

**CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2009**

The figures have not been audited.

	AS AT 31/12/2009 UNAUDITED RM'000	AS AT 31/12/2008 AUDITED RM'000
<b>ASSETS</b>		
Non-Current Assets		
Property, plant and equipment	31,339	33,664
Prepaid Lease Payment	3,208	3,232
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	34,547	36,896
	-----	-----
Current Assets		
Property development costs	-	8,193
Inventories	7,191	3,191
Trade and other receivables	24,489	25,586
Tax recoverable	56	-
Short term deposit		806
Fixed Deposit	4,602	1,160
Cash and bank balances	1,929	830
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	38,267	39,766
	-----	-----
<b>TOTAL ASSETS</b>	<b>72,814</b>	<b>76,662</b>
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<b>EQUITY AND LIABILITIES</b>		
Equity Attributable to Equity Holders of The Parent		
Share capital	41,981	41,960
Right Issue - warrants	407	
Treasury Share.at cost	(383)	-
Unappropriated profit / (loss)	(6,548)	(10,872)
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Total Equity	35,457	31,088
Minority Interest	2	29
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	35,459	31,117
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Non-Current Liabilities		
Borrowings - Term Loan	-	192
Hire Purchase	1,756	1,529
Deferred Tax	1,275	-
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	3,031	1,721
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Current Liabilities		
Trade and other payables	17,370	25,167
Bank Borrowings	16,333	18,290
Hire Purchase	574	367
Tax payables	47	-
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	34,324	43,824
	-----	-----
Total Liabilities	37,355	45,545
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<b>TOTAL EQUITY AND LIABILITIES</b>	<b>72,814</b>	<b>76,662</b>
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Net assets per share attributable to ordinary equity holders of the parent (RM)	0.84	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 DECEMBER 2009**

The figures have not been audited.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2009 RM'000	CURRENT YEAR QUARTER 31/12/2008 RM'000	CURRENT YEAR PERIOD 31/12/2009 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2008 RM'000
Gross revenue	24,847	24,182	86,887	111,118
Cost of sales	(21,081)	(19,959)	(73,814)	(101,018)
Gross profit	3,766	4,223	13,073	10,100
Other operating income	446	314	1,642	1,080
Operating expenses	(1,455)	(2,232)	(7,775)	(8,495)
Finance costs	(343)	(364)	(1,321)	(1,536)
Profit before tax	2,414	1,941	5,619	1,149
Tax expense	(835)	0	(1,322)	0
Net profit for the period	1,579	1,941	4,297	1,149
Attributable to:				
Equity holders of the parent	1,556	1,942	4,324	1,150
Minority interests	23	(1)	(27)	(1)
	1,579	1,941	4,297	1,149
Earnings per share (sen)	3.72	4.63	10.33	2.74

(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 YEAR ENDED 31 DECEMBER 2009**

The figures have not been audited.

	----- Attributable to equity holders of the parent -----					Minority interest	Total equity
	Share capital RM'000	Treasury Share RM'000	Right Issue Warrants RM'000	Unappropriated profit RM'000	Total RM'000	RM'000	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
Conversion of warrants	21	-	-	-	21	-	21
Treasury Shares	-	(383)	-	-	(383)	-	(383)
Right Issue - Warrant 2009/2019	-	-	407	-	407	-	407
Net profit for the year	-	-	-	4,324	4,324	(27)	4,297
Total income for the year	-	-	-	4,324	4,324	(27)	4,297
At 31 December 2009	41,981	(383)	407	(6,548)	35,457	2	35,459

(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 DECEMBER 2009**

The figures have not been audited.

	CURRENT PERIOD TO DATE 31/12/2009 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2008 RM'000
Profit/(loss) before tax	4,324	(792)
Adjustment for non cash items	6,205	5,269
Operating profit/(loss) before changes in working capital	<u>10,529</u>	<u>4,477</u>
Changes in working capital	<u>(2,506)</u>	<u>(326)</u>
Interest paid	(1,321)	(1,172)
Tax (refunded)/payable	1,266	(11)
Interest received	<u>106</u>	<u>12</u>
Net cash from operating activities	8,074	2,980
Net cash used in investing activities	(3,025)	(927)
Net cash used in financing activities	<u>(1,794)</u>	<u>208</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	3,255	2,261
EFFECT OF CHANGES IN EXCHANGE RATE	-	-
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	<u>(8,767)</u>	<u>(13,073)</u>
CASH AND CASH EQUIVALENTS CARRIED FORWARD	<u><u>(5,512)</u></u>	<u><u>(10,812)</u></u>
Represented by:		
FIXED DEPOSIT	4,602	950
CASH AND BANK BALANCES	1,928	532
BANK OVERDRAFTS	<u>(12,042)</u>	<u>(12,294)</u>
	<u><u>(5,512)</u></u>	<u><u>(10,812)</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  
4th quarter ended 31 December 2009

**A) Notes to the Interim Financial Report For the 4th Quarter ended 31 December 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 which are effective for financial periods beginning on or after 1 January 2010.

- |      |                      |  |
|------|----------------------|--|
| i.   | FRS 7                | : Financial Instruments Disclosures                  |
| ii.  | FRS 139              | : Financial Instruments; Recognition and Measurement |
| iii. | IC Interpretation 10 | : Interim Financial Reporting and Impairment,        |
| iv.  | IC Interpretation 11 | : FRS 2 – Group and Treasury Shares Transactions.    |

The adoption of the above FRSs are expected to have no significant changes in the accounting policies of the Group or has no significant impact on the Financial Statements.

**(3) Audit Report**

The Group’s financial statements for the year ended 31 December 2008 were reported without any qualification.

**RALCO CORPORATION BERHAD – (7498)**  
Unaudited Quarterly Report on consolidated results for the  
4th quarter ended 31 December 2009

(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**

**Treasury Shares**

The shareholders of the Company, by a resolution passed at an extraordinary general meeting held on 25 June 2009 approved the Company's proposal to repurchase of up to 10% of its issued and paid up share capital of the Company. ("Share Buy Back")

During the current quarter under review, the Company had repurchased 445,700 ordinary shares of RM1.00 each of its issued share capital from the open market for a total consideration of RM0.38 million. The repurchased transaction was financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with the requirements of Section 67A of the Companies Act, 1965.

Other than above, there were no other 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.

**RALCO CORPORATION BERHAD – (7498)**  
**Unaudited Quarterly Report on consolidated results for the**  
**4th quarter ended 31 December 2009**

(9) **Segmental Reporting**

12 months year ended	31/12/2009		31/12/2008	
	Revenue RM '000	Operating profit/(loss) RM '000	Revenue RM '000	Operating profit/(loss) RM '000
Plastic products	86,878	6,524	110,942	2,895
Others	9	416	176	(210)
	86,887	6,940	111,119	2,685
Finance costs		(1,321)		(1,536)
Profit / (Loss) before tax		5,619		1,149
Tax (expense) / income		(1,322)		-
Net profit / (loss) for the period		4,297		1,149
Attributable to				
Equity holders of the parent		4,324		1,150
Minority interests		(27)		(1)
		4,297		1,149

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

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

**RALCO CORPORATION BERHAD – (7498)**  
Unaudited Quarterly Report on consolidated results for the  
4th quarter ended 31 December 2009

(11) **Material Subsequent Events**

There were no changes during the financial period under review.

(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 31 December 2009 RM	As at 31 December 2008 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.

**RALCO CORPORATION BERHAD – (7498)**  
**Unaudited Quarterly Report on consolidated results for the**  
**4th quarter ended 31 December 2009**

**B) Notes to the interim Financial Reporting for the 4<sup>th</sup> Quarter ended 31 December 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**

**Fourth Quarter ended 31 December 2009 compared with Fourth Quarter ended 31 December 2008**

For the current quarter ended 31 December 2009, the Group registered gross revenue of RM24.8 million compared to the corresponding quarter ended 31 December 2008 of RM 24.2 million.

However, the Group recorded profit before tax of RM2.4 million in the current quarter compared to the profit before tax of RM1.9 million in the previous corresponding quarter. The better performance in the current quarter is mainly due to the gain on disposal of non core subsidiaries and more effective control in cost saving measures.

For the current year ending 31 December 2009 under review, the Group registered a lower gross revenue of RM86.9 million compared to RM111.1 million in previous year which represented a decrease of 21.8% or RM24.2 million. The drop in gross revenue was mainly due to economic downturn which resulted in lower demand and selling price. However, the group recorded a higher profit before tax of RM5.6 million as compared to profit before tax of RM1.1 million in the previous year. This was contributed by lower resin price and continuous cost saving measures which resulted in a better margin.

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

**Fourth Quarter ended 31 December 2009 against preceding quarter ended 30 September 2009**

For the current quarter under review, the Group registered higher gross revenue of RM24.8 million compared to the preceding quarter of RM22.7 million which represented an increase of 9.3% or RM2.1 million. As a result, the Group registered a higher profit before tax of RM2.4 million compared to a profit before tax of RM1.0 million in the preceding quarter.

**(3) Prospects for Year 2010**

The Board is of the opinion that the Group would remain profitable for the current financial year ending 2010.

**RALCO CORPORATION BERHAD – (7498)**  
**Unaudited Quarterly Report on consolidated results for the**  
**4th quarter ended 31 December 2009**

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

This note is not applicable.

(5) **Taxation**

Tax comprises:

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/12/2009 RM '000	Preceding year corresponding quarter 31/12/2008 RM '000	Current year to date 31/12/2009 RM '000	Preceding year corresponding period 31/12/2008 RM '000
Current year (expense)				
- current period	-	-	(47)	-
- underestimated in prior year	-	-	-	-
Deferred tax (expense)				
- current period	(835)	-	(1,275)	-
	<u>(835)</u>	<u>-</u>	<u>(1,322)</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 and Utilisation of Proceeds**

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

# **RALCO CORPORATION BERHAD – (7498)**

## **Unaudited Quarterly Report on consolidated results for the 4th quarter ended 31 December 2009**

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”)

On 19 October 2009 Ralco had announced the Notice of Expiry and last date for the exercise of warrants 2004/2009. Pursuant to the terms and conditions stipulated in the deed poll dated 7 September 2004 executed by Ralco governing the terms and condition of the Warrants 2004/2009 (“Deed Poll”), the subscription rights of the Warrant 2004/2009 will expire at 5.00pm on Sunday, 22 November 2009 (“Expiry date”). As the Expiry Date falls on a non market day, the last date and time for the exercise of the Warrants 2004/2009 will be at 5.00pm on Friday, 20 November 2009.

On 22 December 2009 Ralco had announced that 20,340,955 New Warrants issued pursuant to the Corporate Exercises were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad with effect from 9.00 a.m., Tuesday, 22 December 2009 marking the completion of the Corporate Exercises.

The details of the utilization of the proceeds up to 31 December 2009 are as follows:-

Description	Proposed Utilisation	Actual Utilisation	Balance Utilisation
	RM'000	RM'000	RM'000
Working Capital	(152)	(152)	-
Corporate Exercise expenses	(255)	(255)	-
<b>Total</b>	<b>(407)</b>	<b>(407)</b>	<b>-</b>

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

Total Group borrowings as at 31 December 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	768	16,139	1,756	18,663
	=====	=====	=====	=====

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

This item is not applicable.

# **RALCO CORPORATION BERHAD – (7498)**

## **Unaudited Quarterly Report on consolidated results for the 4th quarter ended 31 December 2009**

### **(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 MBB 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 the application by the Company RPSB for an injunctive relief against MBB from affecting certain actions. (hereinafter referred to as “the Decision”)

The Company and RPSB had immediately filed an appeal at the Court of Appeal appealing against the Decision and had 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.

The Company and RPSB's claims against MBB are bona fide and in respect of MBB's claim against 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 its subsidiary are unable to provide an anticipated date of the trial as the pleadings for both suits have yet to be resolved.

**RALCO CORPORATION BERHAD – (7498)**  
**Unaudited Quarterly Report on consolidated results for the**  
**4th quarter ended 31 December 2009**

On 4 February 2010, the Kuala Lumpur High Court heard an application by MBB for summary judgement. The application is now reserved for decision and clarification on 2 March 2010.

(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 weighted average number of ordinary shares in issue excluding weighted average treasury of 41,848,692 (31/12/2008: 41,960,000) shares 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 19 February 2010 by the Board of Directors.

By Order of The Board,

**Chia Siew Chin (MIA 2184)**  
Secretary

Date: 19 February, 2010  
KUALA LUMPUR