

RAYA INTERNATIONAL BERHAD

(Company No: 412406-T)

(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2015

On consolidated results for the second quarter ended 30 June 2015

SUMMARY OF KEY FINANCIAL INFORMATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 30.6.2015 RM'000	Quarter Ended 30.6.2014 RM'000	Period Ended 30.6.2015 RM'000	Period Ended 30.6.2014 RM'000
Revenue	203	299	12,792	910
Profit before tax	22	2	50	158
Income tax expense	-	-	-	-
Profit for the period	22	2	50	158
Profit attributable to Owners of the Company	22	2	50	158
Basic earnings per share (sen)	0.02	0.00	0.04	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 SECOND QUARTER ENDED 30 JUNE 2015

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(These figures have not been audited)

	INDIVIDUAL QUARTER QUARTER ENDED 30 June 2015 RM'000	QUARTER QUARTER ENDED 30 June 2014 RM'000	CUMULATIVE QUARTER PERIOD ENDED 30 June 2015 RM'000	PERIOD PERIOD ENDED 30 June 2014 RM'000
Revenue	203	299	12,792	910
Operating expenses	(76)	(131)	(12,636)	(431)
Other operating income	116	33	153	122
Depreciation	(30)	(117)	(55)	(255)
Finance costs	(191)	(82)	(204)	(188)
Profit before taxation	22	2	50	158
Income tax expense	-	-	-	-
Profit after taxation	22	2	50	158
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	22	2	50	158
Earnings per share (sen)				
(a) Basic	0.02	0.00	0.04	0.13

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

(Company No: 412406-T)

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2015

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited As at 30 June 2015 RM'000	Audited As at 31 December 2014 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	280	207
Deferred tax assets	53	53
Goodwill on consolidation	96	96
Total Non-Current Assets	429	356
Current Assets		
Inventories	694	745
Trade receivables	4,526	4,400
Other receivables and prepaid expenses	165	66
Tax recoverable	15	15
Cash and bank balances	401	613
	5,801	5,839
Asset held for sale	8,197	8,197
Total Current Assets	13,998	14,036
TOTAL ASSETS	14,427	14,392
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	13,041	13,041
Share premium reserve	8,826	8,826
Revaluation reserve	2,727	2,727
Accumulated loss	(17,830)	(17,879)
Equity Attributable to Owners of the Company	6,764	6,715
Non-Controlling interests	3	3
Total Equity	6,767	6,718
Non-Current Liabilities		
Borrowing (Secured)	3,699	3,821
Total Non-Current Liabilities	3,699	3,821
Current Liabilities		
Trade payables	2,477	2,552
Other payables and accruals	565	393
Borrowings : Bank overdrafts	690	693
: Others	223	211
Amount owing to director	2	-
Tax liabilities	4	4
Total Current Liabilities	3,961	3,853
Total Liabilities	7,660	7,674
TOTAL EQUITY AND LIABILITIES	14,427	14,392
Net asset per share attributable to owners of the Company (sen)	5.19	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 SECOND QUARTER ENDED 30 JUNE 2015

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(These figures have not been audited)

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

<-Non Distributable->

	Share Capital	Share Premium	Revaluation Reserve	Accumulated Loss	Total	Non-Controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Period ended 30 June 2015							
At 1 January 2015	13,041	8,826	2,727	(17,880)	6,714	3	6,717
Profit for the period	-	-	-	50	50	-	50
At 30 June 2015	<u>13,041</u>	<u>8,826</u>	<u>2,727</u>	<u>(17,830)</u>	<u>6,764</u>	<u>3</u>	<u>6,767</u>
Period ended 30 June 2014							
At 1 January 2014	11,856	8,187	2,727	(16,347)	6,423	2	6,425
Profit for the period	-	-	-	158	158	-	158
At 30 June 2014	<u>11,856</u>	<u>8,187</u>	<u>2,727</u>	<u>(16,189)</u>	<u>6,581</u>	<u>2</u>	<u>6,583</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 SECOND QUARTER ENDED 30 JUNE 2015**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(These figures have not been audited)

	PERIOD ENDED	
	30 June 2015	30 June 2014
	RM('000)	RM('000)
Cash Flows From Operating Activities		
Profit before tax	50	158
Adjustments for:		
Depreciation of property, plant and equipment	55	255
Finance costs	204	188
Gain on disposal of property, plant and equipment	(14)	-
Waiver of director's advance	(11)	-
Operating profit before working capital changes	<u>284</u>	<u>601</u>
Net change in current assets	(174)	282
Net change in current liabilities	110	(481)
Cash generated from operations	<u>220</u>	<u>402</u>
Interest paid	(204)	(188)
Net cash from operating activities	<u>16</u>	<u>214</u>
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(128)	-
Proceeds from disposal of property, plant and equipment	14	-
Net cash used in investing activities	<u>(114)</u>	<u>-</u>
Cash Flows From Financing Activities		
Repayment of term loans	(110)	(36)
Net cash used in financing activities	<u>(110)</u>	<u>(36)</u>
Net increase/(decrease) in cash and cash equivalents	(208)	178
Cash and cash equivalents at beginning of period	(81)	(751)
Cash and cash equivalents at end of period	<u>(289)</u>	<u>(573)</u>
Cash and cash equivalents at end of period comprise:		
Cash and bank balances	401	160
Bank overdraft	(690)	(733)
	<u>(289)</u>	<u>(573)</u>

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 SECOND QUARTER ENDED 30 JUNE 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 preparation of the audited financial statements for the financial year ended 31 December 2014 except for the adoption of the following Amendments and Annual Improvements 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.

MFRSs, Amendments to MFRSs and Annual Improvements to Standards issued but are not yet effective and have not been adopted by the Group

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 auditors' report on the preceding annual financial statements was not subject to any qualification.

A4 Seasonality or cyclicity

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

A5 Unusual items

During the current quarter and financial period-to-date 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 review.

A7 Debt and equity securities

There were no major issuances, cancellations, repurchases, resales and repayments of debt and equity securities for the quarter and financial period-to-date under review.

A8 Dividends

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

A9 Segment information

BUSINESS SEGMENTS	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER 30 June 2015 RM('000)	QUARTER 30 June 2014 RM('000)	PERIOD ENDED 30 June 2015 RM('000)	PERIOD ENDED 30 June 2014 RM('000)
<u>Segment Revenue</u>				
Air Filtration System, Fast Moving Consumer Product & Ancillary Support Services, General Trading Manufacturing	203 -	299 -	12,792 -	610 311
Total including inter-segment sales	203	299	12,792	921
Elimination of inter-segment sales	-	-	-	-
Total Revenue	203	299	12,792	921
<u>Segment Profit/(Loss) Before Tax</u>				
Investment Holding Air Filtration System, Fast Moving Consumer Product & Ancillary Support Services, General Trading Manufacturing	25 -	- 2	19 31	(66) 263
Total Profit Before Tax	22	2	50	158

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 material events subsequent to the end of the financial period which is likely to substantially affect the results of the operations of the Group.

A12 Changes in the composition of the Group

There were no changes in the composition of the Group during the six-month ended 30 June 2015 up to the date of this report.

A13 Contingencies

There were no contingent assets and no changes in the contingent liabilities of the Group since 31 December 2014.

A14 Capital commitments

The Group does not have any capital commitment as at 30 June 2015.

A15 Significant related party transactions

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

A16 Profit before taxation

	INDIVIDUAL QUARTER 30 June 2015 RM('000)	INDIVIDUAL QUARTER 30 June 2014 RM('000)	CUMULATIVE QUARTER PERIOD ENDED 30 June 2015 RM('000)	CUMULATIVE QUARTER PERIOD ENDED 30 June 2014 RM('000)
Profit before tax is arrived at after charging/(crediting) the following items:				
(a) Other income (interest income)	N/A	N/A	N/A	N/A
(b) Depreciation and amortisation	30	117	55	255
(c) Impairment loss on receivables	N/A	N/A	N/A	N/A
(d) Bad debts written off	N/A	N/A	N/A	N/A
(e) Provision for inventories	N/A	N/A	N/A	N/A
(f) Inventories written off/down	N/A	N/A	N/A	N/A
(g) (Gain)/Loss on disposal of quoted/unquoted investments	N/A	N/A	N/A	N/A
(h) (Gain)/Loss on disposal of assets	(14)	N/A	(14)	N/A
(i) Impairment of goodwill on consolidation	N/A	N/A	N/A	N/A
(k) Foreign exchange (gain)/loss	N/A	N/A	N/A	N/A
(l) Loss on derivatives	N/A	N/A	N/A	N/A
(m) Interest expenses	191	82	204	188
(n) Unusual items	N/A	N/A	N/A	N/A

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2015

NOTES

B ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING

B1 Review of performance

The Group registered a revenue of RM203k for the current quarter, 32% lower compared with RM299k achieved in the same quarter of the preceding year. The decline in revenue is attributable to lower contribution by the air filtration system segment. Despite the weaker revenue generated, the Group managed to chalk up a higher pre-tax profit of RM22k as compared to RM2k in the corresponding period in the previous year and this is due to higher operating income earned. The increase in other operating income is mainly due to a gain on disposal of motor vehicle as well as waiver of advances granted by a director of the Company.

B2 Variation of results against preceding quarter

	Current quarter 30 June 2015 RM'000	Preceding quarter 31 March 2015 RM'000
Revenue	203	12,589
Profit before tax	22	28

The significant drop in the revenue for the current quarter is mainly due to a one-off sale of products for the floods victim programme in the last quarter. Pre-tax profit contracted marginally by RM6k on account of higher operating costs which includes finance costs and depreciation of property, plant and equipment. However, the increase in higher operating costs is partially offset by the increase in other operating income which saw an increase of RM80k.

B3 Prospects for current financial year

The Company is cautiously 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 a three storey office block annexed to single storey warehouse building for a total consideration of RM8.3 million. The approval of the shareholders was obtained at the Extraordinary General Meeting of the Company held on 25 June 2015 and as at to-date the disposal is pending completion.

B7 Quoted and marketable securities

The Group does not hold any quoted or marketable securities as at 30 June 2015. There were no purchases or disposals of quoted securities for the current quarter.

B8 Group borrowings and debt securities

The following are the bank borrowings of the Group as at 30 June 2015:

	As at 30 June 2015 RM'000	As at 30 June 2014 RM'000
Short-Term Borrowings:		
Bank Overdraft	690	733
Hire Purchase Creditors	-	26
Term Loan (Secured)	223	174
Total	<u>913</u>	<u>933</u>
Non Current Borrowings:		
Hire Purchase Creditors	-	18
Term Loan (Secured)	3,699	3,927
Total	<u>3,699</u>	<u>3,945</u>

B9 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.

B10 Dividends

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

B11 Earnings per share

	Individual quarter ended 30 June 2015	Individual quarter ended 30 June 2014	Cumulative period ended 30 June 2015	Cumulative period ended 30 June 2014
Basic Earnings Per Share				
Profit for the period (RM'000)	22	2	50	158
Weighted Average Number of Ordinary Shares in Issue	130,410	118,556	130,410	118,556
Basic earnings per share (sen)	<u>0.02</u>	<u>0.00</u>	<u>0.04</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.

B12 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 30 June 2015 RM '000	As at 30 June 2014 RM '000
Total accumulated profits/(losses) of the Company and its subsidiaries:		
- Realised	(18,802)	(17,494)
- Unrealised	53	366
	<u>(18,749)</u>	<u>(17,128)</u>
Add: Consolidation adjustments	919	939
Total group accumulated losses as per consolidated accounts	<u>(17,830)</u>	<u>(16,189)</u>

By Order Of The Board

Dato' Tan Seng Hu
Managing Director

Kuala Lumpur
Date: 28 August 2015