

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012

The figures have not been audited.

	AS AT 30/09/2012 UNAUDITED RM'000	AS AT 31/12/2011 AUDITED RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	27,810	30,619
Prepaid Lease Payment	3,191	3,210
	31,001	33,829
Current Assets		
Inventories	8,350	9,805
Trade and other receivables	21,412	20,308
Tax recoverable	9	9
Fixed Deposit	717	1,428
Cash and bank balances	1,039	1,577
	31,527	33,127
TOTAL ASSETS	62,528	66,956
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of The Parent		
Share capital	41,981	41,981
Right Issue - warrants	407	407
Treasury Share.at cost	(2,568)	(2,568)
Unappropriated profit / (loss)	(7,567)	(5,062)
Total Equity	32,253	34,758
Minority Interest	-	-
	32,253	34,758
Non-Current Liabilities		
Bank Borrowings	7,272	7,272
Hire Purchase	1,500	1,500
Deferred Tax	2,425	1,935
	11,197	10,707
Current Liabilities		
Trade and other payables	14,908	16,327
Bank Borrowings	3,833	3,344
Hire Purchase	337	1,820
	19,078	21,491
Total Liabilities	30,275	32,198
TOTAL EQUITY AND LIABILITIES	62,528	66,956
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.82	0.88

(The condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2011 and the accompanying explanatory notes attached to the Interim Financial Statements)

RALCO CORPORATION BERHAD (333101-V)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 9 months ended 30 September 2012 - unaudited

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/09/2012 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/09/2011 RM'000	CURRENT YEAR PERIOD 30/09/2012 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/09/2011 RM'000
Gross revenue	21,851	25,336	68,458	78,338
Cost of sales	(21,209)	(23,350)	(64,065)	(73,034)
Gross profit	642	1,986	4,393	5,304
Other operating income	292	544	589	5,404
Selling & Distribution expenses	(685)	(805)	(2,184)	(2,407)
Administrative and general expenses	(1,370)	(1,750)	(3,946)	(5,063)
Results from operating activities	(1,121)	(25)	(1,148)	3,238
Finance costs	(223)	(269)	(746)	(669)
Profit/(Loss) before tax	(1,344)	(294)	(1,894)	2,569
Tax expense	(153)	(421)	(611)	(1,171)
Profit/(Loss) for the period	(1,497)	(715)	(2,505)	1,398
Foreign currency translation difference for foreign operation	-	-	-	-
Hedge of net investment	-	-	-	-
Cashflow hedge	-	-	-	-
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	(1,497)	(525)	(2,505)	1,398
Attributable to:				
Equity holders of the parent	(1,497)	(525)	(2,505)	2,638
Minority interests	-	-	-	-
Profit/(Loss) for the period	(1,497)	(715)	(2,505)	1,398
Comprehensive income attributable to :				
Equity holders of the parent	-	-	-	-
Minority interests	-	-	-	-
Total comprehensive income for the period	-	-	-	-
Basic earnings per share (sen)	(3.80)	(1.33)	(6.36)	6.70

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2012

The figures have not been audited.

	----- Attributable to equity holders of the parent -----				Total RM'000	Minority interest RM'000	Total equity RM'000
	Share capital RM'000	Treasury Share RM'000	Right Issue Warrants RM'000	Unappropriated profit RM'000			
At 1 January 2011	41,981	(2,568)	407	(6,578)	33,242	-	33,242
Treasury Shares					-	-	-
Right Issue - Warrant 2009/2019					-	-	-
Net profit for the year				1,516	1,516		1,516
Other comprehensive income				-	-		-
Total comprehensive income	-	-	-	1,516	1,516	-	1,516
At 31 December 2011	41,981	(2,568)	407	(5,062)	34,758	-	34,758
At 1 January 2012	41,981	(2,568)	407	(5,062)	34,758	-	34,758
Treasury Shares					-	-	-
Right Issue - Warrant 2009/2019					-	-	-
Net loss for the period				(2,505)	(2,505)		(2,505)
Other comprehensive income				-	-		-
Total comprehensive income	-	-	-	(2,505)	(2,505)	-	(2,505)
At 30 SEPTEMBER 2012	41,981	(2,568)	407	(7,567)	32,253	-	32,253

(The condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2011 and the accompanying explanatory notes attached to the Interim Financial Statements)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2012

The figures have not been audited.

	CURRENT YEAR TO DATE 30/09/2012 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/09/2011 RM'000
Profit/(loss) before tax	(1,894)	2,569
Adjustment for:		
Depreciation / Amortisation	4,048	3,945
Loss on disposal of PPE / PPE written off	5	18
Impairment loss on trade receivables no longer required	100	-
Gain on disposal of investment		(32)
Interest expenses	746	670
Interest income	(30)	(27)
Operating profit before changes in working capital	2,975	7,143
Changes in working capital		
(Increase) / decrease in inventories	1,455	(305)
(Increase) / decrease in trade & other receivables	(1,203)	(1,064)
Increase / (decrease) in trade & other payables	(1,413)	(714)
Cash generated from / (used in) operations	1,814	5,060
Interest received	30	27
Interest paid	(746)	(670)
Tax paid	(128)	(181)
Net cash generated from / (used in) operating activities	970	4,236
Cash Flows from Investing Activities:		
Purchase of property, plant & equipment (PPE)	(1,225)	(1,866)
Proceed from disposal of PPE	-	500
Proceed from disposal of investment	-	143
Net cash used in investing activities	(1,225)	(1,223)
Cash Flows from Financing Activities:		
Treasury shares purchased	-	
Repayment of hire purchase instalments	(1,483)	(1,923)
Repayment of borrowings	(1,026)	(1,598)
Proceed from borrowing	1,515	9,620
Net cash generated from financing activities	(994)	6,099
NET CHANGES IN CASH AND CASH EQUIVALENTS	(1,249)	9,112
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	3,005	(6,040)
CASH AND CASH EQUIVALENTS CARRIED FORWARD	1,756	3,072
Represented by:		
FIXED DEPOSIT	717	1,441
CASH AND BANK BALANCES	1,039	1,631
	1,756	3,072

(The condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2011 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 2012

A) Notes to the Interim Financial Report For the 3rd Quarter ended 30 September 2012: Explanatory Notes in compliance to MFRS 134 on Interim Financial Reporting

(1) Basis of Preparation

The interim financial statements have been prepared under the historical cost convention unless otherwise stated.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2011. 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 2011.

These are the Group's condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS framework annual financial statements and MFRS 1: First Time Adoption of Malaysia Financial Reporting Standards has been applied.

The transition to MFRS framework does not have any material financial impact to these interim financial statements.

(2) Audit Report

The Group's financial statements for the year ended 31 December 2011 were reported without any qualification.

(3) Seasonal or Cyclical Factors

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

(4) Unusual Items Affecting Financial Statements

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

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(5) **Changes in Accounting Estimates**

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

(6) **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")

There is no repurchase transaction during the current financial period ended 30 September 2012. As at 30 September 2012, the Company had repurchased 2,601,900 ordinary shares of RM1.00 each of its issued share capital from the open market for a total consideration of RM2.6 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.

(7) **Dividend Paid**

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

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(8) **Segmental Reporting**

	Plastic Product RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
9 Months Ended 30/09/12				
REVENUE				
External Sales	61,471	6,987	-	68,458
Inter-segment sales	7,697	-	(7,697)	-
Total revenue	<u>69,168</u>	<u>6,987</u>	<u>(7,697)</u>	<u>68,458</u>
RESULT				
Segment operating profit/(loss)	<u>(1,032)</u>	<u>(116)</u>	-	<u>(1,148)</u>
Finance cost	<u>(736)</u>	<u>(10)</u>		<u>(746)</u>
Loss for the period				(1,894)
Tax expense				(611)
Net Loss for the period				<u>(2,505)</u>
9 Months Ended 30/09/11				
REVENUE				
External Sales	66,707	11,631	-	78,338
Inter-segment sales	8,872	-	(8,872)	-
Total revenue	<u>75,579</u>	<u>11,631</u>	<u>(8,872)</u>	<u>78,338</u>
RESULT				
Segment operating profit/(loss)	<u>2,699</u>	<u>539</u>	-	<u>3,238</u>
Finance cost	<u>(644)</u>	<u>(25)</u>		<u>(669)</u>
Profit for the period				2,569
Tax expense				(1,171)
Net profit for the period				<u>1,398</u>

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

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

(10) **Material Subsequent Events**

The Company had resold all its treasury shares of 2,601,900 ordinary shares under Share Buy Back Account from 30 October 2012 to 9 November 2012 for a total consideration of RM1.4 million.

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

There were no changes for the financial period under review.

(12) **Contingent Liabilities or Contingent Assets**

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

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B) Notes to the interim Financial Reporting for the 3rd Quarter ended 30 September 2012: Explanatory Notes in compliance with Appendix 9B Part A of the BMSB Listing Requirements

(1) Performance Review

Current Financial Period ended 30 September 2012 compared with Preceding Financial Period ended 30 September 2011

For the current financial period ended 30 September 2012, the Group registered a revenue of RM68.5 million, representing a decrease of RM9.8 million or 12.5% compared to the preceding financial period ended 30 September 2011 of RM78.3 million.

The Group recorded a loss before tax of RM1.9 million for the current financial period ended 30 September 2012 compared to the profit before tax for the preceding financial period ended 30 September 2011 of RM2.6 million. Without taking into account the other income of RM3.7 million of preceding financial corresponding period, the loss would be RM1.1 million. The unfavorable performance was mainly due to lower sales and lower profit margin of sales.

Third Quarter compared with Preceding Year Corresponding Third Quarter

For the current quarter ended 30 September 2012, the Group registered a revenue of RM21.9 million, representing a decrease of RM3.4 million or 13.4% compared to the preceding year corresponding quarter ended 30 September 2011 of RM 25.3 million.

The Group recorded a loss before tax of RM1.3 million for the current third quarter compared to the loss before tax for the preceding year corresponding third quarter of RM0.3 million. The unfavorable performance was mainly due to lower sales and lower profit margin of sales.

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

Third Quarter ended 30 September 2012 against preceding quarter ended 30 June 2012

For the current quarter under review, the Group registered a revenue of RM21.9 million compared to the preceding quarter of RM24.5 million which represented a decrease of RM2.6 million or 10.6%. However, the Group recorded a loss before tax of RM1.3 million for the current quarter compared to a loss before tax of RM0.4 million in the preceding quarter.

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(3) **Prospects for Year 2012**

The plastic manufacturing industry outlook for year 2012 remain competitive and challenging. External forces such as raw material costs are expected to continue to exert pressure on the Group's profit margin. The Board of Directors shall endeavour to ensure quality and productivity controls are in place to ensure a satisfactory financial performance is achieved for the year 2012.

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

This note is not applicable.

(5) **Taxation**

Tax comprises:

	Individual Quarter		Cumulative Quarter	
	Current year quarter 30/09/2012 RM '000	Preceding year corresponding quarter 30/09/2011 RM '000	Current year to date 30/09/2012 RM '000	Preceding year corresponding period 30/09/2011 RM '000
Current year (expense) - current period/year	(23)	(91)	(121)	(181)
Deferred tax (expense) - current period/year	(130)	(330)	(490)	(990)
	(153)	(421)	(611)	(1,171)
	(153)	(421)	(611)	(1,171)

The Group's effective tax rate for the current third quarter and financial period ended 30 September 2012 was higher than the statutory tax rate mainly due to the certain expenses which were not deductible for tax purposes.

The effective tax rate for preceding year third quarter and preceding year corresponding period was higher than statutory tax rate mainly due to the certain expenses which were not deductible for tax purposes.

(6) **Status of Corporate Proposals and Utilisation of Proceeds**

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

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

Total Group borrowings as at 30 September 2012 are as follows:

	Short Term Secured RM '000	Short Term Unsecured RM '000	Long Term Secured RM '000	Long Term Unsecured RM '000	Total RM '000
Currency - Ringgit Malaysia	3,814	356	1,500	7,272	12,942

(8) **Dividend**

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

(9) **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 period under review over the weighted average number of ordinary shares in issue excluding weighted average treasury of 39,379,100 (31/12/2011: 39,379,100) shares during the said financial period.

(b) **Diluted Earnings Per Share**

Not applicable.

(10) **Disclosure realised and unrealised profits/(losses)**

On 25 March 2010, Bursa Securities issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Securities Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Securities further issued guidance on the disclosure and the format required.

The breakdown of the retained earnings of the Group as at 31 December 2011, into realised and unrealised profits/(losses), pursuant to the directive, is as follows:

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	As at 30.09.2012 RM'000	As at 31.12.2011 RM'000
Total retained earnings of the Group		
- Realised	(4,816)	(2,197)
- Unrealised	(2,751)	(2,865)
	(7,567)	(5,062)

The determination of realised and unrealised profits or losses is compiled based on Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

(11) Profit/(Loss) Before Taxation

	Current Year Qtr 01/07/12- 30/09/12 (RM'000)	Preceding Year Qtr 01/07/11- 30/09/11 (RM'000)	Current Year Cumm 01/01/12- 30/09/12 (RM'000)	Preceding Year Cumm 01/01/11- 30/09/11 (RM'000)
Profit for the period is arrived at after crediting/(charging)				
Reversal of impairment loss on receivables	-	-	100	-
Interest income	16	3	30	32
Rental income	69	60	209	180
Realised gain/(loss) on foreign exchange	5	529	(25)	1,457
Unrealised gain/(loss) on foreign exchange	45	(331)	104	(284)
Waiver of bank interest	-	-	-	3,702
Gain on disposal of unquoted investment	-	-	-	32
Depreciation	(1,314)	(1,291)	(4,029)	(3,926)
Amortisation of prepaid lease payments	(7)	(7)	(19)	(19)
Interest expense	(223)	(270)	(746)	(670)

Save as disclosed above, the other items as required under Appendix 9B, Part A (16) of the Bursa Listing Requirements are not applicable.

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(12) Authorisation for Issue

The interim financial statements were authorised for issue on 23 November 2012 by the Board of Directors.

By Order of The Board,

Chia Siew Chin (MIA 2184)
Secretary

Date: 23 November 2012
KUALA LUMPUR