

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

The figures have not been audited.

	AS AT 31/3/2016 UNAUDITED RM'000	AS AT 31/12/2015 AUDITED RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	24,020	24,749
Prepaid Lease Payment	3,103	3,109
	<u>27,123</u>	<u>27,858</u>
Current Assets		
Inventories	11,900	13,793
Trade and other receivables	21,579	22,176
Tax recoverable	53	53
Cash and bank balances	1,484	3,266
	<u>35,016</u>	<u>39,288</u>
TOTAL ASSETS	<u>62,139</u>	<u>67,146</u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of The Parent		
Share capital	41,981	41,981
Right Issue - warrants	407	407
Unappropriated profit / (loss)	(3,902)	(3,938)
Total Equity	<u>38,486</u>	<u>38,450</u>
Minority Interest	-	-
	<u>38,486</u>	<u>38,450</u>
Non-Current Liabilities		
Term loan	-	236
Hire Purchase	1,054	1,176
Deferred Tax	1,525	1,526
	<u>2,579</u>	<u>2,938</u>
Current Liabilities		
Trade and other payables	14,858	19,394
Bill payable	3,595	3,395
Hire Purchase	930	1,048
Term loan	1,691	1,921
	<u>21,074</u>	<u>25,758</u>
Total Liabilities	<u>23,653</u>	<u>28,696</u>
TOTAL EQUITY AND LIABILITIES	<u>62,139</u>	<u>67,146</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	<u>0.92</u>	<u>0.92</u>

(The condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2015 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 2016 - unaudited

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 31/3/2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/3/2015 RM'000	CURRENT PERIOD 31/3/2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2015 RM'000
Gross revenue	20,961	22,756	20,961	22,756
Cost of sales	(18,848)	(19,869)	(18,848)	(19,869)
Gross profit	2,113	2,887	2,113	2,887
Other operating income	68	173	68	173
Selling & Distribution expenses	(492)	(746)	(492)	(746)
Administrative and general expenses	(1,529)	(1,365)	(1,529)	(1,365)
Results from operating activities	160	949	160	949
Finance costs	(121)	(153)	(121)	(153)
Profit before tax	39	796	39	796
Tax expense	(3)	(19)	(3)	(19)
Profit for the period	36	777	36	777
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	36	777	36	777
Attributable to:				
Equity holders of the parent	36	777	36	777
Minority interests	-	-	-	-
Profit/(Loss) for the period	36	777	36	777
Comprehensive income attributable to :				
Equity holders of the parent	-	-	-	-
Minority interests	-	-	-	-
Total comprehensive income for the period	-	-	-	-
Basic earnings per share (sen)	0.09	1.85	0.09	1.85

RALCO CORPORATION BERHAD (333101-V)
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2016

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 2015	41,981		407	(6,401)	35,987	-	35,987
Resale of Treasury Shares		-			-		
Right Issue - Warrant 2009/2019					-		
Net profit for the period				2,463	2,463		2,463
Loss on disposal of treasury shares							
Other comprehensive income					-		
Total comprehensive income				2,463	2,463		2,463
At 31 December 2015	41,981		407	(3,938)	38,450	-	38,450
At 1 January 2016	41,981	-	407	(3,938)	38,450	-	38,450
Resale of treasury shares		-					
Right Issue - Warrant 2009/2019							
Net profit for the period				36	36		36
Other comprehensive income					-		-
Loss on disposal of treasury shares					-		-
Total comprehensive income				36	36		36
At 31 March 2016	41,981	0	407	(3,902)	38,486	-	38,486

(The condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2015 and the accompanying explanatory notes attached to the Interim Financial Statements)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2016

The figures have not been audited.

	CURRENT YEAR TO DATE 31/3/2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2015 RM'000
Profit before tax	39	796
Adjustment for:		
Depreciation and amortisation of property, plant and equipment	887	861
Gain on disposal of property, plant and equipment	-	(10)
Interest expenses	121	153
Interest income	-	(1)
Operating profit before changes in working capital	1,047	1,799
Changes in working capital		
Decrease/(Increase) in inventories	1,893	(2,722)
Decrease in trade & other receivables	597	2,169
Decrease in trade & other payables	(4,536)	(2,978)
Cash used in operations	(999)	(1,732)
Interest received	-	1
Interest paid	(121)	(153)
Tax paid	(4)	(22)
Net cash used in operating activities	(1,124)	(1,906)
Cash Flows from Investing Activities:		
Purchase of property, plant & equipment	(152)	(473)
Proceed from disposal of PPE	-	27
Net cash used in investing activities	(152)	(446)
Cash Flows from Financing Activities:		
Net repayment of hire purchase instalments	(240)	(231)
Net repayment of receivable finance	-	(613)
Net drawdown from bills payable	200	790
Net repayment of term loan	(466)	(431)
Net cash used in financing activities	(506)	(485)
NET CHANGES IN CASH AND CASH EQUIVALENTS	(1,782)	(2,837)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	3,266	4,470
CASH AND CASH EQUIVALENTS CARRIED FORWARD	1,484	1,633
Represented by:		
FIXED DEPOSIT	-	41
CASH AND BANK BALANCES	1,484	1,592
	1,484	1,633

(The condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2015 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 2016

A) Notes to the Interim Financial Report For the 1st Quarter ended 31 March 2016: 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 2015. 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 2015.

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 2015, except for the adoption of the following MFRSs, amendments to MFRSs and IC Interpretations:

Adoption of New and Revised FRs, IC Interpretations and Amendments

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

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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	

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

Standards issued but not yet effective

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

Amendments to MFRS 107	Disclosure Initiative
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses

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

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customer

Effective for financial periods beginning on or after 1 January 2019:

MFRS 16	Leases
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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 2015 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.

(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.

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(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 31/3/2016				
REVENUE				
External Sales	20,623	338	-	20,961
Inter-segment sales	-	456	(456)	-
Total revenue	<u>20,623</u>	<u>794</u>	<u>(456)</u>	<u>20,961</u>
RESULT				
Segment operating profit/(loss)	<u>237</u>	<u>(77)</u>	<u>-</u>	<u>160</u>
Finance cost	<u>(121)</u>	<u>-</u>	<u>-</u>	<u>(121)</u>
Profit for the financial period				39
Tax expense				(3)
Net Profit for the financial period				<u>36</u>

3 Months Ended 31/3/2015

REVENUE				
External Sales	22,373	383	-	22,756
Inter-segment sales	2,602	463	(3,065)	-
Total revenue	<u>24,975</u>	<u>846</u>	<u>(3,065)</u>	<u>22,756</u>
RESULT				
Segment operating profit/(loss)	<u>1,120</u>	<u>(171)</u>	<u>-</u>	<u>949</u>
Finance cost	<u>(153)</u>	<u>-</u>	<u>-</u>	<u>(153)</u>
Profit for the financial period				796
Tax expense				(19)
Net profit for the financial period				<u>777</u>

(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.

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(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
31.3.2016
RM'000**

Approved and contracted for:

- Acquisition of property, plant and equipment

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RALCO CORPORATION BERHAD – (333101-V)

Unaudited Quarterly Report on Consolidated results for 1st Quarter ended 31 March 2016

Notes to the interim Financial Reporting for the 1st Quarter ended 31 March 2016: Explanatory Notes in compliance with Appendix 9B Part A of the BMSB Listing Requirements

(1) Performance Review

Performance for the FPE 31 March 2016 versus the corresponding quarter in the FPE 31 March 2015

	Current Quarter Period Ended 31 March		Cumulative Quarter Year Ended 31 March	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	20,961	22,756	20,961	22,756
Profit Before Taxation	39	796	39	796

The Group's revenue for the current quarter three (3) months ended 31 March 2016 ("1Q2016") decreased by RM1.79 million or 7.89% compared to the corresponding quarter ended 31 March 2015 ("1Q2015"). This adverse performance was mainly due to the lower demand for Jerrycan product from existing customer particularly from palm oil refinery sector.

Current quarter profit before taxation decreased by RM0.76 million or 95.10% to RM0.04 million from RM0.80 million reported in correspondence quarter. This adverse performance was mainly due to the decline in sales and increase in raw material price.

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

	Financial Quarter Ended		Variance RM'000
	31.3.2016 RM'000	31.12.2015 RM'000	
Revenue	20,961	24,486	(3,525)
Profit Before Tax	39	313	(274)

The Group's revenue and profit before taxation decreased by RM3.53 million or 14.40% and RM0.27 million or 87.54% respectively from RM24.49 million and RM0.31 million in the preceding quarter to RM20.96 million and RM0.04 million for the current quarter under review. This adverse performance was mainly due to the decrease in demand for Jerrycan product from existing customers. There was some improvement in Pail product sales for the current quarter compared to preceding quarter but it was affected by lower sale in Jerrycan product.

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(3) Prospects for Year 2016

Plastic manufacturing industry in Malaysia continue to remain challenging and uncertain with rising labour cost, volatility in USD exchange rate and crude oil price. Barring unforeseen circumstances, the Group is cautiously optimistic of delivering satisfactory results for the financial year ending 2016.

(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 31/3/2016 RM '000	Preceding year corresponding quarter 31/3/2015 RM '000	Current year to date 31/3/2016 RM '000	Preceding year corresponding period 31/3/2015 RM '000
Taxation	(3)	(19)	(3)	(19)
	<u>(3)</u>	<u>(19)</u>	<u>(3)</u>	<u>(19)</u>

The Group's effective tax rate was lower than the statutory tax rate mainly due to the Group has unabsorbed tax losses, unutilized capital allowances and reinvestment allowances 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.

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(7) Group Borrowings and Debts Securities

Total Group borrowings as at 31 March 2016 are as follows:

	Current Quarter Ended 31.3.2016 RM'000
Short term borrowings	
Secured:	
Bill payable	3,595
Hire purchases	930
Term loan	1,691
	<u>6,216</u>
Long term borrowings	
Secured:	
Hire purchases	1,054
Term loan	-
	<u>1,054</u>
Total borrowings	<u><u>7,270</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.

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(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 2016, into realised and unrealised profits/(losses), pursuant to the directive, are as follows:

	As at 31.3.2016 RM'000	As at 31.3.2015 RM'000
Total retained earnings of the Group		
- Realised	(2,377)	(4,023)
- Unrealised	(1,525)	(1,601)
	<u>(3,902)</u>	<u>(5,624)</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)

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(11) Profit/(Loss) Before Taxation

	Current Year Qtr 01/01/16- 31/03/16 (RM'000)	Current Year Qtr 01/01/15- 31/03/15 (RM'000)	Current Year Cumm 01/01/16- 31/03/16 (RM'000)	Current Year Cumm 01/01/15- 31/03/15 (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	-	10
Property, plant & equipment written off	-	-	-	-
Interest income	-	1	-	1
Rental income	-	23	-	23
Realised gain/(loss) on foreign exchange	63	29	63	29
Unrealised gain/(loss) on foreign exchange	-	-	-	-
Gain on disposal of unquoted investment	-	-	-	-
Depreciation	(881)	(855)	(881)	(855)
Amortisation of prepaid lease payments	(6)	(6)	(6)	(6)
Interest expense	(121)	(153)	(121)	(153)

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