

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For financial year ended 31 March 2019 - unaudited

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 31/3/2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/3/2018 RM'000	CURRENT PERIOD 31/3/2019 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2018 RM'000
Gross revenue	14,550	19,896	14,550	19,896
Cost of sales	(14,851)	(19,251)	(14,851)	(19,251)
Gross profit	(301)	645	(301)	645
Other operating income	250	144	250	144
Selling & Distribution expenses	(480)	(507)	(480)	(507)
Administrative and general expenses	(1,222)	(1,401)	(1,222)	(1,401)
Results from operating activities	(1,753)	(1,119)	(1,753)	(1,119)
Finance costs	(257)	(197)	(257)	(197)
Loss before tax	(2,010)	(1,316)	(2,010)	(1,316)
Tax expense	(3)	(3)	(3)	(3)
Loss after taxation	(2,013)	(1,319)	(2,013)	(1,319)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	(2,013)	(1,319)	(2,013)	(1,319)
Loss after taxation attributable to:				
Equity holders of the parent	(2,013)	(1,319)	(2,013)	(1,319)
Minority interests	-	-	-	-
Loss after taxation	(2,013)	(1,319)	(2,013)	(1,319)
Total comprehensive expenses attributable to :				
Equity holders of the parent	(2,013)	(1,319)	(2,013)	(1,319)
Minority interests	-	-	-	-
Total comprehensive expenses for the period	(2,013)	(1,319)	(2,013)	(1,319)
Basic earnings per share (sen)	(4.36)	(3.14)	(4.36)	(3.14)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

The figures have not been audited.

	AS AT 31/3/2019 UNAUDITED RM'000	AS AT 31/12/2018 AUDITED RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	56,907	56,817
	<u>56,907</u>	<u>56,817</u>
Current Assets		
Inventories	9,839	13,320
Trade and other receivables	14,073	15,180
Others assets	422	422
Tax recoverable	60	57
Cash and bank balances	1,719	1,608
	<u>26,113</u>	<u>30,587</u>
TOTAL ASSETS	<u>83,020</u>	<u>87,404</u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of The Parent		
Share capital	43,576	43,576
Right Issue - warrants	407	407
Revaluation Reserve	21,302	21,302
Unappropriated profit / (loss)	(24,089)	(22,076)
Total Equity	<u>41,196</u>	<u>43,209</u>
Minority Interest	-	-
	<u>41,196</u>	<u>43,209</u>
Non-Current Liabilities		
Hire Purchase	3,896	3,910
Deferred Tax	7,429	7,429
	<u>11,325</u>	<u>11,339</u>
Current Liabilities		
Trade and other payables	20,699	21,710
Bill payable	8,249	9,579
Hire Purchase	1,538	1,558
Amount owing to a Director	1	1
Tax liability	12	8
	<u>30,499</u>	<u>32,856</u>
Total Liabilities	41,824	44,195
TOTAL EQUITY AND LIABILITIES	<u>83,020</u>	<u>87,404</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	<u>0.95</u>	<u>0.99</u>

(The condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2018 and the accompanying explanatory notes attached to the Interim Financial Statements)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

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	Right Issue Warrants RM'000	Revaluation Reserve RM'000	Unappropriated profit RM'000			
At 1 January 2018	41,981	407	-	(12,669)	29,719	-	29,719
Issuance of shares via private placement	1,595	-	-	-	1,595	-	1,595
Net loss for the period	-	-	-	(9,407)	(9,407)	-	(9,407)
Other comprehensive income	-	-	21,302	-	21,302	-	21,302
Total comprehensive income	-	-	-	(9,407)	11,895	-	11,895
At 31 December 2018	43,576	407	21,302	(22,076)	43,209	-	43,209
At 1 January 2019	43,576	407	21,302	(22,076)	43,209	-	43,209
Net loss for the period	-	-	-	(2,013)	(2,013)	-	(2,013)
Other comprehensive income	-	-	-	-	-	-	-
- Revaluation of property, plant & equipment	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	(2,013)	(2,013)	-	(2,013)
At 31 March 2019	43,576	407	21,302	(24,089)	41,196	-	41,196

(The condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2018 and the accompanying explanatory notes attached to the Interim Financial Statements)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

The figures have not been audited.

	CURRENT YEAR ENDED 31/3/2019 RM'000	PRECEDING YEAR ENDED 31/3/2018 RM'000
Loss before tax	(2,010)	(1,316)
Adjustment for:		
Depreciation and amortisation of property, plant and equipment	1,021	847
Gain on disposal of property, plant and equipment	(125)	-
Interest expenses	257	197
Interest income	(3)	(3)
Operating (loss)/profit before changes in working capital	<u>(860)</u>	<u>(275)</u>
Changes in working capital		
Decrease in inventories	3,482	(618)
Decrease in trade & other receivables	1,108	(2,396)
Decrease in trade & other payables	<u>(1,013)</u>	<u>3,623</u>
Cash generated from/(used in) operations	2,717	334
Interest received	3	3
Interest paid	(257)	(197)
Tax refund	36	-
Tax paid	<u>(6)</u>	<u>(11)</u>
Net cash generated from/(used in) operating activities	2,493	129
Cash Flows from Investing Activities:		
Purchase of property, plant & equipment	(1,191)	(613)
Proceed from disposal of PPE	<u>173</u>	<u>-</u>
Net cash used in investing activities	(1,018)	(613)
Cash Flows from Financing Activities:		
Net drawdown/(repayment) of hire purchase instalments	(35)	239
Net change in capital	-	-
Net (repayment)/drawdown from bills payable	<u>(1,329)</u>	<u>(491)</u>
Net cash used in financing activities	(1,364)	(252)
NET CHANGES IN CASH AND CASH EQUIVALENTS	111	(736)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	1,608	1,113
CASH AND CASH EQUIVALENTS CARRIED FORWARD	<u>1,719</u>	<u>377</u>
Represented by:		
FIXED DEPOSIT	-	-
CASH AND BANK BALANCES	<u>1,719</u>	<u>377</u>
	<u>1,719</u>	<u>377</u>

(The condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2018 and the accompanying explanatory notes attached to the Interim Financial Statements)

RALCO CORPORATION BERHAD – (333101-V)

Unaudited Quarterly report on consolidated results for the financial year ended 31 March 2019

A) NOTES TO THE INTERIM FINANCIAL REPORT FOR FINANCIAL YEAR ENDED 31 MARCH 2019: 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 2018. 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 2018.

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 2018, 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 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

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Standards issued but not yet effective

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
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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.

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(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**

3 Months Ended 31.3.2019	Plastic Product RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<u>REVENUE</u>				
External Sales	14,370	180	-	14,550
Inter-segment sales	-	456	(456)	-
Total revenue	<u>14,370</u>	<u>636</u>	<u>(456)</u>	<u>14,550</u>
<u>RESULT</u>				
Segment operating loss	<u>(1,629)</u>	<u>(124)</u>	-	<u>(1,753)</u>
Finance cost	<u>(235)</u>	<u>(22)</u>		<u>(257)</u>
Loss for the financial period				(2,010)
Tax expense				(3)
Net loss for the financial period				<u>(2,013)</u>

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Segmental Reporting (continued)

3 Months Ended 31.03.2018	Plastic Product RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
REVENUE				
External Sales	19,667	229	-	19,896
Inter-segment sales	-	463	(463)	-
Total revenue	19,667	692	(463)	19,896
RESULT				
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)

(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:

**Financial
Year Ended
31.3.2019
RM'000**

Approved and contracted for:

- Acquisition of property, plant and equipment

1,045

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(13) Material Litigation

The Group issued a sealed Writ and Statement of Claim on 7 November 2018 to claim against one of its customers, S & M to recover long overdue principal amount of RM708,989 together with interest as at 31.12.2018.

However, the customer filed a counter-claim on 31 December 2018 for quality of goods delivered and relevant damages suffered.

The quantum of claim and counter-claim are subject to dispute and are to be determined by the court upon examination of witnesses and evidences led through trail. The outcome of the claims between the Group and the customer is uncertain.

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NOTES TO THE INTERIM FINANCIAL REPORTING FOR THE 1st QUARTER ENDED 31 MARCH 2019: EXPLANATORY NOTES IN COMPLIANCE WITH APPENDIX 9B PART A OF THE BMSB LISTING REQUIREMENTS

(1) Performance Review

Performance for the FPE 31 March 2019 versus the corresponding quarter in the FPE 31 March 2018

	Current Quarter				Cumulative Quarter			
	Period Ended 31 March				Year Ended 31 March			
	2019	2018	Var		2019	2018	Var	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	14,550	19,896	(5,346)	(27%)	14,550	19,896	(5,346)	(27%)
(Loss)/Profit								
Before Taxation	(2,010)	(1,316)	(694)	(53%)	(2,010)	(1,316)	(694)	(53%)

The Group's revenue for the current quarter three (3) months ended 31 March 2019 ("1Q2019") reduced by RM5.35 million or 27% compared to the corresponding quarter ended 31 March 2018 ("1Q2018"). The Group has incurred a loss before taxation of RM2.01 million in the current quarter ended 31 March 2019 as compared to a loss before taxation of RM1.32 million in corresponding quarter ended 31 March 2018.

This adverse performance was mainly due to decline in revenue and production output, increase in raw material prices and direct labour costs.

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

	Financial Quarter Ended		Variance	
	31.3.2019	31.12.2018		
	RM'000	RM'000	RM'000	%
Revenue	14,550	16,008	(1,458)	(9%)
Loss Before Tax	(2,010)	(3,977)	1,967	49%

The Group's revenue decreased by RM1.46 million from RM16.01 million in the preceding quarter to RM14.55 million for the current quarter under review. The Group has incurred a loss before taxation of RM2.01 million for the current quarter under review as compared to a loss before taxation of RM3.98 million in preceding quarter. This improvement performance was mainly due to the decline in raw material prices and better control on the direct labour cost.

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(3) Prospects for Year 2019

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:

	Current Quarter		Cumulative Quarter	
	Period Ended 31		Year Ended 31 March	
	March			
	31/3/2019	31/3/2018	31/3/2019	31/3/2018
	RM'000	RM'000	RM'000	RM'000
Taxation	(3)	(3)	(3)	(3)

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

There were no corporate proposals during the period under review.

(7) Group Borrowings and Debts Securities

Total Group borrowings as at 31 March 2019 are as follows:

	Current Quarter Ended 31.3.2019 RM'000
Short term borrowings	
Secured:	
Bill payable	8,249
Hire purchases	1,538
	<u>9,787</u>
Long term borrowings	
Secured:	
Hire purchases	3,896
	<u>3,896</u>
Total borrowings	<u><u>13,683</u></u>

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(8) Dividend

No interim dividend has been proposed in the current financial period.

(9) Earnings Per Share

(a) Basic Earnings Per Share

Basic earnings per share of the Group is calculated by dividing the net profit attributable to shareholders of the Group for the financial period under review over the weighted average number of ordinary shares in issue.

(b) 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 the financial year ended 31 March 2019

(10) Disclosure realised and unrealised profits/(losses)

The breakdown of the retained earnings of the Group as at 31 March 2019, into realised and unrealised profits/(losses), pursuant to the directive, are as follows:

	As at 31.3.2019 RM'000	As at 31.3.2018 RM'000
Total retained earnings of the Group		
- Realised	(22,570)	(12,706)
- Unrealised	(1,519)	(1,282)
	(24,089)	(13,988)

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.

(11) Profit/(Loss) Before Taxation

	Current quarter ended 31 March		Cumulative quarter ended 31 March	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 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	125	-	125	-
Property, plant & equipment written off	-	-	-	-
Inventory written off	-	-	-	-
Interest income	3	3	3	3
Rental income	-	8	-	8
Realised gain/(loss) on foreign exchange	(21)	131	(21)	131
Unrealised gain/(loss) on foreign exchange	-	-	-	-
Gain on disposal of unquoted investment	-	-	-	-
Depreciation	(1,020)	(841)	(1,020)	(841)
Amortisation of prepaid lease payments	-	(6)	-	(6)
Interest expense	(257)	(197)	(257)	(197)

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 2019.

(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 2019.