

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For 3 months ended 31 March 2018 - unaudited

|   | INDIVIDUAL QUARTER                     |   | CUMULATIVE QUARTER                    |  |
|---|--|---|---------------------------------------|--|
|   | CURRENT QUARTER<br>31/3/2018<br>RM'000 | PRECEDING YEAR<br>CORRESPONDING<br>QUARTER<br>31/3/2017<br>RM'000 | CURRENT PERIOD<br>31/3/2018<br>RM'000 | PRECEDING YEAR<br>CORRESPONDING<br>PERIOD<br>31/3/2017<br>RM'000 |
| Gross revenue   | 19,896                                 | 20,974  | 19,896                                | 20,974   |
| Cost of sales   | (19,251)                               | (19,151)  | (19,251)                              | (19,151)   |
| <b>Gross profit</b>   | <b>645</b>                             | <b>1,823</b>  | <b>645</b>                            | <b>1,823</b>   |
| Other operating income  | 144                                    | 90  | 144                                   | 90   |
| Selling & Distribution expenses                               | (507)                                  | (570)   | (507)                                 | (570)  |
| Administrative and general expenses                           | (1,401)                                | (1,649)   | (1,401)                               | (1,649)  |
| <b>Results from operating activities</b>                      | <b>(1,119)</b>                         | <b>(306)</b>  | <b>(1,119)</b>                        | <b>(306)</b>   |
| Finance costs   | (197)                                  | (129)   | (197)                                 | (129)  |
| <b>Loss before tax</b>  | <b>(1,316)</b>                         | <b>(435)</b>  | <b>(1,316)</b>                        | <b>(435)</b>   |
| Tax expense   | (3)                                    | (3)   | (3)                                   | (3)  |
| <b>Loss for the period</b>                                    | <b>(1,319)</b>                         | <b>(438)</b>  | <b>(1,319)</b>                        | <b>(438)</b>   |
| 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                     | (1,319)                                | (438)   | (1,319)                               | (438)  |
| Attributable to:  |  |   |                                       |  |
| Equity holders of the parent                                  | (1,319)                                | (438)   | (1,319)                               | (438)  |
| <b>Minority interests</b>                                     | <b>-</b>                               | <b>-</b>  | <b>-</b>                              | <b>-</b>   |
| Profit/(Loss) for the period                                  | (1,319)                                | (438)   | (1,319)                               | (438)  |
| Comprehensive income attributable to :                        |  |   |                                       |  |
| Equity holders of the parent                                  | (1,319)                                | (438)   | (1,319)                               | (438)  |
| <b>Minority interests</b>                                     | <b>-</b>                               | <b>-</b>  | <b>-</b>                              | <b>-</b>   |
| Total comprehensive income for the period                     | (1,319)                                | (438)   | (1,319)                               | (438)  |
| Basic earnings per share (sen)                                | (3.14)                                 | (1.04)  | (3.14)                                | (1.04)   |

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018**

The figures have not been audited.

|   | AS AT<br>31/3/2018<br>UNAUDITED<br>RM'000 | AS AT<br>31/12/2017<br>AUDITED<br>RM'000 |
|---|---|--|
| <b>ASSETS</b>   |   |  |
| Non-Current Assets  |   |  |
| Property, plant and equipment   | 26,407                                    | 26,635                                   |
| Prepaid Lease Payment   | 3,053                                     | 3,059                                    |
|   | <u>29,460</u>                             | <u>29,694</u>                            |
| Current Assets  |   |  |
| Inventories   | 14,084                                    | 13,466                                   |
| Trade and other receivables   | 21,865                                    | 19,469                                   |
| Tax recoverable   | 60  | 53                                       |
| Cash and bank balances  | 377                                       | 1,113                                    |
|   | <u>36,386</u>                             | <u>34,101</u>                            |
| <b>TOTAL ASSETS</b>   | <u>65,846</u>                             | <u>63,795</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                                      |
| Unappropriated profit / (loss)  | (13,988)                                  | (12,669)                                 |
| Total Equity  | <u>28,400</u>                             | <u>29,719</u>                            |
| Minority Interest   | -   | -  |
|   | <u>28,400</u>                             | <u>29,719</u>                            |
| Non-Current Liabilities   |   |  |
| Hire Purchase   | 4,110                                     | 3,715                                    |
| Deferred Tax  | 1,282                                     | 1,282                                    |
|   | <u>5,392</u>                              | <u>4,997</u>                             |
| Current Liabilities   |   |  |
| Trade and other payables  | 20,698                                    | 17,075                                   |
| Bill payable  | 10,279                                    | 10,770                                   |
| Hire Purchase   | 1,077                                     | 1,233                                    |
| Tax liability   | -   | 1  |
|   | <u>32,054</u>                             | <u>29,079</u>                            |
| <b>Total Liabilities</b>  | <u>37,446</u>                             | <u>34,076</u>                            |
| <b>TOTAL EQUITY AND LIABILITIES</b>   | <u>65,846</u>                             | <u>63,795</u>                            |
| Net assets per share attributable to ordinary equity holders of the parent (RM) | <u>0.68</u>                               | <u>0.71</u>                              |

(The condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2017 and the accompanying explanatory notes attached to the Interim Financial Statements)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2018**

The figures have not been audited.

|                                     | ----- Attributable to equity holders of the parent ----- |                             |                                   |                                    | Total<br>RM'000 | Minority<br>interest<br>RM'000 | Total<br>equity<br>RM'000 |
|-------------------------------------|--|-----------------------------|-----------------------------------|------------------------------------|-----------------|--------------------------------|---------------------------|
|                                     | Share<br>capital<br>RM'000                               | Treasury<br>Share<br>RM'000 | Right Issue<br>Warrants<br>RM'000 | Unappropriated<br>profit<br>RM'000 |                 |                                |                           |
| At 1 January 2017                   | 41,981   |                             | 407                               | (6,168)                            | 36,220          |                                | 35,987                    |
| Resale of Treasury Shares           |  | -                           |                                   |                                    |                 |                                |                           |
| Right Issue - Warrant 2009/2019     |  |                             |                                   |                                    |                 |                                |                           |
| Net loss for the period             |  |                             |                                   | (6,501)                            | (6,501)         |                                | (6,501)                   |
| Loss on disposal of treasury shares |  |                             |                                   |                                    |                 |                                |                           |
| Other comprehensive income          |  |                             |                                   |                                    |                 |                                |                           |
| Total comprehensive income          |  |                             |                                   | (6,501)                            | (6,501)         |                                | (6,501)                   |
| At 31 December 2017                 | 41,981   |                             | 407                               | (12,669)                           | 29,719          | -                              | 29,486                    |
| At 1 January 2018                   | 41,981   | -                           | 407                               | (12,669)                           | 29,719          |                                | 29,719                    |
| Resale of treasury shares           |  |                             |                                   |                                    |                 |                                |                           |
| Right Issue - Warrant 2009/2019     |  |                             |                                   |                                    |                 |                                |                           |
| Net loss for the period             |  |                             |                                   | (1,319)                            | (1,319)         |                                | (1,319)                   |
| Other comprehensive income          |  |                             |                                   |                                    |                 |                                |                           |
| Loss on disposal of treasury shares |  |                             |                                   |                                    |                 |                                |                           |
| Total comprehensive income          |  |                             |                                   | (1,319)                            | (1,319)         | -                              | (1,319)                   |
| At 31 March 2018                    | 41,981   | 0                           | 407                               | (13,988)                           | 28,400          |                                | 28,400                    |

(The condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2017 and the accompanying explanatory notes attached to the Interim Financial Statements)

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2018**

The figures have not been audited.

|  | CURRENT<br>YEAR<br>TO DATE<br>31/3/2018<br>RM'000 | PRECEDING YEAR<br>CORRESPONDING<br>PERIOD<br>31/3/2017<br>RM'000 |
|--|---|--|
| Loss before tax  | (1,316)   | (435)  |
| Adjustment for:  |   |  |
| Depreciation and amortisation of property, plant and equipment | 847   | 900  |
| Interest expenses  | 197   | 129  |
| Interest income  | (3)   | (2)  |
| Operating (loss)/profit before changes in working capital      | <u>(275)</u>                                      | <u>592</u>   |
| Changes in working capital                                     |   |  |
| Increase in inventories  | (618)   | (1,460)  |
| Increase in trade & other receivables                          | (2,396)   | (988)  |
| Increase in trade & other payables                             | <u>3,623</u>                                      | <u>(226)</u>   |
| Cash generated from/(used in) operations                       | 334   | (2,082)  |
| Interest received  | 3   | 2  |
| Interest paid  | (197)   | (129)  |
| Tax refund   | -   | 50   |
| Tax paid   | <u>(11)</u>                                       | <u>(34)</u>  |
| Net cash generated from/(used in) operating activities         | 129   | (2,193)  |
| Cash Flows from Investing Activities:                          |   |  |
| Purchase of property, plant & equipment                        | <u>(613)</u>                                      | <u>(119)</u>   |
| Net cash used in investing activities                          | (613)   | (119)  |
| Cash Flows from Financing Activities:                          |   |  |
| Net drawdown/(repayment) of hire purchase instalments          | 239   | (39)   |
| Net (repayment)/drawdown from bills payable                    | (491)   | 203  |
| Net repayment of term loan                                     | -   | (236)  |
| Net cash used in financing activities                          | <u>(252)</u>                                      | <u>(72)</u>  |
| NET CHANGES IN CASH AND CASH EQUIVALENTS                       | (736)   | (2,384)  |
| CASH AND CASH EQUIVALENTS BROUGHT FORWARD                      | 1,113   | 3,413  |
| CASH AND CASH EQUIVALENTS CARRIED FORWARD                      | <u>377</u>  | <u>1,029</u>   |
| Represented by:  |   |  |
| FIXED DEPOSIT  | -   | -  |
| CASH AND BANK BALANCES   | <u>377</u>  | <u>1,029</u>   |
|  | <u>377</u>  | <u>1,029</u>   |

(The condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2017 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 2018

## **A) Notes to the Interim Financial Report For the 1st Quarter ended 31 March 2018: 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 2017. 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 2017.

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 2017, 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 2018:

|                        |   |
|------------------------|---|
| MFRS 9                 | Financial Instruments (IFRS 9 issued by IASB in July 2014)        |
| MFRS 15                | Revenue from Contracts with Customer                              |
| Amendments to MFRS 2   | Classification and Measurement of Share-base Payment Transactions |
| Amendments to MFRS 1   | First-time Adoption of Malaysian Financial Reporting Standards    |
| Amendments to MFRS 128 | Investments in Associates and Joint Ventures                      |
| Amendments to MFRS 140 | Transfer of Investment Property                                   |
| IC Interpretation 22   | Foreign Currency Transactions and Advance Consideration           |

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 2018

## **Standards issued but not yet effective**

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

|                        |  |
|------------------------|--|
| MFRS 16                | Leases   |
| IC Interpretation 23   | Uncertainty over Income Tax Treatment  |
| Amendments to MFRS 3   | Business Combinations – Previously Held Interest in a Joint Operation (Annual Improvements 2015-2017 Cycle)                            |
| Amendments to MFRS 11  | Joint Arrangements – Previously Held Interest in a Joint Operation (Annual Improvements 2015-2017 Cycle)                               |
| Amendments to MFRS 112 | Income Taxes – Income Tax Consequences of Payments on Financial Instruments Classified as Equity (Annual Improvements 2015-2017 Cycle) |
| Amendments to MFRS 123 | Borrowing Costs – Borrowing Costs Eligible for Capitalisation (Annual Improvements 2015-2017 Cycle)                                    |
| Amendments to MFRS 119 | Employee Benefits – Plant Amendment, Curtailment or Settlement   |

Effective for financial periods beginning on or after 1 January 2020:

|                                     |   |
|-------------------------------------|---|
| Amendments to MFRS 2                | Share-Based Payment   |
| Amendments to MFRS 3                | Business Combinations   |
| Amendments to MFRS 6                | Exploration for and Evaluation of Mineral Resources             |
| Amendments to MFRS 14               | Regulatory Deferral Accounts                                    |
| Amendments to MFRS 101              | Presentation of Financial Statements                            |
| Amendments to MFRS 108              | Accounting Policies, Changes in Accountings Estimates and Error |
| Amendments to MFRS 134              | Interim Financial Reporting                                     |
| Amendments to MFRS 137              | Provisions, Contingent Liabilities and Contingent Assets        |
| Amendments to MFRS 138              | Intangible Assets   |
| Amendments to IC Interpretation 12  | Services Concession Arrangement                                 |
| Amendments to IC Interpretation 19  | Extinguishing Financial Liabilities with Equity Instruments     |
| Amendments to IC Interpretation 20  | Stripping Costs in the Production Phase of a Surface Mine       |
| Amendments to IC Interpretation 22  | Foreign Currency Transactions and Advance Consideration         |
| Amendments to IC Interpretation 132 | Intangible Assets – Web Site Costs                              |

Effective for financial periods beginning on or after 1 January 2021:

|         |                     |
|---------|---------------------|
| MFRS 17 | Insurance Contracts |
|---------|---------------------|

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.

# RALCO CORPORATION BERHAD – (333101-V)

Unaudited Quarterly report on consolidated results for the 1st Quarter ended 31 March 2018

## (3) Seasonal or Cyclical Factors

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

## (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

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

## (7) Dividend Paid

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

## (8) Segmental Reporting

|                                   | Plastic Product<br>RM'000 | Others<br>RM'000 | Eliminations<br>RM'000 | Consolidated<br>RM'000 |
|-----------------------------------|---------------------------|------------------|------------------------|------------------------|
| <b>3 Months Ended 31/3/2018</b>   |                           |                  |                        |                        |
| <b>REVENUE</b>                    |                           |                  |                        |                        |
| External Sales                    | 19,667                    | 229              | -                      | 19,896                 |
| Inter-segment sales               | -                         | 463              | (463)                  | -                      |
| Total revenue                     | 19,667                    | 692              | (463)                  | 19,896                 |
| <b>RESULT</b>                     |                           |                  |                        |                        |
| Segment operating loss            | (1,152)                   | 33               | -                      | (1,119)                |
| Finance cost                      | (169)                     | (28)             |                        | (197)                  |
| Loss for the financial period     |                           |                  |                        | (1,316)                |
| Tax expense                       |                           |                  |                        | (3)                    |
| Net loss for the financial period |                           |                  |                        | (1,319)                |

# RALCO CORPORATION BERHAD – (333101-V)

Unaudited Quarterly report on consolidated results for the 1st Quarter ended 31 March 2018

## 3 Months Ended 31/3/2017

### REVENUE

|                     |        |       |         |        |
|---------------------|--------|-------|---------|--------|
| External Sales      | 19,020 | 1,954 | -       | 20,974 |
| Inter-segment sales | 1,422  | 456   | (1,878) | -      |
| Total revenue       | 20,442 | 2,410 | (1,878) | 20,974 |

### RESULT

|                                     |       |       |   |       |
|-------------------------------------|-------|-------|---|-------|
| Segment operating loss              | (169) | (137) | - | (306) |
| Finance cost                        | (129) | -     | - | (129) |
| Loss for the financial period       |       |       |   | (435) |
| Tax expense                         |       |       |   | (3)   |
| Net profit for the financial period |       |       |   | (438) |

#### (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

Contingent liabilities as at the reporting date are as follows:

**Current  
Financial  
Period Ended  
31.3.2018  
RM'000**

Approved and contracted for:

- Acquisition of property, plant and equipment

990

# RALCO CORPORATION BERHAD – (333101-V)

Unaudited Quarterly report on consolidated results for the 1st Quarter ended 31 March 2018

## Notes to the interim Financial Reporting for the 1st Quarter ended 31 March 2018: Explanatory Notes in compliance with Appendix 9B Part A of the BMSB Listing Requirements

### (1) Performance Review

Performance for the FPE 31 March 2018 versus the corresponding quarter in the FPE 31 March 2017

|                               | Current Quarter<br>Period Ended 31 March |                | Cumulative Quarter<br>Year Ended 31 March |                |
|-------------------------------|--|----------------|---|----------------|
|                               | 2018<br>RM'000                           | 2017<br>RM'000 | 2018<br>RM'000                            | 2017<br>RM'000 |
| Revenue                       | 19,896                                   | 20,974         | 19,896                                    | 20,974         |
| (Loss)/Profit Before Taxation | (1,316)                                  | (435)          | (1,316)                                   | (435)          |

The Group's revenue for the current quarter three (3) months ended 31 March 2018 ("1Q2018") reduced by RM1.08 million or 5.14% compared to the corresponding quarter ended 31 March 2017 ("1Q2017"). The Group has incurred a loss before taxation of RM1.32 million in the current quarter ended 31 March 2018 as compared to a loss before taxation of RM0.44 million in corresponding quarter ended 31 March 2017. This adverse performance was mainly due to decline in revenue, increase in raw material prices and labour costs.

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

|                 | Financial Quarter Ended |                      | Variance<br>RM'000 |
|-----------------|-------------------------|----------------------|--------------------|
|                 | 31.3.2018<br>RM'000     | 31.12.2017<br>RM'000 |                    |
| Revenue         | 19,896                  | 18,467               | 1,429              |
| Loss Before Tax | (1,316)                 | (3,976)              | 2,660              |

The Group's revenue increased by RM1.43 million or 7.74% from RM18.47 million in the preceding quarter to RM19.90 million for the current quarter under review. The Group has incurred a loss before taxation of RM1.32 million for the current quarter under review as compared to a loss before taxation of RM3.98 million in preceding quarter. This was mainly due to the increase in revenue from both pail and jerry can product. Beside this, in the preceding quarter there was a provision of impairment loss on trade receivable of RM1.30 million and also obsolete stocks written off of RM0.65 million.

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

Unaudited Quarterly report on consolidated results for the 1st Quarter ended 31 March 2018

### **(3) Prospects for Year 2018**

Raw material costs are expected to rise in tandem with higher crude oil prices and volatility of the Malaysian Ringgit. The Group will continue to operate under a challenging and competitive environment. In this respect the Group will continue to focus its efforts to improve production efficiency and increase productivity.

### **(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<br>quarter<br>31/3/2018<br>RM '000 | Preceding year<br>corresponding<br>quarter<br>31/3/2017<br>RM '000 | Current<br>year<br>to date<br>31/3/2018<br>RM '000 | Preceding year<br>corresponding<br>period<br>31/3/2017<br>RM '000 |
| Taxation | (3)  | (3)  | (3)  | (3)   |
|          | <u>(3)</u>                                 | <u>(3)</u>   | <u>(3)</u>   | <u>(3)</u>  |
|          | =====                                      | =====  | =====  | =====   |

The Group's effective tax rate was lower than the statutory tax rate mainly due to the Group unabsorbed tax losses, unutilized capital allowances and reinvestment allowances which are available for set-off against future chargeable income.

### **(6) Status of Corporate Proposals and Utilisation of Proceeds**

Save as disclose below, there were no other corporate proposals announced but not completed as at 25 May 2018, being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report:

On 4 May 2018, the Company proposes to undertake a private placement entails the issuance of up to 10% of the issued shares in the Company. Assuming all the outstanding warrants 2009/2019 is exercised prior to the implementation of the Proposed Private Placement, up to 6,232,195 new Ralco Shares are expected to be issued. The issue price of the Placement Shares will be determined and fixed by the Board at a later date; after all relevant approvals have been obtained for the Proposed Private Placement. The issue price shall not be discount of more than 10% from the 5-day volume weighted average market price of Ralco Shares immediately preceding the price-fixing date. The mechanism to determine the issue price of the placement shares is in accordance with market based principles.

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

Unaudited Quarterly report on consolidated results for the 1st Quarter ended 31 March 2018

Subsequent thereto, the application to Security Commission Malaysia (“SC”) for proposed Private Placement has been submitted on 21 May 2018.

On 24 May 2018, The SC had approved the Proposed Private Placement vide its letter dated on the same day.

Barring any unforeseen circumstances, the Proposed Private Placement is expected to be completed by the second quarter of 2018.

### **(7) Group Borrowings and Debts Securities**

Total Group borrowings as at 31 March 2018 are as follows:

|                              | <b>Current<br/>Quarter<br/>Ended<br/>31.3.2018<br/>RM’000</b> |
|------------------------------|---|
| <b>Short term borrowings</b> |   |
| Secured:                     |   |
| Bill payable                 | 10,279  |
| Hire purchases               | 1,077   |
|                              | <u>11,356</u>   |
| <b>Long term borrowings</b>  |   |
| Secured:                     |   |
| Hire purchases               | 4,110   |
|                              | <u>4,110</u>  |
| <b>Total borrowings</b>      | <u><u>15,466</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.

## RALCO CORPORATION BERHAD – (333101-V)

Unaudited Quarterly report on consolidated results for the 1st Quarter ended 31 March 2018

### 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.

### (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 2018, into realised and unrealised profits/(losses), pursuant to the directive, are as follows:

|                                      | As at 31.3.2018<br>RM'000 | As at 31.3.2017<br>RM'000 |
|--------------------------------------|---------------------------|---------------------------|
| Total retained earnings of the Group |                           |                           |
| Realised                             | (12,706)                  | (5,080)                   |
| Unrealised                           | (1,282)                   | (1,526)                   |
|                                      | <u>(13,988)</u>           | <u>(6,606)</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 the 1st Quarter ended 31 March 2018

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

|   | Current quarter ended<br>31 March |                  | Cumulative quarter ended<br>31 March |                  |
|---|-----------------------------------|------------------|--------------------------------------|------------------|
|   | 2018<br>(RM'000)                  | 2017<br>(RM'000) | 2018<br>(RM'000)                     | 2017<br>(RM'000) |
| Profit for the period is arrived<br>at after crediting/(charging) |                                   |                  |                                      |                  |
| Impairment loss on receivables                                    | -                                 | -                | -                                    | -                |
| Reversal of impairment loss on<br>receivables                     | -                                 | -                | -                                    | -                |
| Gain/(loss) on disposal of property,<br>plant and equipment       | -                                 | -                | -                                    | -                |
| Property, plant & equipment written off                           | -                                 | -                | -                                    | -                |
| Interest income   | 3                                 | 2                | 3                                    | 2                |
| Rental income   | 8                                 | 12               | 8                                    | 12               |
| Realised gain/(loss) on foreign<br>exchange                       | 131                               | 76               | 131                                  | 76               |
| Unrealised gain/(loss) on foreign<br>exchange                     | -                                 | -                | -                                    | -                |
| Gain on disposal of unquoted<br>investment                        | -                                 | -                | -                                    | -                |
| Depreciation  | (841)                             | (894)            | (841)                                | (894)            |
| Amortisation of prepaid lease payments                            | (6)                               | (6)              | (6)                                  | (6)              |
| Interest expense  | (197)                             | (129)            | (197)                                | (129)            |

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

## (12) **Derivative Financial Instruments**

There were no derivative financial instruments as at 31 March 2018.

## (13) **Gains/Losses arising from fair value changes of financial liabilities**

There were no gains or losses arising from fair value changes of the financial liabilities for the current quarter and financial period ended 31 March 2018.