

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For 12 months ended 31 December 2016 - unaudited

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT PERIOD	PRECEDING YEAR CORRESPONDING PERIOD
	31/12/2016 RM'000	31/12/2015 RM'000	31/12/2016 RM'000	31/12/2015 RM'000
Gross revenue	24,427	24,486	88,099	96,911
Cost of sales	(21,731)	(21,776)	(80,024)	(85,718)
Gross profit	2,696	2,710	8,075	11,193
Other operating income	244	332	316	793
Selling & Distribution expenses	(1,608)	(1,549)	(3,225)	(3,703)
Administrative and general expenses	(2,097)	(1,154)	(6,876)	(5,316)
Results from operating activities	(765)	339	(1,710)	2,967
Finance costs	(136)	(125)	(514)	(548)
(Loss)/Profit before tax	(901)	214	(2,224)	2,419
Tax expense	7	78	(7)	44
(Loss)/Profit for the period	(894)	292	(2,231)	2,463
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	(894)	292	(2,231)	2,463
Attributable to:				
Equity holders of the parent	(894)	292	(2,231)	2,463
Minority interests	-	-	-	-
Profit/(Loss) for the period	(894)	292	(2,231)	2,463
Comprehensive income attributable to :				
Equity holders of the parent	-	-	-	-
Minority interests	-	-	-	-
Total comprehensive income for the period	-	-	-	-
Basic earnings per share (sen)	(2.13)	0.70	(5.31)	5.87

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

The figures have not been audited.

	AS AT 31/12/2016 UNAUDITED RM'000	AS AT 31/12/2015 AUDITED RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	25,710	24,749
Prepaid Lease Payment	3,084	3,109
	<u>28,794</u>	<u>27,858</u>
Current Assets		
Inventories	11,581	13,793
Trade and other receivables	21,410	22,176
Tax recoverable	92	53
Cash and bank balances	3,413	3,266
	<u>36,496</u>	<u>39,288</u>
TOTAL ASSETS	<u>65,290</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)	(6,169)	(3,938)
Total Equity	<u>36,219</u>	<u>38,450</u>
Minority Interest	-	-
	<u>36,219</u>	<u>38,450</u>
Non-Current Liabilities		
Term loan	-	236
Hire Purchase	1,775	1,176
Deferred Tax	1,526	1,526
	<u>3,301</u>	<u>2,938</u>
Current Liabilities		
Trade and other payables	16,478	19,394
Bill payable	8,126	3,395
Hire Purchase	930	1,048
Term loan	236	1,921
	<u>25,770</u>	<u>25,758</u>
Total Liabilities	<u>29,071</u>	<u>28,696</u>
TOTAL EQUITY AND LIABILITIES	<u>65,290</u>	<u>67,146</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	<u>0.86</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)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2016

The figures have not been audited.

	----- Attributable to equity holders of the parent -----					Minority interest	Total equity
	Share capital RM'000	Treasury Share RM'000	Right Issue Warrants RM'000	Inappropriated profit RM'000	Total RM'000	RM'000	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				(2,231)	(2,231)		-2,231
Other comprehensive income					-		-
Loss on disposal of treasury shares					-		-
Total comprehensive income	-	-	-	(2,231)	(2,231)	-	-2,231
At 31 December 2016	41,981	0	407	(6,169)	36,219	-	36,219

(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 DECEMBER 2016

The figures have not been audited.

	CURRENT YEAR TO DATE 31/12/2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2015 RM'000
(Loss)/Profit before tax	(2,224)	2,419
Adjustment for:		
Depreciation and amortisation of property, plant and equipment	3,572	3,546
Impairment loss on trade receivables no longer required	-	(17)
Impairment loss on trade receivables	386	-
Gain on disposal of property, plant and equipment	-	(131)
Interest expenses	514	548
Interest income	(12)	(4)
Unrealised gain on foreign exchange	-	(54)
Operating profit before changes in working capital	2,236	6,307
Changes in working capital		
Decrease/(Increase) in inventories	2,212	(4,853)
Decrease/(Increase) in trade & other receivables	380	(716)
(Decrease)/Increase in trade & other payables	(2,916)	3,530
Cash generated from operations	1,912	4,268
Interest received	12	4
Interest paid	(514)	(548)
Tax paid	(46)	(70)
Net cash generated from operating activities	1,364	3,654
Cash Flows from Investing Activities:		
Purchase of property, plant & equipment	(4,508)	(1,414)
Proceed from disposal of PPE	-	131
Net cash used in investing activities	(4,508)	(1,283)
Cash Flows from Financing Activities:		
Net drawdown/(repayment) of hire purchase instalments	481	(1,022)
Net repayment of receivable finance	-	(613)
Net drawdown/(repayment) from bills payable	4,731	(166)
Net repayment of term loan	(1,921)	(1,774)
Net cash generated from/(used in) financing activities	3,291	(3,575)
NET CHANGES IN CASH AND CASH EQUIVALENTS	147	(1,204)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	3,266	4,470
CASH AND CASH EQUIVALENTS CARRIED FORWARD	3,413	3,266
Represented by:		
FIXED DEPOSIT	-	-
CASH AND BANK BALANCES	3,413	3,266
	3,413	3,266

(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 4th Quarter ended 31 December 2016

A) Notes to the Interim Financial Report For the 4th Quarter ended 31 December 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 FRSS, 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
Amendments to MFRS 12	Disclosure of Interests in Other Entities

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-based 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

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.

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(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
12 Months Ended 31/12/2016				
REVENUE				
External Sales	84,289	3,810	-	88,099
Inter-segment sales	1,531	1,825	(3,356)	-
Total revenue	85,820	5,635	(3,356)	88,099
RESULT				
Segment operating loss	(1,015)	(695)	-	(1,710)
Finance cost	(514)	-	-	(514)
Loss for the financial period				(2,214)
Tax expense				-
Net loss for the financial period				(2,224)
12 Months Ended 31/12/2015				
REVENUE				
External Sales	94,972	1,939	-	96,911
Inter-segment sales	3,874	1,825	(5,699)	-
Total revenue	98,846	3,764	(5,699)	96,911
RESULT				
Segment operating profit/(loss)	3,161	(194)	-	2,967
Finance cost	(548)	-	-	(548)
Profit for the financial period				2,419
Tax expense				44
Net profit for the financial period				2,463

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(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
31.12.2016
RM'000**

Approved and contracted for:

- Acquisition of property, plant and equipment

1,701

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Notes to the interim Financial Reporting for the 4th Quarter ended 31 December 2016: Explanatory Notes in compliance with Appendix 9B Part A of the BMSB Listing Requirements

(1) Performance Review

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

	Current Quarter		Cumulative Quarter	
	Period Ended 31 December		Year Ended 31 December	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Revenue	24,427	24,486	88,099	96,911
(Loss)/Profit Before Taxation	(901)	214	(2,224)	2,419

The Group's revenue for the current quarter three (3) months ended 31 December 2016 ("4Q2016") decreased by RM0.06 million or 0.24% compared to the corresponding quarter ended 31 December 2015 ("4Q2015"). For twelve month financial period ended (FPE) 31 December 2016, the Group's revenue was decrease by RM8.81 million or 9.09% compare to FPE 31 December 2015. The decrease in revenue is mainly due to the lower demand for Jerrycan products from existing customers particularly from the palm oil refinery sector as well as intense price competition from competitors.

The Group has incurred a loss before taxation of RM0.90 million in the current quarter ended 31 December 2016 as compared to a profit before taxation of RM0.21 million in corresponding quarter ended 31 December 2015. For twelve month FPE 31 December 2016, the Group has incurred a loss before taxation of RM2.22 million as compared to a profit before taxation of RM2.42 million in the corresponding FPE 31 December 2015. This adverse performance was mainly due to the decline in sales, provision of impairment loss on trade receivables of RM0.39 million, higher raw material costs and increase in operating costs such as increased in minimum wages policy impose by government with effect from 1 July 2016.

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

	Financial Quarter Ended		Variance
	31.12.2016	30.9.2016	
	RM'000	RM'000	RM'000
Revenue	24,427	20,829	3,598
Loss Before Tax	(901)	(1,379)	478

The Group's revenue increased by RM3.60 million or 17.27% from RM20.83 million in the preceding quarter to RM24.43 million for the current quarter under review. This improved performance was mainly due to increase in demand from existing and new customers.

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The Group has incurred a loss before taxation of RM0.90 million for the current quarter under review as compared to loss before taxation of RM1.38 million in the preceding quarter. This improved performance was mainly due to the increase in revenue compared to preceding quarter. However, higher raw material costs and the Group provision impairment loss on trade receivables of RM0.39 million affected the result in current quarter under review.

(3) Prospects for Year 2017

Against the backdrop of rising labour and raw material costs (in particular the rising crude oil prices), the impact of the GST as well as the 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 our efforts to improving production efficiency, increase productivity and accelerating costs control measures.

Going forward, the Group will be concentrating its efforts in developing and expanding both the local and international market. In addition, the Group will also be working closely with both existing and new customers to expand our product range and to diversify into higher value added products which can generate better margins

(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 31/12/2016 RM '000	Preceding year corresponding quarter 31/12/2015 RM '000	Current year to date 31/12/2016 RM '000	Preceding year corresponding period 31/12/2015 RM '000
Taxation	7	78	(7)	44
	<u>7</u>	<u>78</u>	<u>(7)</u>	<u>44</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

There were no corporate proposals during the period under review.

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(7) Group Borrowings and Debts Securities

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

	Current Quarter Ended 31.12.2016 RM'000
Short term borrowings	
Secured:	
Bill payable	8,126
Hire purchases	930
Term loan	236
	<hr/> 9,292 <hr/>
Long term borrowings	
Secured:	
Hire purchases	1,775
Term loan	-
	<hr/> 1,775 <hr/>
Total borrowings	<hr/> 11,067 <hr/>

(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)

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

	As at 31.12.2016 RM'000	As at 31.12.2015 RM'000
Total retained earnings of the Group		
- Realised	(4,643)	(2,337)
- Unrealised	(1,526)	(1,601)
	<u>(6,169)</u>	<u>(3,938)</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.

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(11) Profit/(Loss) Before Taxation

	Current Year Qtr 01/10/16- 31/12/16 (RM'000)	Current Year Qtr 01/10/15- 31/12/15 (RM'000)	Current Year Cumm 01/01/16- 31/12/16 (RM'000)	Current Year Cumm 01/01/15- 31/12/15 (RM'000)
Profit for the period is arrived at after crediting/(charging)				
Impairment loss on receivables	-	-	-	-
Reversal of impairment loss on receivables	-	17	-	17
Gain/(loss) on disposal of property, plant and equipment	-	114	-	131
Property, plant & equipment written off	-	-	-	-
Interest income	6	1	12	4
Rental income	3	-	11	23
Realised gain/(loss) on foreign exchange	115	140	173	558
Unrealised gain/(loss) on foreign exchange	-	127	-	127
Gain on disposal of unquoted investment	-	-	-	-
Depreciation	(895)	(872)	(3,547)	(3,487)
Amortisation of prepaid lease payments	(6)	(6)	(25)	(25)
Interest expense	(136)	(125)	(514)	(548)

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