

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2008

The figures have not been audited.

	AS AT 31/12/2008 UNAUDITED RM'000	AS AT 31/12/2007 AUDITED RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	33,664	38,712
Prepaid Lease Payment	3,232	3,256
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	36,896	41,968
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Current Assets		
Property development costs	8,193	7,897
Inventories	3,191	8,106
Trade and other receivables	25,586	26,237
Tax recoverable	-	49
Short term investment	806	-
Fixed Deposit	1,160	286
Cash and bank balances	830	387
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	39,766	42,962
	-----	-----
TOTAL ASSETS	76,662	84,930
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EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of The Parent		
Share capital	41,960	41,960
Unappropriated loss	(10,871)	(12,021)
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	31,089	29,939
	-----	-----
Total Equity	31,089	29,939
Minority Interest	29	-
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	31,118	29,939
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Non-Current Liabilities		
Borrowings - Term Loan	192	886
Hire Purchase	1,529	1,844
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	1,721	2,730
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Current Liabilities		
Trade and other payables	25,165	29,431
Bank Borrowings	18,291	22,441
Hire Purchase	367	329
Tax payables	-	60
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	43,823	52,261
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Total Liabilities	45,544	54,991
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TOTAL EQUITY AND LIABILITIES	76,662	84,930
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Net assets per share attributable to ordinary equity holders of the parent (RM)	0.74	0.71
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(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 31 DECEMBER 2008

The figures have not been audited.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2008 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2007 RM'000	CURRENT YEAR TO DATE 31/12/2008 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2007 RM'000
Gross revenue	24,182	26,158	111,118	100,792
Cost of sales	(20,085)	(29,147)	(101,018)	(100,587)
Gross profit/(loss)	4,097	(2,989)	10,100	205
Other operating income	457	(2,516)	1,080	572
Operating expenses	(2,249)	(7,496)	(8,495)	(13,298)
Finance costs	(364)	(405)	(1,536)	(1,324)
Profit / (Loss) before tax	1,941	(13,406)	1,149	(13,845)
Tax expense	-	2,275	-	2,102
Net profit / (loss) for the period	1,941	(11,131)	1,149	(11,743)
Attributable to:				
Equity holders of the parent	1,942	(10,679)	1,150	(11,743)
Minority interests	(1)	(452)	(1)	-
	1,941	(11,131)	1,149	(11,743)
Earnings per share (sen)	4.63	(25.45)	2.74	(27.99)

(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 31 DECEMBER 2008

The figures have not been audited.

	----- Attributable to equity holders of the parent -----			Minority interest	Total equity
	Share capital	Exchange translation reserve	Unappropriated profit		
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2007	41,960	(356)	(278)	61	41,387
Disposal of subsidiary	-	356	-	(61)	295
Net loss for the year	-	-	(11,743)	-	(11,743)
Total recognised income and expense for the year	-	356	(11,743)	(61)	(11,448)
At 31 December 2007	41,960	-	(12,021)	-	29,939
At 1 January 2008	41,960	-	(12,021)	-	29,939
Share of subsidiary issued to minority interest	-	-	-	30	30
Net profit for the year	-	-	1,150	(1)	1,149
Total income for the year	-	-	1,150	29	1,179
At 31 DECEMBER 2008	41,960	-	(10,871)	29	31,118

(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 31 DECEMBER 2008

The figures have not been audited.

	CURRENT YEAR TO DATE 31/12/2008 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2007 RM'000
Profit/(loss) before tax	1,149	(13,845)
Adjustment for non cash items	7,053	12,392
Operating profit/(loss) before changes in working capital	<u>8,202</u>	<u>(1,453)</u>
Changes in working capital	357	(14,616)
Interest paid	(1,264)	(908)
Tax (refunded)/paid	(11)	8
Net cash from operating activities	<u>7,284</u>	<u>(16,969)</u>
Net cash used in investing activities	(1,279)	4,839
Net cash used in financing activities	<u>(2,527)</u>	<u>4,910</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	3,478	(7,220)
EFFECT OF CHANGES IN EXCHANGE RATE	-	-
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	<u>(13,072)</u>	<u>(5,852)</u>
CASH AND CASH EQUIVALENTS CARRIED FORWARD	<u><u>(9,594)</u></u>	<u><u>(13,072)</u></u>
Represented by:		
FIXED DEPOSIT	1,160	286
CASH AND BANK BALANCES	830	387
BANK OVERDRAFTS	<u>(11,584)</u>	<u>(13,745)</u>
	<u><u>(9,594)</u></u>	<u><u>(13,072)</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
4th quarter ended 31 December 2008

a) Notes to the Interim Financial Report For the 4th Quarter ended 30 December 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 financial statements comply with applicable approved Financial Reporting Standards (“FRS”) issued by the Malaysian Accounting Standards Board and the provisions of the Companies Act 1965 the significant accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following revised FRSs which are mandatory and applicable to the Group for financial periods beginning on or after 1 July 2007:

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

In the opinion of the directors, the adoption of these FRSs does not result in significant changes in the accounting policies of the Group, or has significant impact on the financial statements of the Group.

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The Group has not opted for early adoption of the following FRSs, which are applicable and effective for financial periods beginning on or after 1 July 2009 and 1 January 2010:

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 139	Financial Instruments: Recognition and Measurement

(3) **Audit Report**

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

(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.

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(9) **Segmental Reporting**

12 months year ended	31/12/2008		31/12/2007	
	Revenue RM '000	Operating profit/(loss) RM '000	Revenue RM '000	Operating profit/(loss) RM '000
Plastic products	110,942	2,895	100,555	(8,611)
Others	176	(210)	237	(3,910)
	111,118	2,685	100,792	(12,521)
Finance costs		(1,536)		(1,324)
Profit / (Loss) before tax		1,149		(13,845)
Tax (expense) / income		-		(2,102)
Net profit / (loss) for the period		1,149		(11,743)
Attributable to				
Equity holders of the parent		1,150		(11,743)
Minority interests		(1)		-
		1,149		(11,743)

(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 year ended 31 December 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.

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

The contingent liabilities of the group are as follows:

	As at 31 December 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 4th Quarter ended 31 December 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**

Fourth Quarter ended 31 December 2008 compared with Fourth Quarter ended 31 December 2007

For the current year quarter under review, the Group registered a gross revenue of RM24.2 million, representing a decrease of 7% or RM2.0 million as compared to RM26.2 million in the previous corresponding quarter. The group recorded a profit before tax of RM1.9 million as compared to loss before tax of RM13.4 million in the previous corresponding quarter. The higher loss before taxation in the previous corresponding quarter was mainly due to the loss on disposal of subsidiaries.

For the current year to date, the Group registered a gross revenue of RM111.1 million, representing a 10.3% increase as compared to previous corresponding year of RM100.8 million. The Group recorded a profit before tax of RM1.1 million in current year compared to loss before taxation of RM13.8 million in previous corresponding year. The higher loss for the previous corresponding year was mainly due to the loss on disposal of subsidiaries.

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

Fourth Quarter ended 31 December 2008 against preceding quarter ended 30 September 2008

For the quarter under review, the gross revenue of RM24.2 million has decreased by 17.9% compared to the preceding quarter of RM29.5 million. The Group registered a profit before tax of RM1.9 million compared to a profit before tax of RM0.3 million in the preceding quarter. The performance of the Group has improved due to recovery of bad debt written off amounted to RM0.4 mil, gain on foreign exchange amounted to RM0.5 mil and better cost efficiency.

(3) **Prospects for Year 2009**

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 2009.

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

This note is not applicable.

(5) **Taxation**

Tax comprises:

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/12/2008 RM '000	Preceding year corresponding quarter 31/12/2007 RM '000	Current year to date 31/12/2008 RM '000	Preceding year corresponding period 31/12/2007 RM '000
Current year (expense)				
- current period	-	-	-	-
- underestimated in prior year	-	-	-	-
Deferred tax (expense)				
- current period	-	2,275	-	2,102
	<u>-</u>	<u>2,275</u>	<u>-</u>	<u>2,102</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 31 December 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	1,064	17,594	1,721	20,379
	=====	=====	=====	=====

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

This item is not applicable.

(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 an appeal at the Court of Appeal appealing against the Decision and have also 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.

The Court of Appeal has on the 10th December 2008 dismissed the Company's Motion for an Erinford Injunction to restrain Malayan Banking Berhad from affecting certain actions pending the disposal of the Appeal. No date has been fixed for the Appeal yet.

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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 20 February 2009 by the Board of Directors.

By Order of The Board,

Chia Siew Chin (MIA 2184)
Secretary

Date: 20th February, 2009
KUALA LUMPUR