

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

The figures have not been audited.

	AS AT 31/12/2012 UNAUDITED RM'000	AS AT 31/12/2011 AUDITED RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	28,943	30,619
Prepaid Lease Payment	3,185	3,210
	32,128	33,829
Current Assets		
Inventories	8,215	9,805
Trade and other receivables	23,059	20,308
Tax recoverable	54	9
Fixed Deposit	106	1,429
Cash and bank balances	4,208	1,576
	35,642	33,127
TOTAL ASSETS	67,770	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)
Unappropriated profit / (loss)	(7,208)	(5,062)
Total Equity	35,180	34,758
Minority Interest	-	-
	35,180	34,758
Non-Current Liabilities		
Bank Borrowings	5,776	7,272
Hire Purchase	1,104	1,500
Deferred Tax	1,243	1,935
	8,123	10,707
Current Liabilities		
Trade and other payables	18,665	16,327
Bank Borrowings	4,735	3,344
Hire Purchase	1,067	1,820
	24,467	21,491
Total Liabilities	32,590	32,198
TOTAL EQUITY AND LIABILITIES	67,770	66,956
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.84	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 12 months ended 31 december 2012 - unaudited

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2012 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2011 RM'000	CURRENT YEAR PERIOD 31/12/2012 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2011 RM'000
Gross revenue	24,688	27,522	93,146	105,860
Cost of sales	(21,988)	(24,295)	(86,053)	(97,329)
Gross profit	2,700	3,227	7,093	8,531
Other operating income	142	(978)	731	4,426
Selling & Distribution expenses	(826)	(852)	(3,010)	(3,259)
Administrative and general expenses	(1,510)	(2,181)	(5,456)	(7,244)
Results from operating activities	506	(784)	(642)	2,454
Finance costs	(229)	(254)	(975)	(923)
Profit/(Loss) before tax	277	(1,038)	(1,617)	1,531
Tax expense	1,228	1,156	617	(15)
Profit/(Loss) for the year	1,505	118	(1,000)	1,516
Foreign currency translation difference for foreign operation	-	-	-	-
Hedge of net investment	-	-	-	-
Cashflow hedge	-	-	-	-
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	1,505	118	(1,000)	1,516
Attributable to:				
Equity holders of the parent	1,505	118	(1,000)	1,516
Minority interests	-	-	-	-
Profit/(Loss) for the year	1,505	118	(1,000)	1,516
Comprehensive income attributable to :				
Equity holders of the parent	-	-	-	-
Minority interests	-	-	-	-
Total comprehensive income for the year	-	-	-	-
Basic earnings per share (sen)	3.78	0.30	(2.51)	3.85

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 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
Resale of treasury shares		1,422			1,422	-	1,422
Right Issue - Warrant 2009/2019					-	-	-
Net loss for the year				(1,000)	(1,000)		(1,000)
Other comprehensive income					-		-
Loss on disposal of treasury shares		1,146		(1,146)	-		-
Total comprehensive income	-	-	-	(2,146)	(1,000)	-	(1,000)
At 31 DECEMBER 2012	41,981	(1,146)	407	(7,208)	35,180	-	35,180

(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 YEAR ENDED 31 DECEMBER 2012

The figures have not been audited.

	CURRENT YEAR TO DATE 31/12/2012 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2011 RM'000
Profit/(loss) before tax	(1,617)	1,531
Adjustment for:		
Depreciation / Amortisation	4,810	5,170
Gain/Loss on disposal of PPE / PPE written off	5	(28)
Impairment loss on trade receivables no longer required	280	247
Gain on disposal of investment		(32)
Interest expenses	975	923
Interest income	(30)	(56)
Operating profit before changes in working capital	4,423	7,755
Changes in working capital		
(Increase) / decrease in inventories	1,590	(514)
(Increase) / decrease in trade & other receivables	(3,032)	(1,400)
Increase / (decrease) in trade & other payables	2,345	849
Cash generated from / (used in) operations	5,326	6,690
Interest received	30	56
Interest paid	(975)	(923)
Tax paid	(127)	(258)
Net cash generated from / (used in) operating activities	4,254	5,565
Cash Flows from Investing Activities:		
Purchase of property, plant & equipment (PPE)	(2,407)	(2,411)
Proceed from disposal of PPE	-	622
Proceed from disposal of investment	-	143
Net cash used in investing activities	(2,407)	(1,646)
Cash Flows from Financing Activities:		
Repayment of hire purchase instalments	(1,856)	(2,406)
Repayment of borrowings	(1,381)	(2,088)
Proceed from borrowing	1,277	9,620
Proceed from resale of share buy back	1,422	-
Net cash generated from financing activities	(538)	5,126
NET CHANGES IN CASH AND CASH EQUIVALENTS	1,309	9,045
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	3,005	(6,040)
CASH AND CASH EQUIVALENTS CARRIED FORWARD	4,314	3,005
Represented by:		
FIXED DEPOSIT	106	1,429
CASH AND BANK BALANCES	4,208	1,576
	4,314	3,005

(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
4th quarter ended 31 December 2012

A) Notes to the Interim Financial Report For the 4th Quarter ended 31 December 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")

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.

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

(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
12 Months Ended 31/12/12				
REVENUE				
External Sales	82,590	10,556	-	93,146
Inter-segment sales	8,884	-	(8,884)	-
Total revenue	<u>91,473</u>	<u>10,556</u>	<u>(8,884)</u>	<u>93,146</u>
RESULT				
Segment operating profit/(loss)	<u>(616)</u>	<u>(26)</u>	<u>-</u>	<u>(642)</u>
Finance cost	<u>(964)</u>	<u>(11)</u>		<u>(975)</u>
Loss for the year				(1,617)
Tax expense				617
Net Loss for the year				<u>(1,000)</u>
12 Months Ended 31/12/11				
REVENUE				
External Sales	90,555	15,305	-	105,860
Inter-segment sales	12,012	-	(12,012)	-
Total revenue	<u>102,567</u>	<u>15,305</u>	<u>(12,012)</u>	<u>105,860</u>
RESULT				
Segment operating profit/(loss)	<u>1,733</u>	<u>721</u>	<u>-</u>	<u>2,454</u>
Finance cost	<u>(892)</u>	<u>(31)</u>		<u>(923)</u>
Profit for the year				1,531
Tax expense				(15)
Net profit for the year				<u>1,516</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**

There were no changes during the financial period under review.

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

There were no changes during 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 4th Quarter ended 31 December 2012: Explanatory Notes in compliance with Appendix 9B Part A of the BMSB Listing Requirements

(1) Performance Review

Current Financial Year ended 31 December 2012 compared with Preceding Financial Year ended 31 December 2011

For the current financial year ended 31 December 2012, the Group registered a revenue of RM93.1 million, representing a decrease of RM12.8 million or 12% compared to the preceding financial year ended 31 December 2011 of RM105.9 million.

The Group recorded a loss before tax of RM1.6 million for the current financial year ended 31 December 2012 compared to the profit before tax for the preceding financial year ended 31 December 2011 of RM1.5 million. Without taking into account the other income of RM3.7 million of preceding financial corresponding year, the loss would be RM2.2 million. The unfavorable performance was mainly due to lower sales and lower profit margin of sales.

Fourth Quarter compared with Preceding Year Corresponding Fourth Quarter

For the current quarter ended 31 December 2012, the Group registered a revenue of RM24.7 million, representing a decrease of RM2.8 million or 10.2% compared to the preceding year corresponding quarter ended 31 December 2011 of RM 27.5 million.

The Group recorded a profit before tax of RM0.3 million for the current fourth quarter compared to the loss before tax of RM1.0 million for the preceding year corresponding fourth quarter. The favorable performance was mainly due to over-provision of expenses in previous quarters and were adjusted in current fourth quarter.

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

Fourth Quarter ended 31 December 2012 against preceding quarter ended 30 September 2012

For the current quarter under review, the Group registered a revenue of RM24.7 million compared to the preceding quarter of RM21.9 million which represented an increase of RM2.8 million or 12.8%. The Group recorded a profit before tax of RM0.3 million for the current quarter compared to a loss before tax of RM1.3 million in the preceding quarter.

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(3) **Prospects for Year 2013**

The plastic manufacturing industry outlook for year 2013 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 2013.

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

This note is not applicable.

(5) **Taxation**

Tax comprises:

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/12/2012 RM '000	Preceding year corresponding quarter 31/12/2011 RM '000	Current year to date 31/12/2012 RM '000	Preceding year corresponding period 31/12/2011 RM '000
Current year (expense)				
- current period/year	46	(84)	(75)	(265)
Deferred tax (expense)				
- current period/year	1,182	1,240	692	250
	1,228	1,156	617	(15)
	1,228	1,156	617	(15)

The Group's effective tax rate for current fourth quarter and financial year ended 31 December 2012 was lower than the statutory tax rate mainly due to the recognition of deferred tax provided earlier.

The effective tax rate for preceding year fourth quarter and financial year ended 31 December 2011 was lower than the statutory tax rate mainly due to the recognition of deferred tax provided earlier.

(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 31 December 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	1,096	4,735	1,104	5,776	12,711

(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 39,856,917 (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 2012, into realised and unrealised profits/(losses), pursuant to the directive, is as follows:

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	As at 31.12.2012 RM'000	As at 31.12.2011 RM'000
Total retained earnings of the Group		
- Realised	(5,448)	(2,197)
- Unrealised	(1,760)	(2,865)
	(7,208)	(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 01/10/12- 31/12/12 (RM'000)	Preceding Year Qtr 01/10/11- 31/12/11 (RM'000)	Current Year Cumm 01/01/12- 31/12/12 (RM'000)	Preceding Year Cumm 01/01/11- 31/12/11 (RM'000)
Profit for the period is arrived at after crediting/(charging)				
Impairment loss on receivables	(119)	(280)	(119)	(280)
Reversal of impairment loss on receivables	90		280	-
Gain/(loss) on disposal of property, plant and equipment	-		-	(18)
Property, plant & equipment written off	-	(31)	-	(31)
Interest income	1	24	31	56
Rental income	67	63	276	243
Realised gain/(loss) on foreign exchange	14	(97)	(10)	1,363
Unrealised gain/(loss) on foreign exchange	31	21	134	(264)
Waiver of bank interest	-	-	-	3,702
Gain on disposal of unquoted investment	-	-	-	32
Depreciation	(756)	(1,201)	(4,029)	(5,146)
Amortisation of prepaid lease payments	(6)	(6)	(25)	(25)
Interest expense	(229)	(254)	(975)	(923)

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 22 February 2013 by the Board of Directors.

By Order of The Board,

Chia Siew Chin (MIA 2184)
Secretary

Date: 22 February 2013
KUALA LUMPUR