

RALCO CORPORATION BERHAD (333101-V)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For 3 months ended 31 March 2015 - unaudited

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT	PRECEDING YEAR	CURRENT	PRECEDING YEAR
	QUARTER	CORRESPONDING	PERIOD	CORRESPONDING
	31/3/2015	QUARTER 31/3/2014	31/3/2015	PERIOD 31/3/2014
	RM'000	RM'000	RM'000	RM'000
Gross revenue	22,756	24,573	22,756	24,573
Cost of sales	(19,869)	(22,695)	(19,869)	(22,695)
Gross profit	2,887	1,878	2,887	1,878
Other operating income	173	125	173	125
Selling & Distribution expenses	(746)	(687)	(746)	(687)
Administrative and general expenses	(1,365)	(1,232)	(1,365)	(1,232)
Results from operating activities	949	84	949	84
Finance costs	(153)	(207)	(153)	(207)
Profit before tax	796	(123)	796	(123)
Tax expense	(19)	(22)	(19)	(22)
Profit for the period	777	(145)	777	(145)
Foreign currency translation difference	-	-	-	-
Hedge of net investment	-	-	-	-
Cashflow hedge	-	-	-	-
Other comprehensive income for the	0	0	0	0
Total comprehensive income for the pe	777	(145)	777	(145)
Attributable to:				
Equity holders of the parent	777	(145)	777	(145)
Minority interests	-	-	-	-
Profit for the period	777	(145)	777	(145)
Comprehensive income attributable to :				
Equity holders of the parent	-	-	-	-
Minority interests	-	-	-	-
Total comprehensive income for the pe	-	-	-	-
Basic earnings per share (sen)	1.85	(0.35)	1.85	(0.35)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

The figures have not been audited.

	AS AT 31/3/2015 UNAUDITED RM'000	AS AT 31/12/2014 AUDITED RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	25,332	25,730
Prepaid Lease Payment	3,128	3,135
Investment in quoted securities	-	-
	<u>28,460</u>	<u>28,865</u>
Current Assets		
Inventories	11,662	8,940
Trade and other receivables	19,220	21,389
Tax recoverable	30	29
Fixed Deposit	41	112
Cash and bank balances	1,592	4,358
	<u>32,545</u>	<u>34,828</u>
TOTAL ASSETS	<u>61,005</u>	<u>63,693</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)	(5,624)	(6,401)
Total Equity	<u>36,764</u>	<u>35,987</u>
Minority Interest	-	-
	<u>36,764</u>	<u>35,987</u>
Non-Current Liabilities		
Term loan	1,726	2,157
Hire Purchase	960	1,209
Deferred Tax	1,601	1,601
	<u>4,287</u>	<u>4,967</u>
Current Liabilities		
Trade and other payables	12,886	15,864
Bill payable	4,351	3,561
Hire Purchase	931	913
Term loan	1,774	1,774
Receivable Finance	-	613
Provision for Taxation	12	14
	<u>19,954</u>	<u>22,739</u>
Total Liabilities	<u>24,241</u>	<u>27,706</u>
TOTAL EQUITY AND LIABILITIES	<u>61,005</u>	<u>63,693</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	<u><u>0.88</u></u>	<u><u>0.86</u></u>

(The condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2014 and the accompanying explanatory notes attached to the Interim Financial Statements)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2015

The figures have not been audited.

	----- Attributable to equity holders of the parent -----					Minority interest RM'000	Total equity RM'000
	Share capital RM'000	Treasury Share RM'000	Right Issue Warrants RM'000	Inappropriated profit RM'000	Total RM'000		
At 1 January 2014	41,981	-	407	(6,813)	35,575	-	35,575
Resale of Treasury Shares		-			-		
Right Issue - Warrant 2009/2019					-		
Net loss for the period				(146)	(146)		(146)
Loss on disposal of treasury shares							
Other comprehensive income					-		
Total comprehensive income				(146)	(146)		(146)
At 31 MARCH 2014	41,981		407	(6,959)	35,429	-	35,429
At 1 January 2015	41,981	-	407	(6,401)	35,987	-	35,987
Resale of treasury shares		-					
Right Issue - Warrant 2009/2019							
Net profit for the period				777	777		777
Other comprehensive income					-		-
Loss on disposal of treasury shares					-		-
Total comprehensive income	-	-	-	777	777	-	777
At 31 MARCH 2015	41,981	0	407	(5,624)	36,764	-	36,764

(The condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2014 and the accompanying explanatory notes attached to the Interim Financial Statements)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2015

The figures have not been audited.

	CURRENT YEAR TO DATE 31/3/2015 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2014 RM'000
Profit/(loss) before tax	796	(123)
Adjustment for:		
Depreciation and amortisation of property, plant and equipment	861	875
Gain on disposal of property, plant and equipment	(10)	(5)
Interest expenses	153	207
Interest income	(1)	(1)
Operating profit before changes in working capital	1,799	953
Changes in working capital		
Increase in inventories	(2,722)	(2,742)
Decrease in trade & other receivables	2,169	1,733
Decrease in trade & other payables	(2,978)	(420)
Cash used in operations	(1,732)	(476)
Interest received	1	1
Interest paid	(153)	(207)
Tax paid	(22)	(22)
Net cash used in operating activities	(1,906)	(704)
Cash Flows from Investing Activities:		
Purchase of property, plant & equipment	(473)	(93)
Proceed from disposal of PPE	27	5
Net cash used in investing activities	(446)	(88)
Cash Flows from Financing Activities:		
Net repayment of hire purchase instalments	(231)	(315)
Net repayment of receivable finance	(613)	-
Net repayment of bills payable	790	286
Net repayment of term loan	(431)	(393)
Net cash used in financing activities	(485)	(422)
NET CHANGES IN CASH AND CASH EQUIVALENTS	(2,837)	(1,214)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	4,470	2,651
CASH AND CASH EQUIVALENTS CARRIED FORWARD	1,633	1,437
Represented by:		
FIXED DEPOSIT	41	110
CASH AND BANK BALANCES	1,592	1,326
BANK OVERDRAFTS	-	-
	1,633	1,436

(The condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2014 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 2015

A) Notes to the Interim Financial Report For the 1st Quarter ended 31 March 2015: 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 2014. 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 2014.

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) Summary of significant accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the FYE 31 December 2014, except for the adoption of the following MFRSs, amendments to MFRSs and IC Interpretations:

Adoption of New and Revised FRSS, IC Interpretations and Amendments

Effective for financial periods beginning on or after 1 January 2015:

Amendments to MFRS 119, Employee Benefits – Defined Benefit Plans: Employee Contribution
Annual Improvements to MFRSs 2010 – 2012 Cycle
Annual Improvements to MFRSs 2011 – 2013 Cycle

The adoption of the above pronouncements did not have any impact on the financial statements of the Group.

RALCO CORPORATION BERHAD – (333101-V)

Unaudited Quarterly report on consolidated results for the 1st Quarter ended 31 March 2015

Standards issued but not yet effective

Effective for financial periods beginning on or after 1 January 2016:

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 101	Presentation of Financial Statements – Disclosure Initiative
Amendments to MFRS 11	Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 127	Consolidated and Separate Financial Statements – Equity Method in Separate Financial Statements
Amendments to MFRS 10	Consolidated Financial Statements - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 128	Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 116	Property, Plant and Equipment – Agriculture Bearer Plants
Amendments to MFRS 141	Agriculture: Bearer Plants
Amendments to MFRS 138	Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 12	Disclosure of interests in Other Entities – Applying the Consolidation Exception
Annual improvements to MFRSs 2012 – 2014 Cycle	

Effective for financial periods beginning on or after 1 January 2017:

MFRS 15	Revenue from Contracts with Customer
---------	--------------------------------------

Effective for financial periods beginning on or after 1 January 2018:

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)
--------	------------------------------------------------------------

The Group intends to adopt the above MFRSs when they become effective.

The adoption of the abovementioned new and revised MFRSs, IC Interpretations and Amendments have no significant effect to the Group's consolidated financial statements of the current financial period under review or the comparative consolidated financial statements of the prior financial period.

(3) Audit Report

The Group's financial statements for the year ended 31 December 2014 were reported without any qualification.

(4) Seasonal or Cyclical Factors

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

(5) Unusual Items Affecting Financial Statements

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

RALCO CORPORATION BERHAD – (333101-V)

Unaudited Quarterly report on consolidated results for the 1st Quarter ended 31 March 2015

(6) Changes in Accounting Estimates

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

(7) Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

There were no issuances, cancellations, repurchase, resale and repayment of debts and equity securities in the current financial period under review.

(8) Dividend Paid

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

(9) Segmental Reporting

	Plastic Product RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
3 Months Ended 31/3/2015				
REVENUE				
External Sales	22,373	383	-	22,756
Inter-segment sales	2,602	463	(3,065)	-
Total revenue	24,975	846	(3,065)	22,756
RESULT				
Segment operating profit/(loss)	1,120	(171)	-	949
Finance cost	(153)	-	-	(153)
Profit for the financial period				796
Tax expense				(19)
Net Profit for the financial period				777
3 Months Ended 31/3/2014				
REVENUE				
External Sales	19,507	5,066	-	24,573
Inter-segment sales	4,418	462	(4,880)	-
Total revenue	23,925	5,528	(4,880)	24,573
RESULT				
Segment operating profit/(loss)	99	(15)	-	84
Finance cost	(207)	-	-	(207)
Loss for the financial period				(123)
Tax expense				(22)
Net loss for the financial period				(145)

RALCO CORPORATION BERHAD – (333101-V)

Unaudited Quarterly report on consolidated results for the 1st Quarter ended 31 March 2015

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

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

(11) **Material Subsequent Events**

There were no changes during the financial period under review.

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

There were no changes during the financial period under review.

(13) **Contingent Liabilities or Contingent Assets**

Contingent liabilities as at the reporting date are as follows:

**Current
Financial
Period Ended
31.3.2015
RM'000**

Approved and contracted for:

- Acquisition of property, plant and equipment

315

RALCO CORPORATION BERHAD – (333101-V)

Unaudited Quarterly Report on Consolidated results for 1st Quarter ended 31 March 2015

Notes to the interim Financial Reporting for the 1st Quarter ended 31 March 2015: Explanatory Notes in compliance with Appendix 9B Part A of the BMSB Listing Requirements

(1) Performance Review

Performance for the FPE 31 March 2015 versus the corresponding quarter in the FPE 31 March 2014

	Current Quarter Period Ended 31 March		Cumulative Quarter Year Ended 31 March	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue	22,756	24,573	22,756	24,573
Profit/(Loss) Before Taxation	796	(123)	796	(123)

The Group's revenue for the current quarter three (3) months ended 31 March 2015 ("1Q2015") declined by RM1.82 million or 7.39% compared to the corresponding quarter ended 31 March 2014 ("1Q2014"). The decrease in revenue was mainly due to the decline in demand from existing customers who are operating in palm oil sector.

Group's profit before taxation increased by RM0.92 million or 747.15% from RM0.12 million losses reported in preceding year corresponding quarter to RM0.80 million profits for the 1Q2015. This improved performance was mainly contributed by the decrease in raw material price in the current quarter under review, improvement in operation efficiency and also reduce in finance costs.

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

	Financial Quarter Ended		Variance RM'000
	31.3.2015 RM'000	31.12.2014 RM'000	
Revenue	22,756	28,852	(6,096)
Profit Before Tax	796	945	(149)

The Group's revenue declined by RM6.10 million or 21.13% from RM28.85 million in the preceding quarter to RM22.76 million for the current quarter under review. Group's profit before tax reduce by RM0.15 million or 15.77% from RM0.95 million recorded in the preceding quarter compared to RM0.80 million for the current quarter under review. This adverse performance was mainly due to the declined in demand from existing customers who are operating in palm oil sector.

RALCO CORPORATION BERHAD – (333101-V)

Unaudited Quarterly Report on Consolidated results for 1st Quarter ended 31 March 2015

(3) Prospects for Year 2015

The volatility of crude oil price and also Ringgit Malaysia against US Dollar continue challenging the plastic manufacturing industry in Malaysia. Barring unforeseen circumstances, the Group is optimistic in achieving satisfactory results for year 2015.

(4) Variance from profit forecast

No profit forecast was issued during the financial period under review.

(5) Taxation

Tax comprises:

	Individual Quarter		Cumulative Quarter	
	Current quarter 31/3/2015 RM '000	Preceding year corresponding quarter 31/3/2014 RM '000	Current year to date 31/3/2015 RM '000	Preceding year corresponding period 31/3/2014 RM '000
Taxation	(19)	(22)	(19)	(22)
	<u>(19)</u>	<u>(22)</u>	<u>(19)</u>	<u>(22)</u>

The Group's effective tax rate was lower than the statutory tax rate mainly due to the groups has unabsorbed tax losses which are available to set-off against future chargeable income.

(6) Status of Corporate Proposals and Utilisation of Proceeds

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

RALCO CORPORATION BERHAD – (333101-V)

Unaudited Quarterly Report on Consolidated results for 1st Quarter ended 31 March 2015

(7) Group Borrowings and Debts Securities

Total Group borrowings as at 31 March 2015 are as follows:

	Current Quarter Ended 31.3.2015 RM'000
Short term borrowings	
Secured:	
Bill payable	4,351
Hire purchases	931
Term loans	1,774
	<u>7,056</u>
Long term borrowings	
Secured:	
Hire purchases	960
Term loan	1,726
	<u>2,686</u>
Total borrowings	<u><u>9,742</u></u>

(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 attributable to shareholders of the Group for the financial period under review over the weighted average number of ordinary shares in issue.

Diluted Earnings Per Share

The diluted earnings per share is not disclosed as the potential ordinary shares arising from the full conversion of warrants have an anti-dilutive effect.

RALCO CORPORATION BERHAD – (333101-V)

Unaudited Quarterly Report on Consolidated results for 1st Quarter ended 31 March 2015

(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 2015, into realised and unrealised profits/(losses), pursuant to the directive, is as follows:

	As at 31.3.2015 RM'000	As at 31.3.2014 RM'000
Total retained earnings of the Group		
- Realised	(4,023)	(5,198)
- Unrealised	(1,601)	(1,761)
	<u>(5,624)</u>	<u>(6,959)</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 1st Quarter ended 31 March 2015

(11) Profit/(Loss) Before Taxation

	Current Year Qtr 01/01/15- 31/03/15 (RM'000)	Current Year Qtr 01/01/14- 31/03/14 (RM'000)	Current Year Cumm 01/01/15- 31/03/15 (RM'000)	Current Year Cumm 01/01/14- 31/03/14 (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	10	5	10	5
Property, plant & equipment written off	-	-	-	-
Interest income	1	1	1	1
Rental income	23	69	23	69
Realised gain/(loss) on foreign exchange	29	51	29	51
Unrealised gain/(loss) on foreign exchange	-	(37)	-	(37)
Gain on disposal of unquoted investment	-	-	-	-
Depreciation	(855)	(868)	(855)	(868)
Amortisation of prepaid lease payments	(6)	(6)	(6)	(6)
Interest expense	(153)	(207)	(153)	(207)

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