

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2017

	Note	Individual quarter		Cumulative quarter	
		Current year quarter	Preceding year quarter	Current year-to-date	Preceding year-to-date
		30/06/2017 RM'000	30/06/2016 ⁽²⁾ RM'000	30/06/2017 RM'000	30/06/2016 ⁽²⁾ RM'000
Revenue		33,126	N/A	64,097	N/A
Cost of sales		(23,847)	N/A	(45,367)	N/A
Gross profit		9,279	N/A	18,730	N/A
Other income		306	N/A	680	N/A
Distribution costs		(1,949)	N/A	(4,148)	N/A
Administration expenses		(3,236)	N/A	(6,570)	N/A
Finance costs		(87)	N/A	(158)	N/A
Profit before tax		4,313	N/A	8,534	N/A
Tax expense	B5	(870)	N/A	(1,707)	N/A
Profit for the period attributable to owners of the parent		3,443	N/A	6,827	N/A
Other comprehensive income, net of tax		-	N/A	-	N/A
Total comprehensive income attributable to owners of the parent		3,443	N/A	6,827	N/A
Earnings per ordinary share attributable to owners of the parent:					
- Basic (sen)	B12	2.07	N/A	4.11	N/A
- Diluted (sen)	B12	N/A	N/A	N/A	N/A

Notes:

- (1) 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.
 - (2) No comparative figures for the preceding year's quarter and preceding year-to-date are available as these are the fourth interim financial statements on the consolidated results for the second quarter ended 30 June 2017 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- N/A Not applicable.

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

	Note	As at 30/06/2017 RM'000	Audited As at 31/12/2016 RM'000
Non-current asset			
Property, plant and equipment		<u>22,665</u>	<u>23,109</u>
Current assets			
Inventories		23,518	23,758
Trade and other receivables		32,425	28,243
Current tax assets		-	23
Cash and bank balances		<u>40,723</u>	<u>45,073</u>
		<u>96,666</u>	<u>97,097</u>
Total assets		<u>119,331</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>66,045</u>	<u>62,538</u>
Total equity		<u>98,670</u>	<u>95,163</u>
Non-current liabilities			
Borrowings	B9	4,026	3,693
Deferred tax liabilities		<u>276</u>	<u>276</u>
		<u>4,302</u>	<u>3,969</u>
Current Liabilities			
Trade and other payables		13,600	17,931
Borrowings	B9	1,687	1,550
Current tax liabilities		<u>1,072</u>	<u>1,593</u>
		<u>16,359</u>	<u>21,074</u>
Total liabilities		<u>20,661</u>	<u>25,043</u>
Total equity and liabilities		<u>119,331</u>	<u>120,206</u>
Net assets per share attributable to owners of the parent (RM)	B13	0.59	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.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2017

	←----- Attributable to owners of the parent ----->				Total attributable to owners of the parent RM'000	Non- controlling interests RM'000	Total equity RM'000
	←----- Non-distributable ----->		Distributable				
	Share capital RM'000	Share premium account RM'000	Reorganisation debit balance RM'000	Retained earnings 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	-	-	-	6,827	6,827	-	6,827
Other comprehensive income, net of tax	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	6,827	6,827	-	6,827
Transactions with owners:							
Adjustment for effects of Companies Act 2016 ⁽³⁾	9,114	(9,114)	-	-	-	-	-
Dividend paid	-	-	-	(3,320)	(3,320)	-	(3,320)
Total transactions with owners:	9,114	(9,114)	-	(3,320)	(3,320)	-	(3,320)
Balance as at 30 June 2017	92,114	-	(59,489)	66,045	98,670	-	98,670

Notes:

- (1) 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.
- (2) No comparative figures for the preceding year are available as these are the fourth interim financial statements on the consolidated results for the second quarter ended 30 June 2017 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- (3) 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 SECOND QUARTER ENDED 30 JUNE 2017

	Current year- to-date 30/06/2017 RM'000	Preceding year-to-date 30/06/2016 ⁽²⁾ RM'000
Cash flows from operating activities		
Profit before tax	8,534	N/A
Adjustments for:		N/A
Depreciation of property, plant and equipment	692	N/A
Inventories written off	86	N/A
Unrealised gain on foreign currency translations	(320)	N/A
Interest expense	158	N/A
Interest income	(254)	N/A
Operating profit before working capital changes	<u>8,896</u>	N/A
Changes in working capital:		N/A
Decrease in inventories	154	N/A
Increase in trade and other receivables	(4,182)	N/A
Decrease in trade and other payables	(4,010)	N/A
Cash generated from operations	<u>858</u>	N/A
Tax paid	<u>(2,205)</u>	N/A
Net cash used in operating activities	<u>(1,347)</u>	N/A
Cash flows from investing activities		
Purchase of property, plant and equipment	(249)	N/A
Interest received	254	N/A
Net cash from investing activities	<u>5</u>	N/A
Cash flows from financing activities		
Drawdown of borrowings	470	N/A
Interest paid	(158)	N/A
Dividend paid	(3,320)	N/A
Net cash used in financing activities	<u>(3,008)</u>	N/A
Net decrease in cash and cash equivalents	(4,350)	N/A
Cash and cash equivalents at beginning of financial period	<u>45,073</u>	N/A
Cash and cash equivalents at end of financial period	<u>40,723</u>	N/A

Notes:

- (1) 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.
 - (2) No comparative figures for the preceding year are available as these are the fourth interim financial statements on the consolidated results for the second quarter ended 30 June 2017 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- N/A Not applicable.

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.

This is the fourth interim financial report on the consolidated results for the second quarter ended 30 June 2017 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and as such, there are no comparative figures for the preceding year’s corresponding period.

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

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

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 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 ending 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 30/06/2017 RM'000	Preceding year quarter 30/06/2016 ⁽¹⁾ RM'000	Current year-to-date 30/06/2017 RM'000	Preceding year-to-date 30/06/2016 ⁽¹⁾ RM'000
Revenue				
Animal health products	23,810	N/A	47,256	N/A
Food ingredients	8,773	N/A	15,708	N/A
Others	543	N/A	1,133	N/A
	<u>33,126</u>	<u>N/A</u>	<u>64,097</u>	<u>N/A</u>
Profit before tax				
Animal health products	3,881	N/A	7,693	N/A
Food ingredients	472	N/A	613	N/A
Others	(40)	N/A	228	N/A
	<u>4,313</u>	<u>N/A</u>	<u>8,534</u>	<u>N/A</u>

Notes:

(1) No comparative figures for the preceding year are available as these are the fourth interim financial statements on the consolidated results for the second quarter ended 30 June 2017 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

N/A Not applicable.

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 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

Rhone Ma Malaysia Sdn Bhd, 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.

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:	
- Machineries and equipment	<u>5,426</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 RM33.13 million and profit before tax of approximately RM4.31 million for the current quarter under review. The Group's revenue comprised mainly of sale of animal health products including vaccines, pharmaceuticals and feed additives, which contributed approximately RM23.81 million of the Group's total revenue and approximately RM3.88 million of the Group's profit before tax for the current quarter. Revenue from food ingredients for the current quarter was approximately RM8.77 million, giving rise to profit before tax of approximately RM0.47 million. The Group's remaining revenue of approximately RM0.54 million for the quarter under review was derived from the provision of animal health services.

For the financial year-to-date under review, the Group recorded revenue of approximately RM64.10 million and profit before tax of approximately RM8.53 million. Revenue from animal health products contributed approximately RM47.26 million of the Group's total revenue and approximately RM7.69 million of the Group's profit before tax for the first half of the financial year. Revenue from food ingredients for the first half of the financial year was approximately RM15.71 million, contributing approximately RM0.61 million to the Group's profit before tax. The Group's remaining revenue of approximately RM1.13 million was derived from the provision of animal health services.

There are no comparative figures for the preceding year's corresponding quarter as these are the fourth interim financial statements on the consolidated results for the second quarter ended 30 June 2017 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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

The Group's revenue of approximately RM33.13 million for the current quarter was approximately RM2.16 million or 6.97% higher as compared to the revenue reported for the preceding quarter of approximately RM30.97 million. The increase was primarily due to the increase in revenue from food ingredients which was approximately RM1.84 million higher than the revenue generated for the previous quarter as a result of higher demand from our major customers.

Despite the increase in revenue, the Group's profit before tax for the current quarter of approximately RM4.31 million was only marginally higher compared to the profit before tax of approximately RM4.22 million reported for the preceding quarter. This was due to the increase in revenue being primarily derived from the food ingredients segment which generates lower profit margins.

B3. Prospects

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 are still awaiting for the planning approval from the relevant authority for the construction of the plant which is estimated to be completed by the fourth quarter of 2018.

Further, the Group will 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 intend 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 on 21 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 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, the Board of Directors is optimistic about the Group's performance for 2017.

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 30/06/2017 RM'000	Preceding year quarter 30/06/2016 ⁽¹⁾ RM'000	Current year-to-date 30/06/2017 RM'000	Preceding year-to-date 30/06/2016 ⁽¹⁾ RM'000
Current tax				
Current year	1,053	N/A	1,890	N/A
Over provision in prior year	(183)	N/A	(183)	N/A
	<u>870</u>	<u>N/A</u>	<u>1,707</u>	<u>N/A</u>

Notes:

(1) No comparative figures for the preceding year are available as these are the fourth interim financial statements on the consolidated results for the second quarter ended 30 June 2017 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

N/A Not applicable.

The effective tax rates of the Group for the current quarter and financial year-to-date of 20.17% and 20.00% 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-to-date	Current year-to-date	Preceding year-to-date
	30/06/2017	30/06/2016 ⁽¹⁾	30/06/2017	30/06/2016 ⁽¹⁾
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging / (crediting):				
Depreciation of property, plant and equipment	352	N/A	692	N/A
Inventories written off	60	N/A	86	N/A
Interest expense	87	N/A	158	N/A
Realised loss on foreign currency translations	38	N/A	408	N/A
Unrealised gain on foreign currency translations	-	N/A	(320)	N/A
Interest income	(52)	N/A	(254)	N/A

Notes:

- (1) No comparative figures for the preceding year are available as these are the fourth interim financial statements on the consolidated results for the second quarter ended 30 June 2017 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
N/A Not applicable.

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 30 June 2017 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	
Capital expenditure	24,500	984	-	23,516	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	8,076	-	23,516	

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

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.

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 30 June 2017 are as follows:

	As at 30/06/2017 RM'000	As at 31/12/2016 RM'000
Non-current liabilities (secured)		
Term loans	3,858	3,426
Hire purchase creditors	168	267
	<u>4,026</u>	<u>3,693</u>
Current liabilities (secured)		
Term loans	235	1,387
Bankers' acceptance	1,270	-
Hire purchase creditors	182	163
	<u>1,687</u>	<u>1,550</u>
Total borrowings	<u>5,713</u>	<u>5,243</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

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 ending 31 December 2017.

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.

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

	Individual quarter		Cumulative quarter	
	Current year	Preceding	Current	Preceding
	quarter	year quarter	year-to-date	year-to-date
	30/06/2017	30/06/2016 ⁽¹⁾	30/06/2017	30/06/2016 ⁽¹⁾
Profit attributable to owners of the parent (RM'000)	3,443	N/A	6,827	N/A
Weighted average number of ordinary shares in issue ('000)	166,000	N/A	166,000	N/A
Basic earnings per share (sen)	2.07	N/A	4.11	N/A

Notes:

(1) No comparative figures for the preceding year are available as these are the fourth interim financial statements on the consolidated results for the second quarter ended 30 June 2017 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

N/A Not applicable.

(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 30/06/2017	As at 31/12/2016
Total equity attributable to owners of the parent (RM'000)	98,670	95,163
Number of ordinary shares in issue ('000)	166,000	166,000
Net assets per share attributable to owners of the parent (RM)	0.59	0.57

B14. Reorganisation debit balance

The reorganisation debit balance arose from the acquisition of Rhone Ma Malaysia Sdn Bhd ("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 30/06/2017 RM'000	As at 31/12/2016 RM'000
Total retained earnings of the Group		
Realised	66,000	62,982
Unrealised	45	(444)
	<u>66,045</u>	<u>62,538</u>