

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

	Note	Individual quarter		Cumulative quarter	
		Current year quarter 31/03/2017 RM'000	Preceding year quarter 31/03/2016 ⁽²⁾ RM'000	Current year-to-date 31/03/2017 RM'000	Preceding year-to-date 31/03/2016 ⁽²⁾ RM'000
Revenue		30,971	N/A	30,971	N/A
Cost of sales		(21,520)	N/A	(21,520)	N/A
Gross profit		9,451	N/A	9,451	N/A
Other income		374	N/A	374	N/A
Distribution costs		(2,199)	N/A	(2,199)	N/A
Administration expenses		(3,334)	N/A	(3,334)	N/A
Finance costs		(71)	N/A	(71)	N/A
Profit before tax		4,221	N/A	4,221	N/A
Tax expense	B5	(837)	N/A	(837)	N/A
Profit for the period attributable to owners of the parent		3,384	N/A	3,384	N/A
Other comprehensive income, net of tax		-	N/A	-	N/A
Total comprehensive income attributable to owners of the parent		3,384	N/A	3,384	N/A
Earnings per ordinary share attributable to owners of the parent:					
- Basic (sen)	B12	2.04	N/A	2.04	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 third interim financial statements on the consolidated results for the first quarter ended 31 March 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 31 MARCH 2017**

	Note	As at 31/03/2017 RM'000	Audited As at 31/12/2016 RM'000
Non-current asset			
Property, plant and equipment		<u>22,829</u>	<u>23,109</u>
Current assets			
Inventories		25,449	23,758
Trade and other receivables		28,177	28,243
Current tax assets		-	23
Cash and bank balances		<u>40,693</u>	<u>45,073</u>
		<u>94,319</u>	<u>97,097</u>
Total assets		<u>117,148</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>62,602</u>	<u>62,538</u>
Total equity		<u>95,227</u>	<u>95,163</u>
Non-current liabilities			
Borrowings	B9	3,293	3,693
Deferred tax liabilities		<u>276</u>	<u>276</u>
		<u>3,569</u>	<u>3,969</u>
Current Liabilities			
Trade and other payables		14,261	17,931
Borrowings	B9	2,423	1,550
Current tax liabilities		<u>1,668</u>	<u>1,593</u>
		<u>18,352</u>	<u>21,074</u>
Total liabilities		<u>21,921</u>	<u>25,043</u>
Total equity and liabilities		<u>117,148</u>	<u>120,206</u>
Net assets per share attributable to owners of the parent (RM)	B13	0.57	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 FIRST QUARTER ENDED 31 MARCH 2017

	<----- Attributable to owners of the parent ----->						
	<----- Non-distributable ----->			Distributable			
	Share capital RM'000	Share premium account RM'000	Reorganisation debit balance RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non- controlling interests RM'000	Total equity 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	-	-	-	3,384	3,384	-	3,384
Other comprehensive income, net of tax	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	3,384	3,384	-	3,384
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 31 March 2017	92,114	-	(59,489)	62,602	95,227	-	95,227

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 third interim financial statements on the consolidated results for the first quarter ended 31 March 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 FIRST QUARTER ENDED 31 MARCH 2017

	Current year- to-date 31/03/2017 RM'000	Preceding year-to-date 31/03/2016 ⁽²⁾ RM'000
Cash flows from operating activities		
Profit before tax	4,221	N/A
Adjustments for:		N/A
Depreciation of property, plant and equipment	340	N/A
Inventories written off	26	N/A
Unrealised gain on foreign currency translations	(320)	N/A
Interest expense	71	N/A
Interest income	(202)	N/A
Operating profit before working capital changes	<u>4,136</u>	N/A
Changes in working capital:		N/A
Increase in inventories	(1,717)	N/A
Decrease in trade and other receivables	67	N/A
Decrease in trade and other payables	<u>(3,349)</u>	N/A
Cash used in operations	(863)	N/A
Tax paid	(740)	N/A
Net cash used in operating activities	<u>(1,603)</u>	N/A
Cash flows from investing activities		
Purchase of property, plant and equipment	(60)	N/A
Interest received	<u>202</u>	N/A
Net cash from investing activities	<u>142</u>	N/A
Cash flows from financing activities		
Drawdown of borrowings	472	N/A
Interest paid	(71)	N/A
Dividend paid	<u>(3,320)</u>	N/A
Net cash used in financing activities	<u>(2,919)</u>	N/A
Net decrease in cash and cash equivalents	(4,380)	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>40,693</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 third interim financial statements on the consolidated results for the first quarter ended 31 March 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 third interim financial report on the consolidated results for the first quarter ended 31 March 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 were 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 to shareholders at the close of business on 7 March 2017. The dividend 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 31/03/2017 RM'000	Preceding year quarter 31/03/2016 ⁽¹⁾ RM'000	Current year- to-date 31/03/2017 RM'000	Preceding year-to-date 31/03/2016 ⁽¹⁾ RM'000
Revenue				
Animal health products	23,446	N/A	23,446	N/A
Food ingredients	6,935	N/A	6,935	N/A
Others	590	N/A	590	N/A
	<u>30,971</u>	<u>N/A</u>	<u>30,971</u>	<u>N/A</u>
Profit before tax				
Animal health products	3,812	N/A	3,812	N/A
Food ingredients	141	N/A	141	N/A
Others	268	N/A	268	N/A
	<u>4,221</u>	<u>N/A</u>	<u>4,221</u>	<u>N/A</u>

Notes:

(1) No comparative figures for the preceding year are available as these are the third interim financial statements on the consolidated results for the first quarter ended 31 March 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

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 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	5,426
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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 RM30.97 million and profit before tax of approximately RM4.22 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 RM23.45 million of the Group's total revenue and approximately RM3.81 million of the Group's profit before tax for the current quarter. Revenue from food ingredients for the current quarter was approximately RM6.93 million, giving rise to profit before tax of approximately RM0.14 million. The Group's remaining revenue of approximately RM0.59 million was derived from the provision of animal health services which contributed approximately RM0.27 million to the Group's profit before tax for the current quarter.

There are no comparative figures for the preceding year's corresponding quarter as these are the third interim financial statements on the consolidated results for the first quarter ended 31 March 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 RM30.97 million for the current quarter was approximately RM0.31 million lower as compared to the revenue reported for the preceding quarter of approximately RM31.28 million. The decrease was primarily due to lower sales of food ingredients during the current quarter.

Despite the marginal decrease in revenue, the Group reported a profit before tax for the current quarter of approximately RM4.22 million as compared to the loss before tax of approximately RM0.98 million for the preceding quarter. This was mainly due to the one-off charge of the listing expenses amounting to approximately RM4.14 million during the preceding quarter where no such expenses were incurred for the current quarter.

B3. Prospects

The Group's future plans and strategies will focus on the expansion of its manufacturing activities by constructing and operating a new GMP-compliant plant in Nilai, Negeri Sembilan Darul Khusus which will increase its production capacity by approximately four (4) times of the existing maximum production capacity. In addition, the Group will focus on the expansion of its product range which includes in-house developed products and products from third party international animal health products manufacturers. The Group also intend to expand its market presence in the existing regional markets as part of its future plans.

The Group's continued expansion of its capacity and operations through its future plans would provide a platform to grow and sustain its 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	Preceding year quarter	Current year-to-date	Preceding year-to-date
	31/03/2017	31/03/2016 ⁽¹⁾	31/03/2017	31/03/2016 ⁽¹⁾
	RM'000	RM'000	RM'000	RM'000
Current tax				
Current year tax	837	N/A	837	N/A

Notes:

(1) No comparative figures for the preceding year are available as these are the third interim financial statements on the consolidated results for the first quarter ended 31 March 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 rate of the Group for the current quarter and financial year-to-date of 19.83% was 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
	31/03/2017	31/03/2016 ⁽¹⁾	31/03/2017	31/03/2016 ⁽¹⁾
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging / (crediting):				
Depreciation of property, plant and equipment	340	N/A	340	N/A
Inventories written off	26	N/A	26	N/A
Interest expense	71	N/A	71	N/A
Realised loss on foreign currency translations	370	N/A	370	N/A
Unrealised gain on foreign currency translations	(320)	N/A	(320)	N/A
Interest income	(202)	N/A	(202)	N/A

Notes:

(1) No comparative figures for the preceding year are available as these are the third interim financial statements on the consolidated results for the first quarter ended 31 March 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 31 March 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	946	-	23,554	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	8,038	-	23,554	

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 31 March 2017 are as follows:

	As at 31/03/2017 RM'000	As at 31/12/2016 RM'000
Non-current liabilities (secured)		
Term loans	3,066	3,426
Hire purchase creditors	227	267
	<u>3,293</u>	<u>3,693</u>
Current liabilities (secured)		
Term loans	1,387	1,387
Bankers' acceptance	873	-
Hire purchase creditors	163	163
	<u>2,423</u>	<u>1,550</u>
Total borrowings	<u><u>5,716</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

The Directors proposed 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, subject to the approval of members at the forthcoming Annual General Meeting. This dividend, if approved by the shareholders, will be 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.

	Individual quarter		Cumulative quarter	
	Current year quarter 31/03/2017	Preceding year quarter 31/03/2016 ⁽¹⁾	Current year-to-date 31/03/2017	Preceding year-to-date 31/03/2016 ⁽¹⁾
Profit attributable to owners of the parent (RM'000)	3,384	N/A	3,384	N/A
Weighted average number of ordinary shares in issue ('000)	166,000	N/A	166,000	N/A
Basic earnings per share (sen)	2.04	N/A	2.04	N/A

Notes:

(1) No comparative figures for the preceding year are available as these are the third interim financial statements on the consolidated results for the first quarter ended 31 March 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 31/03/2017	As at 31/12/2016
Total equity attributable to owners of the parent (RM'000)	95,227	95,163
Number of ordinary shares in issue ('000)	166,000	166,000
Net assets per share attributable to owners of the parent (RM)	0.57	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 31/03/2017 RM'000	As at 31/12/2016 RM'000
Total retained earnings of the Group		
Realised	62,557	62,982
Unrealised	45	(444)
	62,602	62,538