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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019

	Note	Individual quarter		Cumulative quarter	
		Current year quarter 31/12/2019 RM'000	Preceding year quarter 31/12/2018 RM'000	Current year-to-date 31/12/2019 RM'000	Preceding year-to-date 31/12/2018 RM'000
Revenue		30,891	30,634	119,060	135,239
Cost of sales		(22,380)	(21,289)	(84,240)	(98,418)
Gross profit		8,511	9,345	34,820	36,821
Other operating income		430	367	802	1,250
Distribution costs		(1,843)	(2,477)	(8,996)	(9,149)
Administration expenses		(3,603)	(3,684)	(14,369)	(14,652)
Finance costs		(269)	(235)	(942)	(660)
Profit before tax		3,226	3,316	11,315	13,610
Tax expense	B5	(986)	(1,029)	(2,679)	(3,544)
Profit for the financial period		2,240	2,287	8,636	10,066
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		2,240	2,287	8,636	10,066
Profit attributable to:					
Owners of the parent		2,240	2,287	8,636	10,066
Non-controlling interest		-	-	-	-
		2,240	2,287	8,636	10,066
Total comprehensive income attributable to:					
Owners of the parent		2,240	2,287	8,636	10,066
Non-controlling interest		-	-	-	-
		2,240	2,287	8,636	10,066
Earnings per ordinary share attributable to owners of the parent:					
- Basic (sen)	B15	1.23	1.25	4.74	5.51
- Diluted (sen)	B15	1.23	1.25	4.74	5.51

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	As at 31/12/2019 RM'000	Audited As at 31/12/2018 RM'000
Non-current asset			
Property, plant and equipment		57,659	47,613
Right-of-use assets		11,883	-
Investment property		5,653	-
Other investment	B9	40	-
		75,235	47,613
Current assets			
Inventories		33,819	28,143
Trade and other receivables		30,579	30,769
Current tax assets		43	6
Cash and bank balances and short term funds		9,209	24,435
		73,650	83,353
Total assets		148,885	130,966
Equity attributable to owners of the parent			
Share capital		92,114	92,114
Reorganisation debit balance	B17	(59,489)	(59,489)
Retained earnings		74,709	71,569
Total equity		107,334	104,194
Non-current liabilities			
Borrowings	B10	25,221	12,501
Deferred tax liabilities		342	329
		25,563	12,830
Current Liabilities			
Trade and other payables		13,133	10,762
Borrowings	B10	2,077	2,054
Current tax liabilities		778	1,126
		15,988	13,942
Total liabilities		41,551	26,772
Total equity and liabilities		148,885	130,966
Net assets per share attributable to owners of the parent (RM)	B16	0.59	0.63

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 2018 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 2019

	<---------- Attributable to owners of the parent ---------->					
	<-------- Non-distributable ------->		Distributable			
	Share capital RM'000	Reorganisation debit balance RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non-controlling interest RM'000	Total equity RM'000
Balance as at 1 January 2019	92,114	(59,489)	71,569	104,194	-	104,194
Effects of adoption of MFRS 16	-	-	(18)	(18)	-	(18)
Balance as at 1 January 2019, as restated	92,114	(59,489)	71,551	104,176	-	104,176
Profit for the financial year	-	-	8,636	8,636	-	8,636
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income	-	-	8,636	8,636	-	8,636
Transactions with owners:						
Dividends paid	-	-	(5,478)	(5,478)	-	(5,478)
Total transactions with owners	-	-	(5,478)	(5,478)	-	(5,478)
Balance as at 31 December 2019	92,114	(59,489)	74,709	107,334	-	107,334
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

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019

	Current year-to-date 31/12/2019 RM'000	Preceding year-to-date 31/12/2018 RM'000
Cash flows from operating activities		
Profit before tax	11,315	13,610
Adjustments for:		
Depreciation	1,595	1,105
Inventories written off	533	442
Inventories written (back)/down	(192)	701
Impairment loss on receivables	137	99
Impairment loss on other investment	10	-
Interest expense	942	660
Interest income	(273)	(746)
Unrealised (gain)/loss on foreign currency exchange	(262)	143
Operating profit before working capital changes	13,805	16,014
Changes in working capital:		
Inventories	(6,017)	(987)
Trade and other receivables	221	3,793
Trade and other payables	2,453	(8,689)
Cash generated from operations	10,462	10,131
Tax paid	(3,050)	(3,204)
Net cash from operating activities	7,412	6,927
Cash flows from investing activities		
Purchase of property, plant and equipment	(28,890)	(14,690)
Purchase of other investment	(50)	-
Interest received	273	746
Net cash used in investing activities	(28,667)	(13,944)
Cash flows from financing activities		
Net drawdown of borrowings	12,743	6,439
Interest paid	(924)	(660)
Dividend paid	(5,478)	(8,300)
Payment of lease liabilities	(312)	-
Net cash from/(used in) financing activities	6,029	(2,521)
Net decrease in cash and cash equivalents	(15,226)	-
Cash and cash equivalents at beginning of financial year	24,435	33,973
Cash and cash equivalents at end of financial year	9,209	24,435

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 2018 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 2018 and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2018.

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 2018, except for the adoption of the following amendments to MFRSs during the financial period:

- MFRS 16 *Leases*
- IC Interpretation 23 *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 128 *Long-term Interests in Associates and Joint Ventures*
- Amendments to MFRS 9 *Prepayment Features with Negative Compensation*
- Amendments to MFRS 3 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*
- Amendments to MFRS 11 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*
- Amendments to MFRS 112 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*
- Amendments to MFRS 123 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*
- Amendments to MFRS 119 *Plan Amendment, Curtailment or Settlement*

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 2018.

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

There were no 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

The Company had on 8 January 2019 completed a bonus issue of 16,600,000 new ordinary shares ("RMH Shares") ("Bonus Shares") on the basis of 1 Bonus Share for every 10 existing RMH Shares held, thereby increasing the issued shares of the Company from 166,000,000 ordinary shares to 182,600,000 ordinary shares.

Save for the above, there were no other 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 15 January 2019, the Board of Directors declared a first interim single tier dividend of 1.0 sen per ordinary share amounting to RM1.83 million in respect of the financial year ended 31 December 2018. The dividend was paid on 13 February 2019 and had been accounted for in equity as an appropriation of retained earnings in the financial year ended 31 December 2019.

A final dividend of 2.0 sen per ordinary share, amounting to RM3.65 million in respect of the financial year ended 31 December 2018 was approved by shareholders at the Company's Annual General Meeting on 18 June 2019. The dividend was paid on 15 July 2019 and had been accounted for in equity as an appropriation of retained earnings in the financial year ended 31 December 2019.

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 31/12/2019 RM'000	Preceding year quarter 31/12/2018 RM'000	Current year-to-date 31/12/2019 RM'000	Preceding year-to-date 31/12/2018 RM'000
Revenue				
Animal health products	21,953	21,142	88,324	98,020
Food ingredients	8,222	8,644	28,153	34,106
Others	716	848	2,583	3,113
	30,891	30,634	119,060	135,239
Profit before tax				
Animal health products	2,377	2,482	8,602	9,390
Food ingredients	699	562	2,323	2,920
Others	150	272	390	1,300
	3,226	3,316	11,315	13,610

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

On 21 February 2020, Public Investment Bank Berhad ("PIVB") on behalf of the Board of Directors of RMH ("Board") announced that the Company had entered into the following agreements:

(i) a conditional share sale agreement with Raja Mariam Binti Raja Rustam Shahrome ("Raja Mariam") for the proposed acquisition of 1,225,000 ordinary shares in One Lazuli Sdn Bhd ("OLSB"), representing 49% equity interest in OLSB for a purchase consideration of RM5,390,000 which will be satisfied via a combination of cash of RM1,800,000 and the remaining balance of RM3,590,000 through the issuance of new ordinary shares in RMH ("RMH Shares") at an issue price of RM0.68 each ("Proposed Acquisition of OLSB");

(ii) a profit guarantee agreement with Raja Mariam as guarantor and Messrs Chellam Wong as stakeholder in relation to the Proposed Acquisition of OLSB whereby Raja Mariam provided a guarantee that the audited profit after tax ("PAT") of OLSB for financial years ending 31 December 2020 and 31 December 2021 shall not be less than RM2,000,000 each;

(iii) a conditional share sale agreement with OLSB for the proposed acquisition of 588,000 ordinary shares in Nor Lazuli Nutrition Sdn Bhd ("NLN"), representing 49% equity interest in NLN for a cash consideration of RM1,750,000 ("Proposed Acquisition of NLN");

(iv) a conditional share sale agreement with Nor Hazimah Binti Zabarudin ("Nor Hazimah") for the proposed acquisition of 490,000 ordinary shares in Nor Livestock Farm Sdn Bhd ("NLF"), representing 49% equity interest in NLF for a cash consideration of RM700,000 ("Proposed Acquisition of NLF"); and

(v) a profit guarantee agreement with Raja Mariam, the existing major shareholder of OLSB and Nor Hazimah as guarantors and Messrs Chellam Wong as stakeholder in relation to the Proposed Acquisition of NLN and Proposed Acquisition of NLF, whereby Raja Mariam and Nor Hazimah jointly provided a guarantee that the total audited PAT of NLN and NLF for financial years ending 31 December 2020, 31 December 2021 and 31 December 2022 shall not be less than RM500,000, RM700,000 and RM900,000, respectively.

(The Proposed Acquisition of OLSB, Proposed Acquisition of NLN and Proposed Acquisition of NLF are collectively referred to as the "Proposed Acquisitions").

In addition, on behalf of the Board, PIVB also announced a proposed private placement of up to 12,980,589 RMH Shares representing up to 7.11% of the total number of issued shares in RMH at an issue price to be determined and announced later ("Proposed Private Placement").

Save for the above, 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

There were no 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	8,785
- Machineries and equipment	4,896
	13,681

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 RM30.89 million for the current quarter, an increase of approximately RM0.26 million compared to the revenue of approximately RM30.63 million in the preceding year's corresponding quarter. Revenue from animal health products increased by approximately RM0.81 million from approximately RM21.14 million in the preceding year's corresponding quarter to approximately RM21.95 million in the current quarter. However, the increase was mitigated by a reduction in revenue from food ingredients of approximately RM0.42 million from approximately RM8.64 million in the preceding year's corresponding quarter to approximately RM8.22 million in the current quarter.

Despite the increase in revenue, the Group's profit before tax for the current quarter of approximately RM3.23 million was approximately RM0.09 million lower compared to the profit before tax of approximately RM3.32 million reported for the preceding year's corresponding quarter as a result of wide-ranging promotional activities conducted for animal health products during the current quarter.

For the financial year-to-date under review, the Group recorded revenue of approximately RM119.06 million, a decrease of approximately RM16.18 million compared to the revenue of approximately RM135.24 million recorded in the previous financial year. The decrease was mainly due to the decrease in revenue from animal health products of approximately RM9.70 million and the reduction in revenue from food ingredients of approximately RM5.95 million during the current financial year. Notwithstanding, should revenue from the importation and sale of discontinued products of a previous supplier by Rhone Ma Malaysia Sdn. Bhd. to third parties nominated by the previous supplier at cost of approximately RM11.78 million in the previous financial year be excluded, revenue from animal health products for the financial year-to-date under review would have been approximately RM2.08 million higher than the revenue in the previous financial year. The decrease in revenue from food ingredients in the current financial year was a result of reduction in orders from certain customers.

The Group's profit before tax for the financial year-to-date under review of approximately RM11.32 million was approximately RM2.29 million lower compared to the profit before tax of approximately RM13.61 million reported for the preceding financial year. Lower gross profit of approximately RM2.00 million coupled with the higher finance costs of approximately RM0.28 million and a decrease in other income of approximately RM0.45 million contributed to the lower profit before tax.

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

The Group's revenue of approximately RM30.89 million for the current quarter was approximately RM1.48 million higher compared to the revenue of approximately RM29.41 million reported for the preceding quarter.

Consequently, the Group's profit before tax for the current quarter of approximately RM3.23 million was also RM0.59 million higher compared to the profit before tax of approximately RM2.64 million reported for the preceding quarter.

B3. Prospects

The continued expansion of our capacity and operations through our plans would provide a platform to grow and sustain our business amidst the favourable outlook of the animal health products market and food ingredients market in Malaysia. The animal health products market has emerged as a market of prime importance in the past few years. The increased focus on

animal health and nutrition which is largely attributable to the outbreak of new animal diseases in recent years as well as changes in factory farming practices for bulk production, resulted in an increase in requirement for good quality animal feed additives, vaccines, pharmaceuticals and hygiene management products. This has allowed the animal health products market to expand.

Malaysia is experiencing an undersupply of milk and the reliance on import of milk has been subsisting since local production is unable to meet the increase in consumption in the nation. As the government is making efforts to increase the nation's production of dairy products especially fresh milk to reach the aspiration of self-sustainability in the near future, dairy farming is expected to be a growing industry.

The Group will continue to focus on strengthening its production capabilities, product competitiveness and market position, while constantly seeking ways to mitigate the risks associated with its business. The Group will also continue to improve its internal controls and processes based on prudent management practices.

In addition to improving on current operations, the Group is vigilant in identifying new business opportunities that has the potential for continuous growth and expansion. Accordingly, the Group has proposed to undertake the Proposed Acquisitions in view of the favourable outlook of the livestock industry and dairy industry in Malaysia. The Proposed Acquisitions are in line with the Group's strategy to tap into other segment of the animal health products i.e. ruminant segment and to venture into other related businesses with growth prospects in order to deliver positive and sustainable growth to its shareholders. Upon completion of the Proposed Acquisitions, the Group would be able to broaden its product offerings, gain immediate increase in market share in the ruminant segment and create new revenue stream in the future. This is expected to contribute positively to the Group's future earnings and enhance its financial performance in the medium to long term.

The Board believes that with the completion of the Proposed Acquisitions as well as our forward looking strategy of continuing to improve on our operating efficiency and effectiveness and investing in our people's development and training whilst operating responsibly, we are well placed to meet the challenges ahead and perform within expectations. Hence, the future prospects of the enlarged Group are expected to be reasonably optimistic moving forward.

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 31/12/2019 RM'000	Preceding year quarter 31/12/2018 RM'000	Current year-to-date 31/12/2019 RM'000	Preceding year-to-date 31/12/2018 RM'000
Current tax				
Current year	1,005	1,136	2,606	3,121
(Over)/under provision in prior years	(33)	(25)	59	505
	972	1,111	2,665	3,626
Deferred tax				
Origination of temporary differences	(11)	70	(11)	70
Under/(over) provision in prior years	25	(152)	25	(152)
	14	(82)	14	(82)
	986	1,029	2,679	3,544

The effective tax rates of the Group for the current quarter of 30.56% was higher than the statutory tax rate of 24.00% due mainly to expenses non-allowable for tax purposes. The effective tax rates of the Group for the financial year-to-date of 23.68% was lower than the statutory tax rate of 24.00% due principally to one of the Company's subsidiaries, Asia-Pacific Special Nutrients Sdn Bhd, being awarded the BioNexus status incentive and has been granted 100% income tax exemption on the statutory income for a period of ten (10) years from the first year the company derives taxable statutory income under the Income Tax (Exemption) (No.17) Order 2007 effective 23 July 2007. The first year whereby the abovementioned subsidiary commences to derive taxable statutory income was in the year 2011, thus the ten (10) years period commenced from the year 2011 until the year 2020.

B6. Notes to the Condensed Consolidated Statement of Comprehensive Income

	Individual quarter		Cumulative quarter	
	Current year quarter 31/12/2019 RM'000	Preceding year quarter 31/12/2018 RM'000	Current year-to-date 31/12/2019 RM'000	Preceding year-to-date 31/12/2018 RM'000
Profit before tax is arrived at after charging / (crediting):				
Depreciation	709	334	1,595	1,105
Inventories written off	224	85	533	442
Inventories written (back)/ down	(732)	341	(192)	701
Impairment (written back)/ loss on receivables	(18)	(261)	137	99
Impairment (written back)/ loss on other investment	(2)	-	10	-
Interest expense	269	235	942	660

	Individual quarter		Cumulative quarter	
	Current year quarter	Preceding year quarter	Current year-to-date	Preceding year-to-date
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
(Gain)/loss on foreign currency exchange	(526)	105	(591)	288
Interest income	(89)	(275)	(273)	(746)

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

Save for the Proposed Acquisitions and Proposed Private Placement detailed in Note A11 of this report, there is no corporate proposal announced but not completed as at the date of this report.

B8. Utilisation of proceeds

The proceeds of approximately RM31.59 million from the Company's Initial Public Offering of 42,122,000 new ordinary shares at RM0.75 each were fully utilised on 10 December 2019. Details of the utilisation is as follows:

Details of the utilisation of proceeds	Proposed utilisation	Actual utilisation	Deviation	Balance unutilised	Estimated timeframe for utilisation
	RM'000	RM'000	RM'000	RM'000	
Capital expenditure	24,500	24,500	-	-	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	31,592	-	-	

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. Other investment

	As at 31/12/2019 RM'000	As at 31/12/2018 RM'000
Financial asset at fair value through profit or loss		
Quoted shares in Malaysia	50	-
Less: Impairment loss	(10)	-
	40	-

B10. Borrowings

The Group's borrowings are as follows:

	As at 31/12/2019 RM'000	As at 31/12/2018 RM'000
Non-current liabilities (secured)		
Term loans	25,221	12,489
Hire purchase creditors	-	12
	25,221	12,501
Current liabilities (secured)		
Term loans	2,066	1,945
Hire purchase creditors	11	109
	2,077	2,054
Total borrowings	27,298	14,555

All borrowings are denominated in Ringgit Malaysia.

B11. Material litigation

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

B12. Dividend

No dividend in respect of the financial year ended 31 December 2019 was declared or recommended for payment by the Company during the current quarter and financial year-to-date under review.

B13. Derivative financial instruments

The Group does not have any derivative financial instruments as at the end of the current quarter.

B14. Gains/losses arising from fair value changes of financial liabilities

There were no material gains or losses arising from fair value changes of financial liabilities during the current quarter and financial year-to-date under review.

B15. 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 31/12/2019	**Preceding year quarter 31/12/2018**	**Current year-to-date 31/12/2019**	**Preceding year-to-date 31/12/2018**
Profit attributable to owners of the parent (RM'000)	2,240	2,287	8,636	10,066
Weighted average number of ordinary shares in issue ('000)	182,600	182,600	182,282	182,600
Basic earnings per share (sen)	1.23	1.25	4.74	5.51

(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.

B16. 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 31/12/2019	**As at 31/12/2018**
t		
Total equity attributable to owners of the parent (RM'000)	107,334	104,194
Number of ordinary shares in issue ('000)	182,600	166,000
Net assets per share attributable to owners of the parent (RM)	0.59	0.63

B17. 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.