

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 3 months ended 31 March 2014 - unaudited

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/03/2014 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/03/2013 RM'000	CURRENT YEAR PERIOD 31/03/2014 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/2013 RM'000
Gross revenue	24,573	24,600	24,573	24,600
Profit / (Loss) before tax	(124)	281	(124)	281
Profit/(Loss) for the period	(146)	281	(146)	281
Profit/(Loss) attributable to ordinary equity holders of the parent	(146)	281	(146)	281
Basic earnings per share (sen)	(0.35)	0.71	(0.35)	0.71
Proposed/Declared dividend per share	0.00	0.00	0.00	0.00
Net assets per share attributable to ordinary equity holders of the parent (\$\$)	End of Current Period 0.84		Preceding Financial YE 0.84	
Gross Interest Income	1	1	1	1
Gross Interest Expenses	207	211	207	211

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2014

The figures have not been audited.

	AS AT 31/03/2014 UNAUDITED RM'000	AS AT 31/03/2013 AUDITED RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	27,753	27,888
Prepaid Lease Payment	3,153	3,178
Investment in quoted securities	-	-
	<u>30,906</u>	<u>31,066</u>
Current Assets		
Inventories	10,147	8,571
Trade and other receivables	20,412	21,631
Tax recoverable	-	54
Fixed Deposit	110	107
Cash and bank balances	1,326	2,785
	<u>31,996</u>	<u>33,148</u>
TOTAL ASSETS	<u>62,902</u>	<u>64,214</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	-	-
Unappropriated profit / (loss)	(6,959)	(6,957)
Total Equity	<u>35,429</u>	<u>35,431</u>
Minority Interest	-	-
	<u>35,429</u>	<u>35,431</u>
Non-Current Liabilities		
Borrowings - Term Loan	-	-
Bank Borrowings	3,729	5,383
Hire Purchase	1,814	934
Deferred Tax	1,601	1,273
	<u>7,144</u>	<u>7,590</u>
Current Liabilities		
Trade and other payables	13,565	15,280
Bank Borrowings	5,464	5,002
Hire Purchase	1,103	911
Provision for Taxation	197	-
	<u>20,329</u>	<u>21,193</u>
Total Liabilities	<u>27,473</u>	<u>28,783</u>
TOTAL EQUITY AND LIABILITIES	<u>62,902</u>	<u>64,214</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	<u>0.84</u>	<u>0.84</u>

(The condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2013 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 3 months ended 31 March 2013 - unaudited

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 31/03/2014 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/03/2013 RM'000	CURRENT PERIOD 31/03/2014 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/2013 RM'000
Gross revenue	24,573	24,600	24,573	24,600
Cost of sales	(22,695)	(21,901)	22,695	(21,901)
Gross profit	1,878	2,699	1,878	2,699
Other operating income	125	129	125	129
Selling & Distribution expenses	(687)	(876)	(687)	(876)
Administrative and general expenses	(1,232)	(1,458)	(1,232)	(1,458)
Results from operating activities	83	494	83	494
Finance costs	(207)	(213)	(207)	(213)
Profit/(Loss) before tax	(124)	281	(124)	281
Tax expense	(22)	(30)	(22)	(30)
Profit/(Loss) for the period	(146)	251	(146)	251
Foreign currency translation difference for foreign operation	-	-	-	-
Hedge of net investment	-	-	-	-
Cashflow hedge	-	-	-	-
Other comprehensive income for the period	0	0	0	0
Total comprehensive income for the period	(146)	251	(146)	251
Attributable to:				
Equity holders of the parent	(146)	251	(146)	251
Minority interests	-	-	-	-
Profit/(Loss) for the period	(146)	251	(146)	251
Comprehensive income attributable to :				
Equity holders of the parent	-	-	-	-
Minority interests	-	-	-	-
Total comprehensive income for the period	-	-	-	-
Basic earnings per share (sen)	(0.35)	0.71	(0.35)	0.71

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2014

The figures have not been audited.

	----- Attributable to equity holders of the parent -----				Total	Minority interest	Total equity
	Share capital	Treasury Share	Right Issue Warrants	appropriate profit			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2013	41,981	-	407	(7,208)	35,180	-	35,180
Resale of Treasury Shares	-	-	-	-	-	-	0
Right Issue - Warrant 2009/2019	-	-	-	-	-	-	0
Net profit for the period	-	-	-	395	395	-	395
Loss on disposal of treasury shares	-	-	-	-	0	-	0
Other comprehensive income	-	-	-	-	-	-	0
Total comprehensive income	-	-	-	395	395.00	-	395
At 31 March 2013	<u>41,981</u>	<u>-</u>	<u>407</u>	<u>(6,813)</u>	<u>35,575</u>	<u>-</u>	<u>35,575</u>
At 1 January 2014	41,981	-	407	(6,813)	35,575	-	35,575
Resale of treasury shares	-	-	-	-	-	-	-
Right Issue - Warrant 2009/2019	-	-	-	-	-	-	-
Net profit for the period	-	-	-	(146)	(146)	-	(146)
Other comprehensive income	-	-	-	-	-	-	-
Loss on disposal of treasury shares	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	(146)	(146)	-	(146)
At 31 MARCH 2014	<u>41,981</u>	<u>0</u>	<u>407</u>	<u>(6,959)</u>	<u>35,429</u>	<u>-</u>	<u>35,429</u>

(The condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2013 and the accompanying explanatory notes attached to the Interim Financial Statements)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2014

The figures have not been audited.

	CURRENT YEAR TO DATE 31/03/2014 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/2013 RM'000
Profit/(loss) before tax	(124)	281
Adjustment for:		
Depreciation / Amortisation	875	1,133
Gain/Loss on disposal of PPE / PPE written off	(5)	-
Impairment loss on trade receivables no longer required	-	-
Interest expenses	207	213
Interest income	(1)	(1)
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>952</u>	1,626
Changes in working capital		
(Increase) / decrease in inventories	(2,742)	(356)
(Increase) / decrease in trade & other receivables	1,733	1,562
Increase / (decrease) in trade & other payables	<u>(420)</u>	(3,518)
Cash generated from / (used in) operations	(476)	(686)
Interest received	1	1
Interest paid	(207)	(213)
Tax paid	<u>(22)</u>	-
Net cash generated from / (used in) operating activities	(705)	(898)
Cash Flows from Investing Activities:		
Purchase of property, plant & equipment (PPE)	(93)	(72)
Proceed from disposal of PPE	<u>5</u>	-
Net cash used in investing activities	(88)	(72)
Cash Flows from Financing Activities:		
Repayment of hire purchase instalments	(315)	(327)
Repayment of borrowings	(393)	(363)
Proceed from borrowing	286	237
Proceed from resale of share by back	<u>-</u>	-
Net cash generated from financing activities	(422)	(453)
NET CHANGES IN CASH AND CASH EQUIVALENTS	(1,214)	(1,423)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	2,651	4,315
CASH AND CASH EQUIVALENTS CARRIED FORWARD	<u>1,437</u>	<u>2,892</u>
Represented by:		
FIXED DEPOSIT	110	107
CASH AND BANK BALANCES	1,326	2,785
BANK OVERDRAFTS	-	
	<u>1,437</u>	<u>2,892</u>

(The condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2013 and the accompanying explanatory notes attached to the Interim Financial Statements)

RALCO CORPORATION BERHAD – (333101-V)

Unaudited Quarterly report on consolidated results for the 1st Quarter ended 31 March 2014

A) Notes to the Interim Financial Report For the 1st Quarter ended 31 March 2014: 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 2013. 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 2013.

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 2013 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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Unaudited Quarterly Report on Consolidated results for 1st Quarter ended 31 March 2014

(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 1st Quarter ended 31st March 2014**(8) Segmental Reporting**

	Plastic Product RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
3 Months Ended 31/03/2014				
REVENUE				
External Sales	19,507	5,066	-	24,573
Inter-segment sales	4,418	462	(4,881)	-
Total revenue	<u>23,926</u>	<u>5,528</u>	<u>(4,881)</u>	<u>24,573</u>
RESULT				
Segment operating profit/(loss)	<u>98</u>	<u>(15)</u>	<u>-</u>	<u>83</u>
Finance cost	<u>(207)</u>	<u>-</u>		<u>(207)</u>
Loss for the financial year				(124)
Tax expense				(22)
Net Loss for the financial year				<u>(146)</u>
3 Months Ended 31/03/2013				
REVENUE				
External Sales	20,685	3,915	-	24,600
Inter-segment sales	4,032	-	(4,032)	-
Total revenue	<u>24,717</u>	<u>3,915</u>	<u>(8,884)</u>	<u>24,600</u>
RESULT				
Segment operating profit/(loss)	<u>184</u>	<u>67</u>	<u>-</u>	<u>494</u>
Finance cost	<u>(212)</u>	<u>(1)</u>		<u>(213)</u>
Profit for the financial year				281
Tax expense				(30)
Net Profit for the financial year				<u>251</u>

RALCO CORPORATION BERHAD – (333101-V)

Unaudited Quarterly Report on Consolidated results for 1st Quarter ended 31st March 2014

(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 1st Quarter ended 31 March 2014

Notes to the interim Financial Reporting for the 1st Quarter ended 31st March 2014: Explanatory Notes in compliance with Appendix 9B Part A of the BMSB Listing Requirements

(1) Performance Review

Current Fourth Quarter Financial Period ended 31 March 2014 compared with Preceding Year Corresponding Fourth Quarter Financial Period ended 31 March 2013.

For the current financial period ended 31 March 2014, the Group registered revenue of RM24.57 million, representing an insignificant reduction by RM0.027 million compared to the preceding financial period of 31 March 2014 of RM24.60 million.

The Group recorded a loss before tax of RM0.12 million for the current financial period ended 31 March 2014 compared to the profit before tax for the preceding financial period ended 31 March 2013 of RM0.28million. The adverse performance during the current period was due to increase of production cost.

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

First Quarter ended 31 March 2014 against preceding quarter ended 31 December 2013

For the current quarter under review, the Group registered revenue of RM24.57 million compared to the preceding quarter of RM25.48 million which represented a reduction by RM0.91 million or 0.4%. The Group recorded a loss before tax of RM0.12 million for the current quarter compared to a profit before tax of RM0.391 million in the preceding quarter.

(3) Prospects for Year 2014

The plastic manufacturing industry outlook for year 2014 remain competitive and challenging. External forces such as raw material costs in particularly 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 2014.

RALCO CORPORATION BERHAD – (333101-V)

Unaudited Quarterly Report on Consolidated results for 1st Quarter ended 31 March 2014

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

This note is not applicable.

(5) **Taxation**

Tax comprises:

	Individual Quarter		Cumulative Quarter	
	Current quarter 31/03/2014 RM '000	Preceding year corresponding quarter 31/03/2013 RM '000	Current year to date 31/03/2014 RM '000	Preceding year corresponding period 31/03/2013 RM '000
Current year (expense)				
- current period/year	(22)	-	(22)	-
Deferred tax (expense)				
- current period/year	-	(30)	-	(30)
	(22)	(30)	(22)	(30)
	(22)	(30)	(22)	(30)

The Group's effective tax rate for current first quarter 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 31 March 2014 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	3,811	2,756	-	5,543	12,110
	3,811	2,756	-	5,543	12,110
	3,811	2,756	-	5,543	12,110

RALCO CORPORATION BERHAD – (333101-V)

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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 (31/12/2013: 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 March 2014, into realised and unrealised profits/(losses), pursuant to the directive, is as follows:

	As at 31.03.2014 RM'000	As at 31.03.2013 RM'000
Total retained earnings of the Group		
- Realised	(5,198)	(5,769)
- Unrealised	(1,761)	(1,158)
	<u>(6,969)</u>	<u>(6,927)</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 01/10/14- 31/03/14 (RM'000)	Preceding Year Qtr 01/03/13 – 31/03/13 (RM'000)	Current Year Cumm 01/01/14- 31/03/14 (RM'000)	Preceding Year Cumm 01/01/13- 31/03/13 (RM'000)
Profit for the period is arrived at after crediting/(charging)				
Impairment loss on receivables		-		-
Reversal of impairment loss on receivables	-	-	-	-
Gain/(loss) on disposal of property, plant and equipment	5		5	-
Property, plant & equipment written off				-
Interest income	1	-	-	-
Rental income	69	69	69	69
Realised gain/(loss) on foreign exchange	51	(59)	51	(59)
Unrealised gain/(loss) on foreign exchange	(37)	84	(37)	84
Waiver of bank interest	-	-	-	-
Gain on disposal of unquoted investment	-	-	-	-
Depreciation	(868)	(1,123)	(868)	(1,123)
Amortisation of prepaid lease payments	(6)	(6)	(6)	(6)
Interest expense	(207)	(213)	(207)	(2135)

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 23 May 2014 by the Board of Directors.

By Order of The Board,

Soo Shiow Fang (MAICSA 7034545)
Secretary

Date: 23 May 2014
KUALA LUMPUR