<u>130,963</u>
Equity attributable to owners of the parent			
Share capital		92,114	92,114
Reorganisation debit balance	B14	(59,489)	(59,489)
Retained earnings		71,569	69,803
Total equity		<u>104,194</u>	<u>102,428</u>
Non-current liabilities			
Borrowings	B9	12,501	7,232
Deferred tax liabilities		329	412
		<u>12,830</u>	<u>7,644</u>
Current Liabilities			
Trade and other payables		10,762	19,309
Borrowings	B9	2,054	884
Current tax liabilities		1,126	698
		<u>13,942</u>	<u>20,891</u>
Total liabilities		<u>26,772</u>	<u>28,535</u>
Total equity and liabilities		<u>130,966</u>	<u>130,963</u>
Net assets per share attributable to owners of the parent (RM)	B13	0.63	0.62

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 2017 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 2018

	<----- 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 2018	92,114	-	(59,489)	69,803	102,428	-	102,428
Profit for the financial year	-	-	-	10,066	10,066	-	10,066
Other comprehensive income, net of tax	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	10,066	10,066	-	10,066
Transactions with owners:							
Dividends paid	-	-	-	(8,300)	(8,300)	-	(8,300)
Total transactions with owners	-	-	-	(8,300)	(8,300)	-	(8,300)
Balance as at 31 December 2018	92,114	-	(59,489)	71,569	104,194	-	104,194
Balance as at 1 January 2017	83,000	9,114	(59,489)	62,538	95,163	-	95,163
Profit for the financial year	-	-	-	13,905	13,905	-	13,905
Other comprehensive income, net of tax	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	13,905	13,905	-	13,905
Transactions with owners:							
Adjustment for effects of Companies Act 2016 ⁽¹⁾	9,114	(9,114)	-	-	-	-	-
Dividends 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)	69,803	102,428	-	102,428

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 2017 and the accompanying explanatory notes attached to these interim financial statements.

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

Note:

- (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.

Notwithstanding the above, the Company had on 8 November 2018 proposed to undertake a bonus issue of up to 16,600,000 new ordinary shares in the Company by way of capitalisation of RM0.50 for each bonus share from the share premium account of the Company. Further information in relation to the proposed bonus issue is detailed in Note B7 of this report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

	Current year- to-date 31/12/2018 RM'000	Preceding year-to-date 31/12/2017 RM'000
Cash flows from operating activities		
Profit before tax	13,610	17,062
Adjustments for:		
Depreciation of property, plant and equipment	1,105	1,511
Inventories written off	442	905
Inventories written down/(back)	701	(117)
Impairment loss on receivables	99	32
Loss on disposal of property, plant and equipment	-	8
Property, plant and equipment written off	-	4
Interest expense	660	315
Interest income	(746)	(879)
Unrealised loss/(gain) on foreign currency exchange	143	(524)
Operating profit before working capital changes	<u>16,014</u>	<u>18,317</u>
Changes in working capital:		
Inventories	(987)	(5,329)
Trade and other receivables	3,793	(6,450)
Trade and other payables	(8,689)	1,887
Cash generated from operations	<u>10,131</u>	<u>8,425</u>
Tax paid	<u>(3,204)</u>	<u>(3,894)</u>
Net cash from operating activities	<u>6,927</u>	<u>4,531</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(14,690)	(8,045)
Proceeds from disposal of property, plant and equipment	-	23
Interest received	746	879
Net cash used in investing activities	<u>(13,944)</u>	<u>(7,143)</u>
Cash flows from financing activities		
Net drawdown/(repayment) of borrowings	6,439	(1,547)
Interest paid	(660)	(301)
Dividend paid	(8,300)	(6,640)
Net cash used in financing activities	<u>(2,521)</u>	<u>(8,488)</u>
Net decrease in cash and cash equivalents	(9,538)	(11,100)
Cash and cash equivalents at beginning of financial year	<u>33,973</u>	<u>45,073</u>
Cash and cash equivalents at end of financial year	<u>24,435</u>	<u>33,973</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 2017 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 2017 and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2017.

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 2017, except for the adoption of the following amendments to MFRSs during the financial period:

- Amendments to MFRS 1 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*
- MFRS 15 *Revenue from Contracts with Customers*
- Clarification to MFRS 15
- MFRS 9 *Financial Instruments (IFRS as issued by IASB in July 2014)*
- Amendments to MFRS 2 *Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 128 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*
- IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 140 *Transfers of Investment Property*

The adoption of the above amendments had no significant impact to the financial statements of the Group.

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 2017.

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 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 (“Ceva 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 Ceva Agreement 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 Ceva 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.

On 1 April 2018, RMM signed a distribution agreement with Zoetis Malaysia Sdn Bhd. ("ZMSB") for the distribution of ZMSB's animal health products related to poultry ("ZMSB Agreement"). ZMSB is a subsidiary company of Zoetis Inc. which is a leading animal health company with more than 60 years of experience in animal health and with sales of its products in more than 100 countries.

The ZMSB Agreement allows RMM to distribute ZMSB's animal health products related to poultry in Malaysia and is effective from 1 April 2018 for a period of 3 years. Thereafter, it shall be automatically extended for a further period of 1 year ("Extension Term") and the parties may further extend the term of the ZMSB Agreement by providing written notice prior to the expiration of the Extension Term on mutually agreed new terms and conditions.

The Ceva and ZMSB Agreements contributed positively towards the Group's earnings and net assets per share for the financial year ended 31 December 2018 and mitigated the impact of the loss of revenue from the cessation of distribution of swine and poultry products from RMM's previous supplier.

Notwithstanding the cessation of distribution of swine and poultry products from the previous supplier, RMM is required to continue importation and sale of the discontinued products to the previous supplier's nominated third parties at cost, up to when all regulatory assignments and product registrations for the products are successfully transferred to the previous supplier and/or to its nominated third parties.

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

There was no dividend paid during the current quarter under review.

On 15 January 2018, the Board of Directors declared a first interim dividend of 2.50 sen per ordinary share, amounting to RM4.15 million in respect of the financial year ended 31 December 2017. The dividend was paid on 13 February 2018 and had been accounted for in equity as an appropriation of retained earnings in the financial year ended 31 December 2018.

A final dividend of 2.50 sen per ordinary share, amounting to RM4.15 million in respect of the financial year ended 31 December 2017 was approved by shareholders at the Company's Annual General Meeting on 19 June 2018. The dividend was paid on 13 July 2018 and had been accounted for in equity as an appropriation of retained earnings in the financial year ended 31 December 2018.

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
	31/12/2018 RM'000	31/12/2017 RM'000	31/12/2018 RM'000	31/12/2017 RM'000
Revenue				
Animal health products	21,142	28,327	98,020	101,577
Food ingredients	8,644	7,117	34,106	33,338
Others	848	758	3,113	2,573
	<u>30,634</u>	<u>36,202</u>	<u>135,239</u>	<u>137,488</u>
Profit before tax				
Animal health products	2,482	3,284	9,390	14,298
Food ingredients	562	511	2,920	1,834
Others	272	340	1,300	930
	<u>3,316</u>	<u>4,135</u>	<u>13,610</u>	<u>17,062</u>

A10. Property, plant and equipment

(i) Acquisitions and disposals

There were no material acquisitions and disposals during the current quarter and financial year-to-date under review.

(ii) Impairment losses

There were no material 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

Save for the proposed bonus issue detailed in Note B7 of this report, there were no 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 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 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 GMP-compliant plant in Nilai, Negeri Sembilan	29,702
- Acquisition of shop houses in Kuching, Sarawak	1,518
- Machineries and equipment	8,212
	<u>39,432</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 MALAYSIA SECURITIES BERHAD

B1. Review of performance

The Group recorded revenue of approximately RM30.63 million for the current quarter, a decrease of approximately RM5.57 million compared to the revenue of approximately RM36.20 million in the preceding year's corresponding quarter. The decrease was mainly due to the decrease in revenue from animal health products of approximately RM7.19 million due to the cessation of distribution of swine and poultry products from a previous supplier.

Consistent with the decrease in revenue, the Group's profit before tax for the current quarter of approximately RM3.32 million was approximately RM0.82 million lower compared to the profit before tax of approximately RM4.14 million reported for the preceding year's corresponding quarter.

For the financial year-to-date under review, the Group recorded revenue of approximately RM135.24 million, a decrease of approximately RM2.25 million compared to the revenue of approximately RM137.49 million recorded in the corresponding period of the preceding year. The decrease was mainly due to the decrease in revenue from animal health products of approximately RM3.56 million which was mitigated by the increase in revenue from food ingredients of approximately RM0.77 million. Notwithstanding, should revenue from the importation and sale of discontinued products of a previous supplier by RMM to third parties nominated by the previous supplier at cost (as stated in Note A5) of approximately RM11.78 million be excluded, revenue for the financial year-to-date under review would have been approximately RM14.03 million lower than the revenue in the preceding year's corresponding period.

As approximately RM11.78 million out of the revenue for the financial year-to-date of approximately RM135.24 million was for the importation and sale of discontinued products of a previous supplier at cost, the Group's profit before tax for the financial year-to-date under review of approximately RM13.61 million was approximately RM3.45 million lower compared to the profit before tax of approximately RM17.06 million reported for the corresponding period of the preceding year.

Although RMM had discontinued the distribution of swine, veterinary public health and ruminant products of a previous supplier from 1 January 2018 and poultry products of the same supplier from 31 March 2018, the signing of the Ceva Agreement and ZMSB Agreement (as stated in Note A5) contributed positively towards the Group's earnings and net assets per share for the financial year ended 31 December 2018. Contributions from the agreements enabled the Group to mitigate the impact of the loss of revenue from the discontinuation of distribution of products from the previous supplier.

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

The Group's revenue of approximately RM30.63 million for the current quarter was approximately RM2.72 million lower compared to the revenue reported for the preceding quarter of approximately RM33.35 million. Revenue from animal health products decreased by approximately RM1.77 million whereas revenue from food ingredients decreased by approximately RM0.90 million compared to the preceding quarter.

Consistent with the decrease in revenue, the Group's profit before tax for the current quarter of approximately RM3.32 million was approximately RM0.22 million lower than the profit before tax of approximately RM3.54 million reported for the preceding quarter.

B3. Prospects

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, and also to expand our market presence in the existing regional markets as part of our future plans.

The Group's future plans and strategies will also focus on the expansion of our manufacturing activities by constructing and operating a new GMP-compliant plant in Nilai, Negeri Sembilan which will increase our production capacity by approximately four (4) times of the existing maximum production capacity. As at to-date, we have commenced construction and the plant is estimated to be completed by the end of 2019.

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.

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 31/12/2018 RM'000	Preceding year quarter 31/12/2017 RM'000	Current year-to-date 31/12/2018 RM'000	Preceding year-to-date 31/12/2017 RM'000
Current tax				
Current year	1,136	448	3,121	3,237
(Over)/under provision in prior years	(25)	(18)	505	(216)
	<u>1,111</u>	<u>430</u>	<u>3,626</u>	<u>3,021</u>
Deferred tax				
Origination of temporal differences	70	17	70	17
(Over)/under provision in prior years	(152)	118	(152)	118
	<u>(82)</u>	<u>135</u>	<u>(82)</u>	<u>135</u>
	<u>1,029</u>	<u>565</u>	<u>3,544</u>	<u>3,156</u>

The effective tax rates of the Group for the current quarter and financial year-to-date of 31.03% and 26.04% respectively were higher than the statutory tax rate of 24.00%. This was due principally to expenses non-allowable for tax purposes and under provision of tax in the previous financial year.

B6. Notes to the Condensed Consolidated Statement of Comprehensive Income

	Individual quarter		Cumulative quarter	
	Current year quarter 31/12/2018 RM'000	Preceding year quarter 31/12/2017 RM'000	Current year-to-date 31/12/2018 RM'000	Preceding year-to-date 31/12/2017 RM'000
Profit before tax is arrived at after charging / (crediting):				
Depreciation of property, plant and equipment	334	462	1,105	1,511
Inventories written down/(back)	341	(522)	701	(117)
Inventories written off	85	255	442	905
Impairment loss on receivables	-	32	99	32
Reversal of impairment loss on receivables	(261)	-	-	-
Interest expense	235	72	660	315
Loss/(gain) on foreign currency translations	105	(165)	288	266
Interest income	(275)	(345)	(746)	(879)

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

On 8 November 2018, Public Investment Bank Berhad (“PIVB”) on behalf of the Board of Directors of the Company (“Board”) announced that the Company is proposing to undertake a proposed bonus issue of up to 16,600,000 new ordinary shares in the Company (“RMH Shares”) (“Bonus Shares”) on the basis of 1 Bonus Share for every 10 existing RMH Shares held (“Proposed Bonus Issue”).

On 14 November 2018, PIVB on behalf of the Board announced that Bursa Malaysia Securities Berhad had approved the listing of and quotation for the Bonus Shares to be issued pursuant to the Proposed Bonus Issue.

Approval from the shareholders of the Company in relation to the Proposed Bonus Issue was obtained at an extraordinary general meeting held on 12 December 2018. On 19 December 2018, PIVB on behalf of the Board announced that the entitlement date for the Bonus Shares shall be 7 January 2019.

The Proposed Bonus Issue was completed on 8 January 2019, being the date on which 16,600,000 Bonus Shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad.

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 2018 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	15,287	-	9,213	Within 36 months ⁽²⁾
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	22,379	-	9,213	

Notes:

- (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.
- (2) The Board of Directors has resolved to extend the time frame for the utilisation of the proceeds for capital expenditure for another 12 months period from 24 months to 36 months in accordance with the Company's announcement dated 22 May 2018.

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 2018 are as follows:

	As at 31/12/2018 RM'000	As at 31/12/2017 RM'000
Non-current liabilities (secured)		
Term loans	12,489	7,134
Hire purchase creditors	12	98
	<u>12,501</u>	<u>7,232</u>
Current liabilities (secured)		
Term loans	1,945	712
Hire purchase creditors	109	172
	<u>2,054</u>	<u>884</u>
Total borrowings	<u>14,555</u>	<u>8,116</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 2019, the Board of Directors declared an interim single tier dividend of 1.0 sen per ordinary share totalling RM1.83 million in respect of the financial year ended 31 December 2018, which had been paid on 13 February 2019 to shareholders registered at the close of business on 31 January 2019. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2019.

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 quarter	Preceding year quarter	Current year-to-date	Preceding year-to-date
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Profit attributable to owners of the parent (RM'000)	2,287	3,570	10,066	13,905
Weighted average number of ordinary shares in issue ('000)	166,000	166,000	166,000	166,000
Basic earnings per share (sen)	1.38	2.15	6.06	8.38

(b) Diluted earnings per share

The diluted earnings per share is equal to the basic earnings per share as there were no outstanding dilutive potential ordinary shares at the end of each reporting period.

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 31/12/2018	As at 31/12/2017
Total equity attributable to owners of the parent (RM'000)	<u>104,194</u>	<u>102,428</u>
Number of ordinary shares in issue ('000)	<u>166,000</u>	<u>166,000</u>
Net assets per share attributable to owners of the parent (RM)	<u>0.63</u>	<u>0.62</u>

B14. Reorganisation debit balance

The reorganisation debit balance arose from the acquisition of RMM on 28 September 2016 based on the difference between the share capital issued by the Company and the share capital issued by RMM amounting to approximately RM59.49 million.