

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the 9 months ended 30 September 2014 - unaudited

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/09/2014 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/09/2013 RM'000	CURRENT YEAR PERIOD 30/09/2014 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/09/2013 RM'000
Gross revenue	25,925	23,014	72,252	73,426
Profit / (Loss) before tax	461	(495)	(387)	579
Profit/(Loss) for the period	439	(570)	(454)	399
Profit/(Loss) attributable to ordinary equity holders of the parent	439	(570)	(454)	399
Basic earnings per share (sen)	1.04	(1.36)	(1.08)	0.95
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 (SS)	End of Current Period 0.84		Preceding Financial YE 0.85	
Gross Interest Income	1	-	2	2
Gross Interest Expenses	175	219	571	661

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014**

The figures have not been audited.

	AS AT 30/09/2014 UNAUDITED RM'000	AS AT 30/09/2013 UNAUDITED RM'000
<b>ASSETS</b>		
Non-Current Assets		
Property, plant and equipment	26,511	28,899
Prepaid Lease Payment	3,141	3,166
Investment in quoted securities	-	-
	<u>29,651</u>	<u>32,065</u>
Current Assets		
Inventories	8,722	7,202
Trade and other receivables	19,974	24,629
Tax recoverable	-	54
Fixed Deposit	112	108
Cash and bank balances	3,339	2,040
	<u>32,147</u>	<u>34,032</u>
<b>TOTAL ASSETS</b>	<u>61,798</u>	<u>66,097</u>
<b>EQUITY AND LIABILITIES</b>		
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)	(7,267)	(6,810)
Total Equity	<u>35,121</u>	<u>35,578</u>
Minority Interest	-	-
	<u>35,121</u>	<u>35,578</u>
Non-Current Liabilities		
Borrowings - Term Loan	-	-
Bank Borrowings	2,852	4,572
Hire Purchase	1,500	2,533
Deferred Tax	1,601	1,370
	<u>5,953</u>	<u>8,475</u>
Current Liabilities		
Trade and other payables	13,405	15,735
Bank Borrowings	4,342	5,418
Hire Purchase	959	831
Amount owing to directors	2,000	-
Provision for Taxation	18	60
	<u>20,724</u>	<u>22,044</u>
<b>Total Liabilities</b>	<u>26,678</u>	<u>30,519</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>61,798</u>	<u>66,097</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	<u>0.84</u>	<u>0.85</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 9 months ended 30 September 2014 - unaudited

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 30/09/2014 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/09/2013 RM'000	CURRENT PERIOD 30/09/2014 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/09/2013 RM'000
Gross revenue	25,925	23,014	72,252	73,426
Cost of sales	(23,377)	(21,006)	(66,461)	(66,015)
<b>Gross profit</b>	<b>2,548</b>	<b>2,008</b>	<b>5,790</b>	<b>7,412</b>
Other operating income	101	100	331	463
Selling & Distribution expenses	(701)	(918)	(2,008)	(2,649)
Administrative and general expenses	(1,312)	(1,467)	(3,930)	(3,986)
<b>Results from operating activities</b>	<b>635</b>	<b>(276)</b>	<b>184</b>	<b>1,240</b>
Finance costs	(175)	(219)	(571)	(661)
<b>Profit/(Loss) before tax</b>	<b>461</b>	<b>(495)</b>	<b>(387)</b>	<b>579</b>
Tax expense	(22)	(75)	(67)	(180)
Profit/(Loss) for the period	439	(570)	(454)	399
Foreign currency translation difference for foreign operation	-	-	-	-
<b>Hedge of net investment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cashflow hedge	-	-	-	-
<b>Other comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total comprehensive income for the period	439	(570)	(454)	399
Attributable to:				
Equity holders of the parent	439	(570)	(454)	399
<b>Minority interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Profit/(Loss) for the period	439	(570)	(454)	399
Comprehensive income attributable to :				
Equity holders of the parent	-	-	-	-
<b>Minority interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Total comprehensive income for the period	-	-	-	-
Basic earnings per share (sen)	1.04	(1.36)	(1.08)	0.95

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2014**

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	inappropriate profit RM'000			
At 1 January 2013	41,981	-	407	(7,209)	35,179	-	35,179
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	395.35		395
At 31 DECEMBER 2013	41,981		407	(6,813)	35,575	-	35,575
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				(454)	(454)		(454)
Other comprehensive income					-		-
Loss on disposal of treasury shares					-		-
Total comprehensive income	-	-	-	(454)	(454)	-	(454)
At 30 SEPTEMBER 2014	41,981	0	407	(7,267)	35,121	-	35,121

(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 30 SEPTEMBER 201**

The figures have not been audited.

	<b>CURRENT YEAR TO DATE 30/09/2014 RM'000</b>	<b>PRECEDING YEAR CORRESPONDING PERIOD 30/09/2013 RM'000</b>
(Loss)/Profit before tax	(387)	579
Adjustment for:		
Depreciation / Amortisation	2,607	3,204
Gain/Loss on disposal of PPE / PPE written off	(20)	-
Impairment loss on trade receivables no longer required	-	-
Interest expenses	571	661
Interest income	(2)	(2)
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>2,769</u>	<u>4,442</u>
Changes in working capital		
(Increase) / decrease in inventories	(1,316)	1,014
(Increase) / decrease in trade & other receivables	2,171	(1,435)
Increase / (decrease) in trade & other payables	(759)	(3,058)
Cash generated from operations	2,865	963
Interest received	2	2
Interest paid	(571)	(661)
Tax paid	(67)	-
Net cash generated from operating activities	<u>2,229</u>	<u>304</u>
Cash Flows from Investing Activities:		
Purchase of property, plant & equipment (PPE)	(289)	(926)
Proceed from disposal of PPE	20	-
Net cash used in investing activities	<u>(269)</u>	<u>(926)</u>
Cash Flows from Financing Activities:		
Repayment of hire purchase instalments	(1,055)	(1,023)
Repayment of borrowings	(2,106)	590
Proceed from borrowing	2,000	(1,111)
Proceed from resale of share by back	0	-
Net cash used in financing activities	<u>(1,161)</u>	<u>(1,544)</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	<u>800</u>	<u>(2,167)</u>
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	<u>2,651</u>	<u>4,315</u>
CASH AND CASH EQUIVALENTS CARRIED FORWARD	<u>3,451</u>	<u>2,148</u>
Represented by:		
FIXED DEPOSIT	112	108
CASH AND BANK BALANCES	3,339	2,040
BANK OVERDRAFTS	-	
	<u>3,451</u>	<u>2,148</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 3<sup>rd</sup> Quarter ended 30 September 2014

## **A) Notes to the Interim Financial Report For the 3<sup>rd</sup> Quarter ended 30 September 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.

## **RALCO CORPORATION BERHAD – (333101-V)**

Unaudited Quarterly Report on Consolidated results for 3<sup>rd</sup> Quarter ended 30 September 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 3<sup>rd</sup> Quarter ended 30 September 2014

## (8) Segmental Reporting

	Plastic Product RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<b>9 Months Ended 30/09/2014</b>				
<b>REVENUE</b>				
External Sales	60,792	11,460	-	72,252
Inter-segment sales	9,948	1,387	(11,335)	-
Total revenue	<u>70,740</u>	<u>12,847</u>	<u>(11,335)</u>	<u>72,252</u>
<b>RESULT</b>				
Segment operating profit/(loss)	<u>444</u>	<u>(260)</u>	<u>-</u>	<u>184</u>
Finance cost	<u>(571)</u>	<u>-</u>	<u>-</u>	<u>(571)</u>
Loss for the financial year				(387)
Tax expense				(67)
Net Loss for the financial year				<u>(454)</u>
<b>9 Months Ended 30/09/2013</b>				
<b>REVENUE</b>				
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>
<b>RESULT</b>				
Segment operating profit	<u>171</u>	<u>1,069</u>	<u>-</u>	<u>1240</u>
Finance cost	<u>(660)</u>	<u>(1)</u>	<u>-</u>	<u>(661)</u>
Profit for the financial year				579
Tax expense				(180)
Net Profit for the financial year				<u>399</u>



## **RALCO CORPORATION BERHAD – (333101-V)**

Unaudited Quarterly Report on Consolidated results for 3<sup>rd</sup> Quarter ended 30 September 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 3<sup>rd</sup> Quarter ended 30 September 2014

### **Notes to the interim Financial Reporting for the 3<sup>rd</sup> Quarter ended 30 September 2014: 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 2014 compared with Preceding Year Corresponding Third Quarter Financial Period ended 30 September 2013.**

For the current financial period ended 30 September 2014, the Group registered revenue of RM72.25 million, representing an insignificant reduction by RM1.18 million compared to the preceding financial period of 30 September 2013 of RM73.43 million.

The Group recorded a loss before tax of RM0.39 million for the current financial period ended 30 September 2014 compared to the profit before tax for the preceding financial period ended 30 September 2013 of RM0.58 million. The adverse performance during the current period was due to reduction of sales and increase of production cost.

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

**Third Quarter ended 30 September 2014 against preceding quarter ended 30 June 2014**

For the current quarter under review, the Group registered revenue of RM25.93 million compared to the preceding quarter of RM21.75 million which represented an increase by RM4.17 million or 19.22%. The Group recorded a profit before tax of RM0.46 million for the current quarter compared to a loss before tax of RM0.72 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 3<sup>rd</sup> Quarter ended 30 September 2014

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

This note is not applicable.

(5) **Taxation**

Tax comprises:

	Individual Quarter		Cumulative Quarter	
	Current quarter 30/09/2014 RM '000	Preceding year corresponding quarter 30/09/2013 RM '000	Current year to date 30/09/2014 RM '000	Preceding year corresponding period 30/09/2013 RM '000
Current year (expense)				
- current period/year	(22)	(53)	(67)	(53)
Deferred tax (expense)				
- current period/year	-	(22)	-	(127)
	(22)	(75)	(67)	(180)
	(22)	(75)	(67)	(180)

The Group's effective tax rate for current third 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 30 September 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	2,622	2,680	-	4,352	9,654
	2,622	2,680	-	4,352	9,654
	2,622	2,680	-	4,352	9,654

## RALCO CORPORATION BERHAD – (333101-V)

Unaudited Quarterly Report on Consolidated results for 3<sup>rd</sup> Quarter ended 30 September 2014

(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 30 September 2014, into realised and unrealised profits/(losses), pursuant to the directive, is as follows:

	As at 30.09.2014 RM'000	As at 30.09.2013 RM'000
Total retained earnings of the Group		
- Realised	(5,627)	(5,653)
- Unrealised	(1,640)	(1,157)
	<u>(7,267)</u>	<u>(6,810)</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.

## RALCO CORPORATION BERHAD – (333101-V)

Unaudited Quarterly Report on Consolidated results for 3<sup>rd</sup> Quarter ended 30 September 2014

**(11) Profit/(Loss) Before Taxation**

	Current Year Qtr. 01/07/14- 30/09/14 (RM'000)	Current Year Qtr. 01/07/13- 30/09/13 (RM'000)	Current Year Cumm 01/01/14- 30/09/14 (RM'000)	Current Year Cumm 01/01/13- 30/09/13 (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	15		20	
Property, plant & equipment written off				
Interest income	1		2	
Rental income	69	69	207	207
Realised gain/(loss) on foreign exchange	(31)	49	(9)	215
Unrealised gain/(loss) on foreign exchange	(26)	(152)	(38)	(11)
Waiver of bank interest	-	-	-	-
Gain on disposal of unquoted investment	-	-	-	-
Depreciation	(856)	(2,063)	(2,588)	(3,185)
Amortisation of prepaid lease payments	(7)	(7)	(19)	(19)
Interest expense	(175)	(219)	(571)	(661)

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 28 November 2014 by the Board of Directors.