

RALCO CORPORATION BERHAD (333101-V)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2008

The figures have not been audited.

	AS AT 30-09-2008 UNAUDITED RM'000	AS AT 31/12/2007 AUDITED RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	35,286	38,712
Prepaid Lease Payment	3,238	3,256
	-----	-----
	38,524	41,968
Current Assets		
Property development costs	7,973	7,897
Inventories	7,658	8,106
Trade and other receivables	28,718	26,237
Tax recoverable	-	49
Fixed Deposit	950	286
Cash and bank balances	532	387
	-----	-----
	45,831	42,962
TOTAL ASSETS		
	-----	-----
	84,355	84,930
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of The Parent		
Share capital	41,960	41,960
Unappropriated loss	(12,813)	(12,021)
	-----	-----
	29,147	29,939
Total Equity		
	-----	-----
	29,147	29,939
Non-Current Liabilities		
Borrowings - Term Loan	685	886
Hire Purchase	1,623	1,844
	-----	-----
	2,308	2,730
Current Liabilities		
Trade and other payables	31,215	29,431
Bank Borrowings	21,325	22,441
Hire Purchase	360	329
Tax payables	-	60
	-----	-----
	52,900	52,261
Total Liabilities		
	-----	-----
	55,208	54,991
TOTAL EQUITY AND LIABILITIES		
	-----	-----
	84,355	84,930
Net assets per share attributable to ordinary equity holders of the parent (RM)		
	-----	-----
	0.69	0.71

(The condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2007 and the accompanying explanatory notes attached to the Interim Financial Statements)

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2008

The figures have not been audited.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/09/2008 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30-09-2007 RM'000	CURRENT YEAR TO DATE 30/09/2008 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-09-2007 RM'000
Gross revenue	29,467	26,320	86,936	74,634
Cost of sales	(26,656)	(25,176)	(81,059)	(71,440)
Gross profit	2,811	1,144	5,877	3,194
Other operating income	117	2,155	766	3,088
Operating expenses	(2,202)	(1,068)	(6,263)	(5,802)
Finance costs	(387)	(207)	(1,172)	(919)
Profit / (Loss) before tax	339	2,024	(792)	(439)
Tax expense	-	(72)	-	(173)
Net profit / (loss) for the period	339	1,952	(792)	(612)
Attributable to:				
Equity holders of the parent	339	1,952	(792)	(99)
Minority interests	-	0	-	(513)
	339	1,952	(792)	(612)
Earnings/ (loss) per share (sen)	0.81	4.65	(1.89)	(0.24)

(The condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2007 and the accompanying explanatory notes attached to the Interim Financial Statements)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2008

The figures have not been audited.

	----- Attributable to equity holders of the parent -----				Minority interest RM'000	Total equity RM'000
	Share capital RM'000	Exchange translation reserve RM'000	Accumulated loss RM'000	Total RM'000		
At 1 January 2007	41,960	(356)	(278)	41,326	61	41,387
Disposal share of subsidiary	-	-	-	-	(61)	(61)
Exchange translation differences	-	356	-	356	-	356
Net loss recognised directly in equity	-	-	-	-	-	-
Net loss for the year	-	-	(11,743)	(11,743)	-	(11,743)
Total recognised income and expense for the year	-	356	(11,743)	(11,387)	(61)	(11,448)
At 31 December 2007	41,960	-	(12,021)	29,939	-	29,939
Net loss for the period	-	-	(792)	(792)	-	(792)
At 30 SEPTEMBER 2008	41,960	-	(12,813)	29,147	-	29,147

(The condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2007 and the accompanying explanatory notes attached to the Interim Financial Statements)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2008

The figures have not been audited.

	CURRENT YEAR TO DATE 30/09/2008 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/09/2007 RM'000
Profit before tax	(792)	(439)
Adjustments for non cash items	4,097	3,070
Operating profit before changes in working capital	<u>3,305</u>	<u>2,631</u>
Changes in working capital	(326)	(8,619)
Interest received	12	-
Tax refunded	(11)	(174)
Net cash from operating activities	<u>2,980</u>	<u>(6,162)</u>
Net cash used in investing activities	(927)	(1,017)
Net cash used from financing activities	<u>208</u>	<u>8,291</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	2,261	1,112
EFFECT OF CHANGES IN EXCHANGE RATE	-	277
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	<u>(13,073)</u>	<u>(5,852)</u>
CASH AND CASH EQUIVALENTS CARRIED FORWARD	<u><u>(10,812)</u></u>	<u><u>(4,463)</u></u>
Represented by:		
FIXED DEPOSIT	950	-
CASH AND BANK BALANCES	532	845
BANK OVERDRAFTS	<u>(12,294)</u>	<u>(5,308)</u>
	<u><u>(10,812)</u></u>	<u><u>(4,463)</u></u>

(The condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2007 and the accompanying explanatory notes attached to the Interim Financial Statements)

RALCO CORPORATION BERHAD – (7498)
Unaudited Quarterly Report on consolidated results for the
3rd quarter ended 30 September 2008

a) Notes to the Interim Financial Report For the 3rd Quarter ended 30 September 2008: Explanatory Notes in compliance to FRS 134 on Interim Financial Reporting

(1) Basis of Preparation

The interim financial statements have been prepared in accordance with FRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements have been prepared using the same accounting policies, methods of computation and basis of consolidation as those used in the preparation of the audited financial statements for the financial year ended 31 December 2007.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2007. 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 financial year ended 31 December 2007.

(2) Changes in Accounting Policies

The significant accounting policies, methods of computation and basis of consolidation applied in the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2007 except for the adoption of the following revised Financial Reporting Standards (“FRS”) effective for the financial period beginning on or after 1 July 2007:

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 137	Provisions, Contingent Liabilities & Contingent Assets

The adoption of the above FRSs does not result in significant changes in the accounting policies of the Group or has significant impact on the financial statements.

(3) Audit Report

The Group’s financial statements for the year ended 31 December 2007 were reported without any qualification.

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(4) **Seasonal or Cyclical Factors**

The business operation of the Group were not significantly affected by seasonal or cyclical factors.

(5) **Unusual Items Affecting Financial Statements**

There were no unusual items affecting the financial statements of the Group during the quarterly financial period under review.

(6) **Changes in Accounting Estimates**

There were no changes in accounting estimates for the financial period under review.

(7) **Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities**

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities for the quarterly financial period under review.

(8) **Dividend Paid**

No interim dividend has been paid or declared in respect of the financial period under review.

(9) **Segmental Reporting**

9 months period ended	30/09/2008		30/09/2007	
	Revenue RM '000	Operating profit/(loss) RM '000	Revenue RM '000	Operating profit/(loss) RM '000
Plastic products	86,918	762	73,937	781
Others	19	(382)	697	(301)
	86,937	380	74,634	480
Finance costs		(1,172)		(919)
Profit / (Loss) before tax		(792)		(439)
Tax (expense) / income		-		(173)

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	_____	_____
Net profit / (loss) for the period	(792)	(612)
	_____	_____
Attributable to		
Equity holders of the parent	(792)	(99)
Minority interests	-	(513)
	(792)	(612)
	_____	_____

(10) **Valuation of Property, Plant and Equipment**

There has been no revaluation of property, plant and equipment during the current quarter.

(11) **Material Subsequent Events**

There was no material event subsequent to the end of the financial period ended 30 September 2008 that has not been reflected in the Financial Statements or to be disclosed as at the date of this report.

(12) **Changes in Composition of the Group**

There were no changes during the financial period under review.

(13) **Contingent Liabilities or Contingent Assets**

The contingent liabilities of the group are as follows:

	As at 30 September 2008 RM	As at 31 December 2007 RM
Unsecured Corporate Guarantee given to financial institution for banking facility granted to a former subsidiary	-	1,000,000
	_____	_____

There were no contingent assets arose during the quarter.

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b) **Notes to the interim Financial Reporting for the 3rd Quarter ended 30 September 2008: Explanatory Notes in compliance with Appendix 9B Part A of the BMSB Listing Requirements**

(1) **Review of Performance of the Company and its Principal Subsidiaries**

Third Quarter ended 30 September 2008 compared with Third Quarter ended 30 September 2007

For the current year quarter under review, the Group registered a gross revenue of RM29.5million, representing an increase of 12% or RM3.2million as compared to RM26.3million in the previous corresponding quarter. The group recorded a profit before tax of RM0.3million as compared to profit before tax of RM2.0million in the previous corresponding quarter. The higher profit before taxation in the previous corresponding quarter was mainly due to the gain on disposal of subsidiaries.

For the current year to date, the Group registered a gross revenue of RM86.9million, representing a 16.5% increase as compared to previous corresponding period of RM74.6million. The Group recorded a loss before tax of RM0.8million in current year compared to RM0.4million in previous corresponding period. The lower of losses for the previous corresponding period was mainly due to the gain on disposal of subsidiaries.

(2) **Material Changes In The Quarterly Results Compared to the Results of the Preceding Quarter**

Third Quarter ended 30 September 2008 against preceding quarter ended 30 June 2008

For the quarter under review, the gross revenue of RM29.5 million has increased by 7% compared to the preceding quarter of RM27.5 million. The Group registered a profit before tax of RM0.3 million compared to a loss before tax of RM0.6 million in the preceding quarter. The performance of the company has improved due to better cost efficiency.

(3) **Prospects for the Current Financial Year**

Barring unforeseen circumstances, the Board is of the opinion that the Group's cost saving measures would result in a better performance for the current financial year ending 31 December 2008.

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(4) **Variance of Actual Profit from Forecast Profit**

This note is not applicable to us.

(5) **Taxation**

Tax comprises:

	Individual Quarter		Cumulative Quarter	
	Current year quarter 30/09/2008 RM '000	Preceding year corresponding quarter 30/09/2007 RM '000	Current year to date 30/09/2008 RM '000	Preceding year corresponding period 30/09/2007 RM '000
Current year (expense)				
- current period	-	(12)	-	(5)
- underestimated in prior year				
Deferred tax (expense)				
- current period	-	(84)	-	(168)
	<u>-</u>	<u>(72)</u>	<u>-</u>	<u>(173)</u>
	=====	=====	=====	=====

(6) **Profit/(Losses) On Sale of Unquoted Investments and/or Properties**

There was no transaction during the quarterly financial period under review.

(7) **Quoted Securities**

There was no transaction during the quarterly financial period under review.

(8) **Status of Corporate Proposals**

There were no corporate proposals whatsoever during the period under review.

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(9) **Group Borrowings and Debts Securities**

Total Group borrowings as at 30 September 2008 are as follows:

	Short Term Secured RM '000	Short Term Unsecured RM '000	Long Term Secured RM '000	Total RM '000
Currency				
- Ringgit Malaysia	885	20,800	2,308	23,993
	885	20,800	2,308	23,993
	885	20,800	2,308	23,993

(10) **Off Balance Sheet Financial Instruments**

This item is not applicable to us.

(11) **Material Litigation**

The Company and its subsidiary, Ralco Plastic Sdn Bhd have filed a civil suit against Malayan Banking Berhad on 23 July 2008 vide Civil Suit No. D6-22-1369-2008; seeking certain declarations with regards to its facility agreement as well as an injunction to restrain Malayan Banking Berhad from affecting certain actions.

On 28 July 2008, the Kuala Lumpur High Court granted an ad interim injunction in favour of the Company against Malayan Banking Berhad pending the disposal of the inter partes application for an injunction which was fixed on 18 September 2008.

On 18 September 2008 after the hearing in Chamber for an inter partes injunction, the Learned Judge has adjourned the hearing date to 18 November 2008.

On 18 November 2008, the Kuala Lumpur High Court vide Suit No. D6-22-1369-2008 dismissed an application by the Company and its subsidiary, Ralco Plastic Sdn. Bhd. for an injunctive relief against Malayan Banking Berhad from affecting certain actions (hereinafter referred to as “the Decision”)

The Company and its subsidiaries have immediately filed a Notice of Motion at the Court of Appeal for an Erinford Injunction to restrain Malayan Banking Berhad from affecting certain actions pending the disposal of the appeal that is fixed for hearing on 9 December 2008.

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(12) **Dividend**

No interim dividend has been proposed in the current financial period.

(13) **Earnings Per Share**

(a) **Basic Earnings Per Share**

Basic earnings per share of the Group is calculated by dividing the net profit/(loss) attributable to shareholders of the Group for the financial periods under review by the number of ordinary shares in issue of 41,960,000 (31/12/2007: 41,960,000) during the said financial period.

(b) **Diluted Earnings Per Share**

Not applicable.

(14) **Authorisation for Issue**

The interim financial statements were authorised for issue on 25 November 2008 by the Board of Directors.

By Order of The Board,

Chia Siew Chin (MIA 2184)
Secretary

Date: 25th November, 2008
KUALA LUMPUR