

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2009

The figures have not been audited.

	AS AT 31/03/2009 UNAUDITED RM'000	AS AT 31/12/2008 AUDITED RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	31,985	33,664
Prepaid Lease Payment	3,226	3,232
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	35,211	36,896
	-----	-----
Current Assets		
Property development costs	8,207	8,193
Inventories	2,800	3,191
Trade and other receivables	20,969	25,586
Short term deposits	1,506	806
Fixed Deposit	1,107	1,160
Cash and bank balances	1,698	830
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	36,287	39,766
	-----	-----
TOTAL ASSETS	71,498	76,662
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of The Parent		
Share capital	41,960	41,960
Unappropriated profit / loss	(10,002)	(10,872)
	-----	-----
	31,958	31,088
	-----	-----
Total Equity	31,958	31,088
Minority Interest	20	29
	-----	-----
	31,978	31,117
	-----	-----
Non-Current Liabilities		
Borrowings - Term Loan	191	192
Hire Purchase	928	1,529
Deferred Tax	440	-
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	1,559	1,721
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Current Liabilities		
Trade and other payables	20,245	25,167
Bank Borrowings	17,485	18,290
Hire Purchase	215	367
Tax payables	16	-
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	37,961	43,824
	-----	-----
Total Liabilities	39,520	45,545
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TOTAL EQUITY AND LIABILITIES	71,498	76,662
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Net assets per share attributable to ordinary equity holders of the parent (RM)	0.76	0.74
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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 2008 and the accompanying explanatory notes attached to the Interim Financial Statements)

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

The figures have not been audited.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/03/2009 RM'000	CURRENT YEAR QUARTER 31/03/2008 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/2009 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/2008 RM'000
Gross revenue	21,473	29,979	21,473	29,979
Cost of sales	(17,876)	(28,400)	(17,876)	(28,400)
Gross profit	3,597	1,579	3,597	1,579
Other operating income	394	340	394	340
Operating expenses	(2,343)	(2,021)	(2,343)	(2,021)
Finance costs	(331)	(407)	(331)	(407)
Profit / (Loss) before tax	1,317	(509)	1,317	(509)
Tax expense	(456)	-	(456)	-
Net profit / (loss) for the period	861	(509)	861	(509)
Attributable to:				
Equity holders of the parent	870	(509)	870	(509)
Minority interests	(9)	-	(9)	-
	861	(509)	861	(509)
Earnings per share (sen)	2.07	(1.21)	2.07	(1.21)

(The condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2008 and the accompanying explanatory notes attached to the Interim Financial Statements)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2009

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	Unappropriated profit RM'000	Total RM'000		
At 1 January 2008	41,960	(12,021)	29,939	-	29,939
Ordinary shares subscribed by minority interest	-	-	-	15	15
Issue of ordinary shares to minority interest	-	-	-	15	15
Net profit for the year	-	1,149	1,149	(1)	1,148
Total income for the year	-	1,149	1,149	29	1,178
At 31 December 2008	41,960	(10,872)	31,088	29	31,117
At 1 January 2009	41,960	(10,872)	31,088	29	31,117
Net profit for the year	-	870	870	(9)	861
Total income for the year	-	870	870	9	861
At 31 March 2009	41,960	(10,002)	31,958	20	31,978

(The condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2008 and the accompanying explanatory notes attached to the Interim Financial Statements)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

The figures have not been audited.

	CURRENT YEAR TO DATE 31/03/2009 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/2008 RM'000
Profit/(loss) before tax	1,317	(509)
Adjustment for non cash items	1,223	1,384
Operating profit/(loss) before changes in working capital	<u>2,540</u>	<u>875</u>
Changes in working capital	<u>73</u>	<u>(902)</u>
Interest paid	-	-
Tax (refunded)/payable	-	-
Net cash from operating activities	2,613	(27)
Net cash used in investing activities	462	(396)
Net cash used in financing activities	<u>(1,854)</u>	<u>(831)</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	1,221	(1,254)
EFFECT OF CHANGES IN EXCHANGE RATE	-	-
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	<u>(8,788)</u>	<u>(9,840)</u>
CASH AND CASH EQUIVALENTS CARRIED FORWARD	<u><u>(7,567)</u></u>	<u><u>(11,094)</u></u>
Represented by:		
SHORT TERM DEPOSITS	2,613	-
CASH AND BANK BALANCES	1,698	576
BANK OVERDRAFTS	<u>(11,878)</u>	<u>(11,670)</u>
	<u><u>(7,567)</u></u>	<u><u>(11,094)</u></u>

(The condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2008 and the accompanying explanatory notes attached to the Interim Financial Statements)

RALCO CORPORATION BERHAD – (7498)

Unaudited Quarterly Report on consolidated results for the 1st quarter ended 31 March 2009

a) Notes to the Interim Financial Report For the 1st Quarter ended 31 March 2009: 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 2008.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008. 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 2008.

(2) Changes in Accounting Policies

The Group has not opted for early adoption of the following new and revised FRSs and Issues Committee Interpretations (“IC Interpretations”), which are applicable to the Group:

- i. FRS 8 Operating Segments, which is effective for financial periods beginning on or after 1 July 2009; and
- ii. FRS 7 Financial Instruments : Disclosures, FRS 139 Financial Instruments : Recognition and Measurement and IC Interpretation 10 : Interim Financial Reporting and Impairment, which are effective for financial periods beginning on or after 1 January 2010.

(3) Audit Report

The Group’s financial statements for the year ended 31 December 2008 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.

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(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**

3 months period ended	31/03/2009		31/03/2008	
	Revenue	Operating profit/(loss)	Revenue	Operating profit/(loss)
	RM '000	RM '000	RM '000	RM '000
Plastic products	21,468	2,072	29,968	191
Others	5	(424)	11	(293)
	21,473	1,648	29,979	(102)
		(331)		(407)
Finance costs		(331)		(407)
Profit / (Loss) before tax		1,317		(509)
Tax (expense) / income		(456)		-
Net profit / (loss) for the period		861		(509)

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Attributable to

Equity holders of the parent	870	(509)
Minority interests	(9)	-
	861	(509)
	861	(509)

(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

On 7 April 2009, Ralco Corporation Berhad (“Ralco”) has announced the following proposals:

- a. Proposed renounceable rights issue of up to 20,980,000 new warrants in Ralco to all the shareholders of Ralco at an indicative issue price of RM0.02 per new warrant on the basis of two (2) new warrants for every five (5) existing ordinary shares of RM1.00 each held in Ralco on an entitlement date to be determined (“Proposed Rights Issue of Warrants”); and
- b. Proposed restricted issue of up to 4,196,000 new warrants in Ralco to the holders of unexercised warrants 2004/2009 on 22 November 2009, being the expiry date of the warrants 2004/2009 (“Expiry Date”) on the basis of two (2) new warrants for every five (5) unexercised warrants 2004/2009 held on the expiry date (“Proposed Restricted Issue of Warrants”)

(Collectively known as the “Proposals”)

The Proposals are subject to and conditional upon approvals being obtained from the Securities Commission, Bursa Malaysia Securities Berhad, other relevant authority where required as well as the shareholders of the Company at an Extraordinary General Meeting to be convened.

(12) Changes in Composition of the Group

There were no changes during the financial period under review.

(13) Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets as at the date of this report.

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b) **Notes to the interim Financial Reporting for the 1st Quarter ended 31 March 2009: 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**

First Quarter ended 31 March 2009 compared with First Quarter ended 31 March 2008

For the current year quarter under review, the Group registered a gross revenue of RM21.5 million, representing a decrease of 28% or RM8.5 million as compared to RM30.0 million in the previous corresponding quarter. The drop is mainly due to reduction on selling price. Despite the drop in selling price, the group recorded a profit before tax of RM1.3 million as compared to loss before tax of RM0.5 million in the previous corresponding quarter. This was contributed by the lower resins price which resulted in a better margin.

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

First Quarter ended 31 March 2009 against preceding quarter ended 31 December 2008

For the quarter under review, the gross revenue of RM21.5 million has decreased by 11.2% compared to the preceding quarter of RM24.2 million. The reduction is mainly due to marginal drop in demand and selling price. The Group registered a profit before tax of RM1.3 million compared to a profit before tax of RM1.9 million in the preceding quarter. The performance of the Group was better off in the preceding quarter due to recovery of bad debt written off amounted to RM0.4 million and gain on foreign exchange amounted to RM0.5 million.

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

Barring unforeseen circumstances, the Board is of the opinion that the Group's continuous cost saving measures would result in a better performance for the current financial year ending 2009.

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

This note is not applicable.

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(5) **Taxation**

Tax comprises:

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/03/2009 RM '000	Preceding year corresponding quarter 31/03/2008 RM '000	Current year to date 31/03/2009 RM '000	Preceding year corresponding period 31/03/2008 RM '000
Current year (expense)				
- current period	(16)	-	(16)	-
- underestimated in prior year	-	-	-	-
Deferred tax (expense)				
- current period	(440)	-	(440)	-
	<u>(456)</u>	<u>-</u>	<u>(456)</u>	<u>-</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.

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

Total Group borrowings as at 31 March 2009 are as follows:

	Short Term Secured RM '000	Short Term Unsecured RM '000	Long Term Secured RM '000	Total RM '000
Currency				
- Ringgit Malaysia	586	17,114	1,119	18,819
	<u>586</u>	<u>17,114</u>	<u>1,119</u>	<u>18,819</u>

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

This item is not applicable.

(11) **Material Litigation**

The Company and its subsidiary, Ralco Plastic Sdn Bhd (“RPSB”) have filed a civil suit against Malayan Banking Berhad (“MBB”) 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 and RPSB against MBB 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 RPSB for an injunctive relief against MBB from affecting certain actions. (hereinafter referred to as “the Decision”)

The Company and RPSB 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 MBB 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 MBB from affecting certain actions pending the disposal of the Appeal.

On 25 February 2009, the Company and RPSB were served with a Writ summons by MBB demanding full repayment of facilities granted to RPSB. The total amount claimed by MBB against the Company and RPSB is RM10,698,151 together with interest calculated at 3.5% above the base lending rate per annum commencing 1 November 2008 till the settlement of this case.

The Company and RPSB have been advised by their solicitors that the MBB's Suit is related to or connected to the commercial suit filed by the Company and RPSB against MBB on 23 July 2008 which is still pending.

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Based on legal advice from the Company's solicitors, the Company and its RPSB's claims against MBB are bona fide and in respect of MBB's claim against the Company and RPSB, the Company and RPSB have a good defence. It is the opinion of the Company's board of directors that the suits would only be resolved by way of a full trial and at this material time, the Company and RPSB are unable to provide an anticipated date of the trial as the pleadings for both suits have yet to be resolved.

The outcome of the above suits is still pending. The directors believe that the Company and RPSB will be able to generate sufficient cash flows in the foreseeable future to meet their financial obligations as and when they fall due, based on the cash flow projections and assumptions of the Group.

(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 (31/12/2008: 41,960,000) during the said financial period.

(b) Diluted Earnings Per Share

Not applicable as the potential ordinary shares arising from the full conversion of 10,490,000 outstanding warrants at fair value, have an anti-dilutive effect.

(14) Authorisation for Issue

The interim financial statements were authorised for issue on 23 April 2009 by the Board of Directors.

By Order of The Board,

Chia Siew Chin (MIA 2184)
Secretary

Date: 23rd April, 2009
KUALA LUMPUR