

RALCO CORPORATION BERHAD (333101-V)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2013

The figures have not been audited.

	AS AT 30/09/2013 UNAUDITED RM'000	AS AT 31/12/2012 AUDITED RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	28,899	27,810
Prepaid Lease Payment	3,166	3,191
Investment in quoted securities	-	-
	<u>32,065</u>	<u>31,001</u>
Current Assets		
Inventories	7,202	8,350
Trade and other receivables	24,629	21,412
Tax recoverable	54	9
Fixed Deposit	108	717
Cash and bank balances	2,040	1,039
	<u>34,032</u>	<u>31,527</u>
TOTAL ASSETS	<u>66,097</u>	<u>62,528</u>
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)	(6,810)	(7,567)
Total Equity	<u>35,578</u>	<u>32,253</u>
Minority Interest	-	-
	<u>35,578</u>	<u>32,253</u>
Non-Current Liabilities		
Borrowings - Term Loan		
Bank Borrowings	-	-
Hire Purchase	4,572	7,272
Deferred Tax	2,533	1,500
	<u>1,370</u>	<u>2,425</u>
	<u>8,475</u>	<u>11,197</u>
Current Liabilities		
Trade and other payables	15,735	14,908
Bank Borrowings	5,418	3,833
Hire Purchase	831	337
Provision for Taxation	60	-
	<u>22,044</u>	<u>19,078</u>
Total Liabilities	<u>30,519</u>	<u>30,275</u>
TOTAL EQUITY AND LIABILITIES	<u>66,097</u>	<u>62,528</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	<u>0.85</u>	<u>0.82</u>

(The condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2012 and the accompanying explanatory notes attached to the Interim Financial Statements)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For 9 months ended 30 September 2013 - unaudited

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 30/09/2013 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/09/2012 RM'000	CURRENT PERIOD 30/09/2013 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/09/2012 RM'000
Gross revenue	23,014	21,851	73,426	68,458
Cost of sales	(21,006)	(21,209)	(66,015)	(64,065)
Gross profit	2,008	642	7,412	4,393
Other operating income	100	330	463	627
Selling & Distribution expenses	(918)	(685)	(2,649)	(2,184)
Administrative and general expenses	(1,467)	(1,408)	(3,986)	(3,984)
Results from operating activities	(276)	(1,121)	1,240	(1,148)
Finance costs	(219)	(223)	(661)	(746)
Profit/(Loss) before tax	(495)	(1,344)	579	(1,894)
Tax expense	(75)	(153)	(180)	(611)
Profit/(Loss) for the period	(570)	(1,497)	399	(2,505)
Foreign currency translation difference for foreign operati	-	-	-	-
Hedge of net investment	-	-	-	-
Cashflow hedge	-	-	-	-
Other comprehensive income for the period	0	0	0	0
Total comprehensive income for the period	(570)	(1,497)	399	(2,505)
Attributable to:				
Equity holders of the parent	(570)	(1,497)	399	(2,505)
Minority interests	-	-	-	-
Profit/(Loss) for the period	(570)	(1,497)	399	(2,505)
Comprehensive income attributable to :				
Equity holders of the parent	-	-	-	-
Minority interests	-	-	-	-
Total comprehensive income for the period	-	-	-	-
Basic earnings per share (sen)	(1.36)	(3.57)	0.95	(5.97)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2013

The figures have not been audited.

	----- Attributable to equity holders of the parent -----				Total RM000	Minority interest RM000	Total equity RM000
	Share capital RM000	Treasury Share RM000	Right Issue Warrants RM000	Unappropriated profit RM000			
At 1 January 2012	41,981	(2,568)	407	(5,062)	34,757	-	34,757
Resale of Treasury Shares		1,422			1,422	-	1,422
Right Issue - Warrant 2009/2019					-	-	-
Net profit for the year				(1,000)	(1,000)		(1,000)
Loss on disposal of treasury shares		1,146		(1,146)			
Other comprehensive income				-	-		-
Total comprehensive income	-	-	-	(2,146)	(1,000)	-	(1,000)
At 31 December 2012	41,981	(0)	407	(7,209)	35,179	-	35,179
At 1 January 2013	41,981	(0)	407	(7,209)	35,179	-	35,179
Resale of treasury shares		-			-	-	-
Right Issue - Warrant 2009/2019					-	-	-
Net profit for the period				399	399		399
Other comprehensive income					-		-
Loss on disposal of treasury shares					-		-
Total comprehensive income	-	-	-	399	399	-	399
At 30 SEPTEMBER 2013	41,981	(0)	407	(6,810)	35,578	-	35,578

(The condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2012 and the accompanying explanatory notes attached to the Interim Financial Statements)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2013

The figures have not been audited.

	CURRENT YEAR TO DATE 30/09/2013 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/09/2012 RM'000
Profit/(loss) before tax	579	(1,894)
Adjustment for:		
Depreciation / Amortisation	3,204	4,048
Gain/Loss on disposal of PPE / PPE written off	-	5
Impairment loss on trade receivables no longer required	-	100
Interest expenses	661	746
Interest income	(2)	(30)
Deferred Taxation		
PPE written off	-	
Net fair value gain on initial designation of quoted securities	-	
Unrealised gain on foreign exchange	-	
Operating profit before changes in working capital	<u>4,442</u>	<u>2,975</u>
Changes in working capital		
(Increase) / decrease in inventories	1,014	1,455
(Increase) / decrease in trade & other receivables	(1,435)	(1,203)
Increase / (decrease) in trade & other payables	<u>(3,058)</u>	<u>(1,413)</u>
Cash generated from / (used in) operations	963	1,814
Interest received	2	30
Interest paid	(661)	(746)
Tax paid	<u>-</u>	<u>(128)</u>
Net cash generated from / (used in) operating activities	304	970
Cash Flows from Investing Activities:		
Purchase of property, plant & equipment (PPE)	<u>(926)</u>	<u>(1,225)</u>
Net cash used in investing activities	(926)	(1,225)
Cash Flows from Financing Activities:		
Repayment of hire purchase instalments	(1,023)	(1,483)
Repayment of borrowings	590	(1,026)
Proceed from borrowing	<u>(1,111)</u>	<u>1,515</u>
Net cash generated from financing activities	(1,544)	(994)
NET CHANGES IN CASH AND CASH EQUIVALENTS	(2,167)	(1,249)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	4,315	3,005
CASH AND CASH EQUIVALENTS CARRIED FORWARD	<u>2,148</u>	<u>1,756</u>
Represented by:		
FIXED DEPOSIT	108	717
CASH AND BANK BALANCES	2,040	1,039
BANK OVERDRAFTS	-	
	<u>2,148</u>	<u>1,756</u>

(The condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2012 and the accompanying explanatory notes attached to the Interim Financial Statements)

RALCO CORPORATION BERHAD – (333101-V)

Unaudited Quarterly report on consolidated results for the 3rd Quarter ended 30 September 2013

A) Notes to the Interim Financial Report For the 3rd Quarter ended 30 September 2013: 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 2012. 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 2012.

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 2012 were reported without any qualification.

(3) Seasonal or Cyclical Factors

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

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(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.

(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.

RALCO CORPORATION BERHAD – (333101-V)Unaudited Quarterly Report on Consolidated results for 3rd Quarter ended 30 September 2013**(8) Segmental Reporting**

	Plastic Product RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
9 Months Ended 30/9/2013				
REVENUE				
External Sales	60,641	12,785	-	73,426
Inter-segment sales	10,769	1,800	(12,569)	-
Total revenue	<u>71,410</u>	<u>14,585</u>	<u>(12,569)</u>	<u>73,426</u>
RESULT				
Segment operating profit/(loss)	<u>171</u>	<u>1,069</u>	<u>-</u>	<u>1240</u>
Finance cost	<u>(660)</u>	<u>(1)</u>		<u>(661)</u>
Profit for the period				579
Tax expense				(180)
Net Profit for the period				<u>399</u>
9 Months Ended 30/09/2012				
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>-</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>

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Unaudited Quarterly Report on Consolidated results for 3rd Quarter ended 30 September 2013

(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.

RALCO CORPORATION BERHAD – (333101-V)
Unaudited Quarterly Report on Consolidated results for 3rd Quarter ended 30 September 2013

Notes to the interim Financial Reporting for the 3rd Quarter ended 30th September 2013: Explanatory Notes in compliance with Appendix 9B Part A of the BMSB Listing Requirements

(1) **Performance Review**

Current Third Quarter Financial Period ended 30 September 2013 compared with Preceding Year Corresponding Third Quarter Financial Period ended 30 September 2012.

For the current financial period ended 30 September 2013, the Group registered a revenue of RM73.43 million, representing an increase of RM4.97 million or 7.26% compared to the preceding financial period of 30 September 2012 of RM68.46 million.

The Group recorded a profit before tax of RM0.579 million for the current financial period ended 30 September 2013 compared to the loss before tax for the preceding financial period ended 30 September 2012 of RM1.89 million. However, without taking into account the other income of RM0.463 million for current financial period, the Group still record a profit of RM0.116 million. The favorable performance during the current period was due to lower cost of sales.

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

Third Quarter ended 30 September 2013 against preceding quarter ended 30 June 2013

For the current quarter under review, the Group registered a revenue of RM23.01 million compared to the preceding quarter of RM25.81 million which represented a reduction of RM2.80 million or 10.85%. The Group recorded a loss before tax of RM0.495 million for the current quarter compared to a profit before tax of RM0.792 million in the preceding quarter.

(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.

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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 quarter 30/09/2013 RM '000	Preceding year corresponding quarter 30/09/2012 RM '000	Current year to date 30/09/2013 RM '000	Preceding year corresponding period 30/09/2012 RM '000
Current year (expense)				
- current period/year	(53)	(23)	(53)	(121)
Deferred tax (expense)				
- current period/year	(97)	(130)	(127)	(490)
	(150)	(153)	(180)	(611)
	(150)	(153)	(180)	(611)

The Group's effective tax rate for current first quarter and financial year ended 30 September 2013 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.

(7) Group Borrowings and Debts Securities

Total Group borrowings as at 30 September 2013 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	936	6,169	-	6,249	13,354
	936	6,169	-	6,249	13,354
	936	6,169	-	6,249	13,354

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(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 (31/12/2012: 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 30 September 2013, into realised and unrealised profits/(losses), pursuant to the directive, is as follows:

	As at 30.09.2013 RM'000	As at 31.12.2012 RM'000
Total retained earnings of the Group		
- Realised	(5,653)	(5,448)
- Unrealised	(1,157)	(1,760)
	<u>(6,810)</u>	<u>(7,208)</u>

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.

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(11) Profit/(Loss) Before Taxation

	Current Year Qtr 01/07/13- 30/09/13 (RM'000)	Preceding Year Qtr 01/07/12 – 30/09/12 (RM'000)	Current Year Cumm 01/01/13- 30/09/13 (RM'000)	Preceding Year Cumm 01/01/12- 30/09/12 (RM'000)
Profit for the period is arrived at after crediting/(charging)				
Impairment loss on receivables				
Reversal of impairment loss on receivables		-		100
Gain/(loss) on disposal of property, plant and equipment				
Property, plant & equipment written off				
Interest income		16		30
Rental income	69	69	207	209
Realised gain/(loss) on foreign exchange	49	5	215	(25)
Unrealised gain/(loss) on foreign exchange	(152)	45	(11)	104
Waiver of bank interest	-	-	-	-
Gain on disposal of unquoted investment	-	-	-	-
Depreciation	(2,063)	(1,314)	(3,185)	(4,029)
Amortisation of prepaid lease payments	(7)	(7)	(19)	(19)
Interest expense	(219)	(223)	(661)	(746)

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

(12) Authorisation for Issue

The interim financial statements were authorised for issue on 27 September 2013 by the Board of Directors.

By Order of The Board,

Tan Suk Shiang (MIA 26631)
Chartered Accountant

Date: 27 September 2013
KUALA LUMPUR