

RAYA INTERNATIONAL BERHAD

(Company No: 412406-T)

(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2015

On consolidated results for the first quarter ended 31 March 2015

SUMMARY OF KEY FINANCIAL INFORMATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 31.3.2015 RM'000	Quarter Ended 31.3.2014 RM'000	Period Ended 31.3.2015 RM'000	Period Ended 31.3.2014 RM'000
Revenue	<u>12,589</u>	<u>611</u>	<u>12,589</u>	<u>611</u>
Profit before tax	28	156	28	156
Income tax expense	-	-	-	-
Profit for the period	<u>28</u>	<u>156</u>	<u>28</u>	<u>156</u>
Profit attributable to Owners of the Company	28	156	28	156
Basic earnings per share (sen)	0.02	0.13	0.02	0.13
Proposed/Declared Dividend per share (sen)	N/A	N/A	N/A	N/A

RAYA INTERNATIONAL BERHAD
 (Company No: 412406-T)
 (Incorporated in Malaysia)
QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2015

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(These figures have not been audited)

	INDIVIDUAL QUARTER QUARTER 31 March 2015 RM'000	QUARTER QUARTER 31 March 2014 RM'000	CUMULATIVE QUARTER PERIOD 31 March 2015 RM'000	PERIOD PERIOD 31 March 2014 RM'000
Revenue	12,589	611	12,589	611
Operating expenses	(12,560)	(300)	(12,560)	(300)
Other operating income	37	89	37	89
Depreciation	(25)	(138)	(25)	(138)
Finance costs	(13)	(106)	(13)	(106)
Profit before taxation	<u>28</u>	<u>156</u>	<u>28</u>	<u>156</u>
Income tax expense	-	-	-	-
Profit after taxation	<u>28</u>	<u>156</u>	<u>28</u>	<u>156</u>
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	<u><u>28</u></u>	<u><u>156</u></u>	<u><u>28</u></u>	<u><u>156</u></u>
Earnings per share (sen)				
(a) Basic	<u><u>0.02</u></u>	<u><u>0.13</u></u>	<u><u>0.02</u></u>	<u><u>0.13</u></u>

Notes:

The Unaudited Condensed Consolidated Statements 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 2014 and the accompanying explanatory notes attached to the interim financial statements.

RAYA INTERNATIONAL BERHAD

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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2015

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited As at 31 March 2015 RM'000	Audited As at 31 December 2014 RM'000
<u>ASSETS</u>		
Property, plant and equipment	295	207
Deferred tax assets	53	53
Goodwill on consolidation	96	96
Total Non-Current Assets	444	356
<u>Current Assets</u>		
Inventories	745	745
Trade receivables	4,387	4,400
Other receivables and prepaid expenses	136	66
Tax recoverable	15	15
Cash and bank balances	1,911	613
	7,194	5,839
Asset held for sale	8,197	8,197
Total Current Assets	15,391	14,036
TOTAL ASSETS	15,835	14,392
<u>EQUITY AND LIABILITIES</u>		
Capital and Reserves		
Share capital	13,041	13,041
Share premium reserve	8,826	8,826
Revaluation reserve	2,727	2,727
Accumulated loss	(17,852)	(17,879)
Equity Attributable to Owners of the Company	6,742	6,715
Non-Controlling interests	3	3
Total Equity	6,745	6,718
<u>Non-Current Liabilities</u>		
Borrowing (Secured)	3,645	3,821
Total Non-Current Liabilities	3,645	3,821
<u>Current Liabilities</u>		
Trade payables	3,836	2,552
Other payables and accruals	693	393
Borrowings : Bank overdraft	689	693
: Others	223	211
Tax liabilities	4	4
Total Current Liabilities	5,445	3,853
Total Liabilities	9,090	7,674
TOTAL EQUITY AND LIABILITIES	15,835	14,392
Net assets per share attributable to Owners of the Company (se	5.17	5.15

Note :

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

RAYA INTERNATIONAL BERHAD
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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2015

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(These figures have not been audited)

<-- Attributable to Owners of the Company --->

<-Non Distributable->

	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Accumulated Loss RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
Quarter ended 31 March 2015							
At 1 January 2015	13,041	8,826	2,727	(17,880)	6,714	3	6,717
Profit for the period	-	-	-	28	28	-	28
At 31 March 2015	<u>13,041</u>	<u>8,826</u>	<u>2,727</u>	<u>(17,852)</u>	<u>6,742</u>	<u>3</u>	<u>6,745</u>
Quarter ended 31 March 2014							
At 1 January 2014	11,856	8,187	2,727	(16,347)	6,423	2	6,425
Profit for the period	-	-	-	156	156	-	156
At 31 March 2014	<u>11,856</u>	<u>8,187</u>	<u>2,727</u>	<u>(16,191)</u>	<u>6,579</u>	<u>2</u>	<u>6,581</u>

Note :

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

RAYA INTERNATIONAL BERHAD

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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2015**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(These figures have not been audited)

	QUARTER ENDED	
	31 March 2015	31 March 2014
	RM('000)	RM('000)
Cash Flows From Operating Activities		
Profit before tax	28	156
Adjustments for:		
Depreciation of property, plant and equipment	25	138
Finance costs	13	106
Waiver of director's advance	(37)	-
Operating profit before working capital changes	29	400
Net change in current assets	(57)	(83)
Net change in current liabilities	1,621	-
Cash generated from operations	1,593	317
Interest paid	(13)	(106)
Net cash from operating activities	1,580	211
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(113)	-
Net cash used in investing activities	(113)	-
Cash Flows From Financing Activities		
Repayment of term loans	(164)	(54)
Net cash used in financing activities	(164)	(54)
Net increase in cash and cash equivalents	1,303	157
Cash and cash equivalents at beginning of period	(81)	(751)
Cash and cash equivalents at end of period	1,222	(594)
Cash and cash equivalents at end of period comprise:		
Cash and bank balances	1,911	203
Bank overdraft	(689)	(797)
	1,222	(594)

The Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2015

A EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134

A1 Basis of preparation

The interim financial report has been prepared in accordance with MFRS 134, Interim Financial Reporting and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market.

This interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2014. The explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the financial year ended 31 December 2014.

A2 Significant accounting policies

The significant accounting policies and methods adopted by the Group in the preparation of this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2014 except for the adoption of the following amendments and annual improvement to Standards:

Adoption of Amendments and Annual Improvements to Standards

Amendments to MFRS 119	Employee Benefits - Defined Benefit Plans: Employee Contributions
Annual Improvements to MFRSs	2010-2012 Cycle
Annual Improvements to MFRSs	2011-2013 Cycle

The adoption of the above pronouncements did not have any impact on the financial statements of the Group.

MFRS and Amendments to MFRSs issued but not yet effective for the current financial year

Effective for financial periods beginning on or after 1 January 2016:

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 11	Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 127	Consolidated and Separate Financial Statements - Equity Method in Separate Financial Statements
Amendments to MFRS 10 and MFRS 128	Consolidated Financial Statements and Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 116 and MFRS 138	Property, Plant and Equipment and Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141	Property, Plant and Equipment and Agriculture - Bearer Plants
Annual Improvements to MFRSs 2012 - 2014 Cycle	
Amendments to MFRS 101	Presentation of Financial Statements - Disclosure Initiative
Amendments to MFRS 10, MFRS 12 and MFRS 128	Consolidated Financial Statements, Disclosure of Interests in Other Entities and Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception

Effective for financial periods beginning on or after 1 January 2017:

MFRS 15 Revenue from Contracts with Customers

Effective for financial periods beginning on or after 1 January 2018:

MFRS 9 Financial Instruments (IFRS 9 issued by International Accounting Standards Board ("IASB") in July 2014)

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group upon their initial application.

A3 Auditors' report of preceding annual financial statements

The audit report of the preceding annual financial statements was not subject to any qualification.

A4 Seasonality or cyclical

The Group's interim operations were not affected by seasonal or cyclical factors.

A5 Unusual items

During the quarter under review, there were no items or events that arose, which affected assets, liabilities, equity, net income or cash flows, that are unusual by reason of their nature, size or incidence.

A6 Material changes in estimates

There were no major changes in the estimates of amounts reported in prior interim periods of the current financial year or in prior financial years that have had a material effect on the results in the quarter under review.

A7 Debt and equity securities

There were no major issuance, cancellations, repurchases, resale and repayments of debt and equity securities for the quarter under review.

A8 Dividends

No dividend has been declared or paid during the period under review.

A9 Segment information

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31 March 2015	QUARTER ENDED 31 March 2014	PERIOD ENDED 31 March 2015	PERIOD ENDED 31 March 2014
BUSINESS SEGMENTS	RM('000)	RM('000)	RM('000)	RM('000)
Segment Revenue				
Air Filtration System, Fast Moving Consumer Product & Ancillary Support Services, General Trading	12,589	311	12,589	311
Manufacturing	-	300	-	300
Total including inter-segment sales	12,589	611	12,589	611
Elimination of inter-segment sales	-	-	-	-
Total Revenue	12,589	611	12,589	611
Segment Profit/(Loss) Before Tax				
Investment Holding	(6)	(66)	(6)	(66)
Air Filtration System, Fast Moving Consumer Product & Ancillary Support Services, General Trading	34	261	34	261
Manufacturing	-	(39)	-	(39)
Total Profit Before Tax	28	156	28	156

A10 Valuation of property, plant and equipment

A valuation exercise was conducted on 26 January 2015 by an independent valuer appointed solely for the purpose of determining an indicative market value of the Group's property in conjunction with the Proposed Disposal exercise currently undertaken by the Group as mentioned in Part B6 of this interim report and hence, the revalued figure has not been taken up in the interim financial statements.

A11 Subsequent material events

There were no other material events subsequent to the end of the quarter under review which is likely to substantially affect the results of the operations of the Group.

A12 Changes in the composition of the Group

There has been no material change in the composition of the Group during the quarter under review.

A13 Contingencies

As at 31 December 2014, the Group is contingently liable for corporate guarantees issued to financial institutions for banking facilities extended to certain subsidiaries amounting to RM7,733,000.

A14 Capital commitments

The Group does not have any capital commitment as at 31 March 2015.

A15 Significant related party transactions

There were no significant related party transactions during the quarter under review.

A16 Profit before taxation

INDIVIDUAL QUARTER 31 March 2015 RM('000)	INDIVIDUAL QUARTER 31 March 2014 RM('000)
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Profit before tax is arrived at after charging/(crediting) the following items:

(a) Other income (interest income)	N/A	N/A
(b) Depreciation and amortisation	25	138
(c) Impairment loss on receivables	N/A	N/A
(d) Bad debts written off	N/A	N/A
(e) Provision for inventories	N/A	N/A
(f) Inventories written	N/A	N/A
(g) (Gain)/Loss on disposal of quoted/unquoted investments	N/A	N/A
(h) (Gain)/Loss on disposal of assets	N/A	N/A
(i) Impairment of goodwill on consolidation	N/A	N/A
(k) Foreign exchange (gain)/loss	N/A	N/A
(l) Loss on derivatives	N/A	N/A
(m) Interest expenses	13	106
(n) Unusual items	N/A	N/A

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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2015

NOTES

B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS

B1 Review of performance

For the quarter under review, the Group's total revenue increased substantially by RM11.978 million to RM12.589 million compared to only RM0.611 million recorded in the preceding year corresponding quarter. Higher revenue is due to robust sales from general trading as management continued its effort in promoting its products. This is also in line with the strategy of management to focus on increasing the volume of sales transaction due to the lower margins earned from its general trading.

Despite the hike in revenue, the Group reported a lower profit before tax mainly due to the lower margin earned as mentioned above.

The lower depreciation expense is attributable to higher fully depreciated assets whilst lower finance costs is mainly due to the repayment of borrowings with no new loans being obtained during the current quarter under review.

B2 Variation of results against preceding quarter

	Current quarter 31 March 2015 RM'000	Preceding quarter 31 December 2014 RM'000
Revenue	12,589	1,710
Profit/(Loss) before tax	28	(755)

The Group posted a higher revenue of RM12.589 million in the current quarter as compared to RM1.710 million achieved in the preceding quarter which represents a 636% increase. The jump in revenue is mainly due to higher sales recorded from its general trading activities.

The Group turned in a profit before tax of RM28k, reversing a loss of RM0.755 million suffered in the preceding quarter due mainly to a one-off deposit written off of RM0.4million in the preceding quarter.

B3 Prospects for current financial year

The Company is optimistic in its general trading activities but expects to face challenges in its filtration activities for the coming financial year. The management will review its strategies and business operations with a view to improve future operations.

B4 Profit forecast and profit guarantee

Not applicable as the Group has not previously provided a profit forecast in a public document or a profit guarantee.

B5 Taxation

No provision for income tax has been made during the current quarter as the Group has sufficient unutilised tax losses to set off the tax payable.

B6 Unquoted investments and properties

There were no acquisitions or disposals of unquoted investments or properties during the financial quarter under review other than as mentioned below:

On 5 February 2015, Raya Consumable Sdn. Bhd., a wholly-owned subsidiary of the Group, entered into a Sale and Purchase Agreement with Ibronx Sdn. Bhd., to dispose of one parcel of freehold land together with corner three storey office block annexed to single storey warehouse building for a total consideration of RM8.3 million which is conditional upon the approval of the Board and Shareholders of the Group and/or from any other relevant authorities as may be required. As at the date of this report, the proposed disposal is pending for approval from the shareholders and regulatory authority.

B7 Quoted and marketable securities

The Group does not hold any quoted or marketable securities as at 31 March 2015. There were no purchases or disposals of quoted securities for the current quarter.

B8 Status of corporate proposal

There were no corporate proposals undertaken by the Group during the period under review.

In September 2014, the Company completed its private placement exercise of 11,855,580 new ordinary shares of RM0.10 each in the Company which represents approximately ten percent (10%) of its existing issued and paid up share capital of the Company at RM0.16 per share and the shares were listed on the ACE Market of Bursa Securities on 30 September 2014.

The utilisation of proceeds from the above private placement is as follows:

Purpose	Actual		
	Proposed Utilisation RM('000)	Utilisation as at 31 March 2015 RM('000)	Balance Unutilised RM('000)
WORKING CAPITAL REQUIREMENTS	<u>1,897</u>	<u>1,897</u>	<u>-</u>

The breakdown of the actual utilisation is as follows:

I EXPENSES RELATING TO THE PRIVATE PLACEMENT	133
II OTHER WORKING EXPENDITURES	1,764
	<u>1,897</u>

B9 Group borrowings and debt securities

The following are the bank borrowings of the Group as at 31 March 2015:

	As at 31 March 2015 RM'000	As at 31 March 2014 RM'000
Short-Term Borrowings:		
Bank Overdraft	689	797
Hire Purchase Creditors	-	26
Term Loan (Secured)	223	174
Total	<u>912</u>	<u>997</u>
Non Current Borrowings:		
Hire Purchase Creditors	-	18
Term Loan (Secured)	3,645	3,909
Total	<u>3,645</u>	<u>3,927</u>

B10 Material litigation

As at the date of this report, the Group has no material litigation which will materially and adversely affect the position or business of the Group.

B11 Dividends

The Directors do not recommend the payment of a dividend in respect of the current financial period.

B12 Earnings per share

	Individual quarter ended 31 March 2015	Individual quarter ended 31 March 2014	Cumulative period ended 31 March 2015	Cumulative period ended 31 March 2014
Basic Earnings Per Share				
Profit for the period (RM'000)	28	156	28	156
Weighted average number of ordinary shares in issue ('000)	130,410	118,556	130,410	118,556
Basic earnings per share (sen)	<u>0.02</u>	<u>0.13</u>	<u>0.02</u>	<u>0.13</u>

Basic earnings per share is calculated by dividing the net profit for the period under review by the weighted average number of ordinary shares in issue during the period.

The Company does not have any financial instrument in issue or other contract that may entitle its holder to ordinary share which may dilute its basic earnings per share.

B13 Realised and Unrealised Profits

Supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad are as follow:

	As at 31 March 2015 RM '000	As at 31 March 2014 RM '000
Total accumulated profits/(losses) of the Company and its subsidiaries:		
- Realised	(18,824)	(17,496)
- Unrealised	53	366
	<u>(18,771)</u>	<u>(17,130)</u>
Add: Consolidation adjustments	919	939
Total group accumulated losses as per consolidated accounts	<u>(17,852)</u>	<u>(16,191)</u>

By Order Of The Board

Tan Seng Hu
Managing Director

Kuala Lumpur
Date: 27 May 2015