

RAYA INTERNATIONAL BERHAD

(Company No: 412406-T)

(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2016

On consolidated results for the first quarter ended 31 March 2016

SUMMARY OF KEY FINANCIAL INFORMATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER	QUARTER	YEAR	YEAR
	ENDED	ENDED	ENDED	ENDED
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	RM'000	RM'000	RM'000	RM'000
Revenue	<u>9,852</u>	<u>12,589</u>	<u>9,852</u>	<u>12,589</u>
Profit before tax	5	28	5	28
Income tax expense	-	-	-	-
Profit for the period	<u>5</u>	<u>28</u>	<u>5</u>	<u>28</u>
Profit attributable to:				
Owners of the Company	(1)	28	(1)	28
Non-controlling interest	6	-	6	-
	<u>5</u>	<u>28</u>	<u>5</u>	<u>28</u>
Basic earnings per share (sen)	0.00 *	0.02	0.00 *	0.02
Proposed/Declared Dividend per share (sen)	N/A	N/A	N/A	N/A

* Amount is negligible

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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2016

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31 March 2016 RM'000	QUARTER ENDED 31 March 2015 RM'000	YEAR ENDED 31 March 2016 RM'000	YEAR ENDED 31 March 2015 RM'000
Revenue	9,852	12,589	9,852	12,589
Operating expenses	(9,855)	(12,560)	(9,855)	(12,560)
Other operating income	22	37	22	37
Depreciation	(14)	(25)	(14)	(25)
Finance costs	-	(13)	-	(13)
Profit before taxation	5	28	5	28
Income tax expense	-	-	-	-
Profit after taxation	5	28	5	28
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	5	28	5	28
Profit/(Loss) attributable to:				
Owners of the Company	(1)	28	(1)	28
Non-controlling interest	6	-	6	-
	5	28	5	28
Total comprehensive income/(loss) attributable to:				
Owners of the Company	(1)	28	(1)	28
Non-controlling interest	6	-	6	-
	5	28	5	28
Earnings per share (sen)				
(a) Basic	0.00	0.02	0.00	0.02
(b) Diluted	0.00	0.02	0.00	0.02

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 2015 and the accompanying explanatory notes attached to the interim financial statements.

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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2016**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Unaudited As at 31 March 2016 RM'000	Audited As at 31 December 2015 RM'000
ASSETS		
Non-Current Asset		
Property, plant and equipment	212	226
Total Non-Current Asset	<u>212</u>	<u>226</u>
Current Assets		
Inventories	405	403
Trade receivables	5,795	3,438
Other receivables and prepaid expenses	457	408
Tax recoverable	15	125
Cash and bank balances	1,673	4,122
Total Current Assets	<u>8,345</u>	<u>8,496</u>
TOTAL ASSETS	<u><u>8,557</u></u>	<u><u>8,722</u></u>
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	14,345	14,345
Share premium reserve	9,403	9,403
Revaluation reserve	-	-
Accumulated loss	(15,637)	(15,636)
Equity Attributable to Owners of the Company	<u>8,111</u>	<u>8,112</u>
Non-controlling interest	161	155
Total Equity	<u>8,272</u>	<u>8,267</u>
Current Liabilities		
Trade payables	107	97
Other payables and accruals	174	354
Tax liabilities	4	4
Total Current Liabilities	<u>285</u>	<u>455</u>
Total Liabilities	<u>285</u>	<u>455</u>
TOTAL EQUITY AND LIABILITIES	<u><u>8,557</u></u>	<u><u>8,722</u></u>
Net assets per share attributable to Owners of the Company (sen)	<u>5.77</u>	<u>5.76</u>

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 2015 and the accompanying explanatory notes attached to the interim financial statements.

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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2016**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 Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Quarter ended 31 March 2016							
At 1 January 2016	14,345	9,403	-	(15,636)	8,112	155	8,267
Profit/(Loss) for the period	-	-	-	(1)	(1)	6	5
At 31 March 2016	14,345	9,403	-	(15,637)	8,111	161	8,272
Quarter ended 31 March 2015							
At 1 January 2015	13,041	8,826	2,727	(17,880)	6,714	3	6,717
Profit/(Loss) for the period	-	-	-	28	28	-	28
At 31 March 2015	13,041	8,826	2,727	(17,852)	6,742	3	6,745

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 2015 and the accompanying explanatory notes attached to the interim financial statements.

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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2016**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(These figures have not been audited)

	QUARTER ENDED	
	31 March 2016 RM('000)	31 March 2015 RM('000)
Cash Flows From Operating Activities		
Profit before tax	5	28
Adjustments for:		
Depreciation of property, plant and equipment	14	25
Finance costs	-	13
Waiver of director's advance	-	(37)
Operating profit before working capital changes	19	29
Net change in current assets	(2,408)	(57)
Net change in current liabilities	(170)	1,621
Cash generated from/(used in) operations	(2,559)	1,593
Interest paid	-	(13)
Tax refund	110	-
Net cash from/(used in) operating activities	(2,449)	1,580
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)
Net cash used in financing activities	-	(164)
Net increase/(decrease) in cash and cash equivalents	(2,449)	1,303
Cash and cash equivalents at beginning of period	4,122	(81)
Cash and cash equivalents at end of period	1,673	1,222
Cash and bank balances	1,673	1,911
Bank overdraft	-	(689)
	1,673	1,222

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 2015 and the accompanying explanatory notes attached to the interim financial statements.

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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2016

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 2015. 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 2015.

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 2015 except for the adoption of the following Amendments and Annual Improvement to

Adoption of Amendments and Annual Improvements to Standards

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 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	Consolidated Financial Statements, Disclosure of Interests - Investment Entities: Applying the Consolidation Exception

The adoption of the above pronouncements did not have any material 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 2017:

Amendments to MFRS 107	Disclosure Initiative
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses

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)
MFRS 15	Revenue from Contracts with Customers

Effective for financial periods beginning on or after 1 January 2019:

MFRS 16

Leases

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.

Standards issued but not yet effective

As at the date of authorisation of the Interim Report, the Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between and Investor and its Associate or Joint Venture were issued by the Malaysia Accounting Standards Board (MASB) but are not yet effective and have not been adopted by the Group. The effective dates of these Standards have been deferred, and are yet to be announced by MASB. The Group will adopt these Standards when they become effective.

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 cyclicity

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

A5 Unusual items

During the current 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 review.

A7 Debt and equity securities

There were no major issuance, cancellations, repurchases, resale and repayments of debt and equity securities for the current quarter 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 ENDED 31 March 2016	QUARTER ENDED 31 March 2015	YEAR ENDED 31 March 2016	YEAR ENDED 31 March 2015
	RM('000)	RM('000)	RM('000)	RM('000)

Segment Revenue

Air Filtration System, Fast Moving Consumer Product & Ancillary Support Services, General Trading	7	12,589	7	12,589
Consultancy Services	15	-	15	-
Oil Trading Services	9,830	-	9,830	-
Total including inter-segment sales	9,852	12,589	9,852	12,589
Elimination of inter-segment sales	-	-	-	-
Total Revenue	9,852	12,589	9,852	12,589

Segment Profit/(Loss) Before Tax

Investment Holding	(97)	(6)	(97)	(6)
Air Filtration System, Fast Moving Consumer Product & Ancillary Support Services, General Trading	(1)	34	(1)	34
Consultancy Services	13	-	13	-
Oil Trading Services	90	-	90	-
Total Profit Before Tax	5	28	5	28

A10 Valuation of property, plant and equipment

There has been no revaluation of property, plant & equipment during the current financial period.

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

There were no contingent liabilities or contingent assets arising since 31 December 2015.

A14 Capital commitments

The Group does not have any capital commitment as at 31 March 2016.

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 2016 RM('000)	INDIVIDUAL QUARTER 31 March 2015 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	14	25
(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	27	N/A
(l) Loss on derivatives	N/A	N/A
(m) Interest expenses	N/A	13
(n) Unusual items	N/A	N/A

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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2016

NOTES

B ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING

B1 Review of performance

Revenue for the current quarter declined by 22% to RM9.9 million from RM12.6 million a year earlier mainly due to lower sales achieved in its air filtration products.

The Group recorded a lower profit of RM5k for the current quarter as compared to RM28k in the same quarter last year mainly due to lower sales achieved. Lower other operating income has also contributed to the drop in profit before tax. This is due to all Director's advances had been waived in the previous quarter.

B2 Variation of results against preceding quarter

	Current Quarter 31 March 2016 RM'000	Preceding Quarter 31 December 2015 RM'000
Revenue	9,852	1,381
Profit/(Loss) before tax	5	(521)

Revenue showed a substantial increase by RM8.5 million for the current quarter as compared to RM1.4million achieved in the last quarter due to higher oil trading volume during the current quarter.

The Group turned in a profit before tax of RM5k, reversing a loss of RM521k suffered in the preceding quarter mainly due to inventories and goodwill on consolidation written off in previous quarter.

B3 Prospects for current financial year

The Group expects to continue to face challenges in its water filter trading activities for the coming financial year due to competition from cheaper products in the market. The management is also of the view that prospects for trading and distribution of fast moving consumer goods for flood aid victims is highly dependent on weather and availability of government aid programs, and is thus unpredictable and cannot be depended upon as a sustainable business.

In building a long term sustainable business model, the Group intends to diversify its principal activities to include oil bunkering to increase the revenue streams and enhance the prospects of the Group. In this respect, the Group had established a new 51% owned subsidiary, Selatan Bunker (M) Sdn Bhd, in September 2015 to initiate the above endeavor. The Group's strategy is to diversify into oil bunkering which have consistent demand and growth prospects, instead of depending solely on its existing trading of water filtration components and fast moving consumer goods activities.

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.

B7 Quoted and marketable securities

The Group does not hold any quoted or marketable securities as at 31 March 2016. 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 other than as follow:

i) *Private Placement*

On 28 December 2015, the Company completed its private placement exercise of 13,041,100 new ordinary shares of RM0.10 each in the Company representing approximately 10 % of the existing issued and paid-up share capital of the Company at RM0.15 per share.

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

Purpose	Proposed Utilisation RM('000)	Actual Utilisation as at 31 March 2016 RM('000)	Balance Unutilised RM('000)
General trading business	1,060	389	671
Application of Petroleum Development Act, licenses and related expenses for oil bunkering activity	294	409	(115)
Working capital	533	85	448
Estimated expenses in relation to the Private Placement	69	95	(26)
	<u>1,956</u>	<u>978</u>	<u>978</u>

ii) *Proposed Diversification and Proposed Special Bumiputera Issue*

On 4 February 2016, the Company announced a proposal to undertake the following:

- Proposed diversification of the principal activities of Raya and its subsidiaries to include oil bunkering and trading of oil related products;
- Proposed special bumiputera issue of up to 12.5% of the issued and paid-up share capital of Raya, representing up to approximately 20,500,000 new ordinary shares of RM0.10 each in Raya ("Bumiputera Shares"), to bumiputera investors to be recognised by the Ministry of International Trade and Industry ("MITI") ("Proposed Special Bumiputera Issue");

The above proposals are subject to approval of the relevant authorities and shareholders.

B9 Group borrowings and debt securities

The following are the bank borrowings of the Group as at 31 March 2016:

	As at 31 March 2016 RM'000	As at 31 March 2015 RM'000
Short-Term Borrowings:		
Bank Overdraft	-	689
Term Loan (Secured)	-	223
Total	<u>-</u>	<u>912</u>
Non Current Borrowings:		
Term Loan (Secured)	<u>-</u>	<u>3,645</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 2016	Individual quarter ended 31 March 2015	Cumulative quarter ended 31 March 2016	Cumulative quarter ended 31 March 2015
Basic Earnings Per Share				
Profit for the period (RM'000)	5	28	5	28
Weighted average number of ordinary shares in issue	143,452	130,410	143,452	130,410
Basic earnings per share (sen)	<u>0.00</u>	<u>0.02</u>	<u>0.00</u>	<u>0.02</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 2016 RM '000	As at 31 March 2015 RM '000
Total accumulated profits/(losses) of the Company and its subsidiaries:		
- Realised	(16,551)	(18,824)
- Unrealised	-	53
	<u>(16,551)</u>	<u>(18,771)</u>
Add: Consolidation adjustments	914	919
Total group accumulated losses as per consolidated accounts	<u><u>(15,637)</u></u>	<u><u>(17,852)</u></u>

By Order Of The Board

Dato' Tan Seng Hu
Managing Director

Kuala Lumpur
Date: