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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For 9 months ended 30 September 2016 - unaudited

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT PERIOD	PRECEDING YEAR CORRESPONDING PERIOD
	30/9/2016 RM'000	30/9/2015 RM'000	30/9/2016 RM'000	30/9/2015 RM'000
Gross revenue	20,829	25,043	63,672	72,425
Cost of sales	(19,659)	(22,220)	(58,293)	(63,942)
Gross profit	1,170	2,823	5,379	8,483
Other operating income	(31)	217	72	461
Selling & Distribution expenses	(617)	(652)	(1,617)	(2,154)
Administrative and general expenses	(1,765)	(1,535)	(4,779)	(4,162)
Results from operating activities	(1,243)	853	(945)	2,628
Finance costs	(136)	(132)	(378)	(423)
(Loss)/Profit before tax	(1,379)	721	(1,323)	2,205
Tax expense	(5)	(7)	(14)	(34)
(Loss)/Profit for the period	(1,384)	714	(1,337)	2,171
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	(1,384)	714	(1,337)	2,171
Attributable to:				
Equity holders of the parent	(1,384)	714	(1,337)	2,171
Minority interests	-	-	-	
Profit/(Loss) for the period	(1,384)	714	(1,337)	2,171
Comprehensive income attributable to :				
Equity holders of the parent	-	-	-	-
Minority interests	-	-	-	-
Total comprehensive income for the period	-	-	-	-
Basic earnings per share (sen)	(3.30)	1.70	(3.18)	5.17

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016
The figures have not been audited.

	AS AT 30/9/2016 UNAUDITED RM'000	AS AT 31/12/2015 AUDITED RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	24,607	24,749
Prepaid Lease Payment	3,091	3,109
	27,698	27,858
Current Assets		
Inventories	12,589	13,793
Trade and other receivables	21,894	22,176
Tax recoverable	78	53
Cash and bank balances	2,419	3,266
	36,980	39,288
TOTAL ASSETS	64,678	67,146
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)	(5,275)	(3,938)
Total Equity	37,113	38,450
Minority Interest	-	-
	37,113	38,450
Non-Current Liabilities		
Term loan	-	236
Hire Purchase	1,238	1,176
Deferred Tax	1,526	1,526
	2,764	2,938
Current Liabilities		
Trade and other payables	14,750	19,394
Bill payable	8,390	3,395
Hire Purchase	930	1,048
Term loan	731	1,921
	24,801	25,758
Total Liabilities	27,565	28,696
TOTAL EQUITY AND LIABILITIES	64,678	67,146
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.88	0.92

(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 STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2016
The figures have not been audited.

	CURRENT YEAR TO DATE 30/9/2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/9/2015 RM'000
(Loss)/Profit before tax	(1,323)	2,205
Adjustment for:		
Depreciation and amortisation of property, plant and equipment	2,671	2,634
Gain on disposal of property, plant and equipment	-	(17)
Interest expenses	378	423
Interest income	(6)	(3)
Operating profit before changes in working capital	1,720	5,242
Changes in working capital		
Decrease/(Increase) in inventories	1,204	(3,228)
Decrease/(Increase) in trade & other receivables	282	(976)
(Decrease)/Increase in trade & other payables	(4,644)	603
Cash used in operations	(1,438)	1,641
Interest received	6	3
Interest paid	(378)	(423)
Tax paid	(39)	(86)
Net cash used in operating activities	(1,849)	1,135
Cash Flows from Investing Activities:		
Purchase of property, plant & equipment	(2,511)	(1,512)
Proceed from disposal of PPE	-	34
Net cash used in investing activities	(2,511)	(1,478)
Cash Flows from Financing Activities:		
Net repayment of hire purchase instalments	(56)	(178)
Net repayment of receivable finance	-	(613)
Net drawdown from bills payable	4,995	623
Net repayment of term loan	(1,426)	(1,317)
Net cash generated from/(used in) financing activities	3,513	(1,485)
NET CHANGES IN CASH AND CASH EQUIVALENTS	(847)	(1,828)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	3,266	4,470
CASH AND CASH EQUIVALENTS CARRIED FORWARD	2,419	2,642
Represented by:		
FIXED DEPOSIT	-	-
CASH AND BANK BALANCES	2,419	2,642
	2,419	2,642

(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)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2016
The figures have not been audited.

	------- Attributable to equity holders of the parent ------						
	Share capital RM'000	Treasury Share RM'000	Right Issue Warrants RM'000	Inappropriated profit RM'000	Total RM'000	Minority interest RM'000	Total equity 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				**-1,337**	**-1,337**		**-1,337**
Other comprehensive income					-		-
Loss on disposal of treasury shares					-		-
Total comprehensive income	**-**	**-**	**-**	**-1,337**	**-1,337**	**-**	**-1,337**
At 30 September 2016	**41,981**	**0**	**407**	**(5,275)**	**37,113**	**-**	**37,113**

(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)

RALCO CORPORATION BERHAD – (333101-V)

Unaudited Quarterly report on consolidated results for the 3rd Quarter ended 30 September 2016

A) Notes to the Interim Financial Report For the 3rd Quarter ended 30 September 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

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
Amendments to MFRS 2	Classification and Measurement of Share-base Payment Transactions

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

MFRS 16	Leases

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.

(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
9 Months Ended 30/9/2016				
REVENUE				
External Sales	61,018	2,654	-	63,672
Inter-segment sales	1,184	1,369	(2,553)	-
Total revenue	62,202	4,023	(2,553)	63,672
RESULT				
Segment operating loss	(283)	(662)	-	(945)
Finance cost	(378)	-		(378)
Loss for the financial period				(1,323)
Tax expense				(14)
Net loss for the financial period				(1,337)
9 Months Ended 30/9/2015				
REVENUE				
External Sales	70,955	1,470	-	72,425
Inter-segment sales	3,516	1,369	(4,885)	-
Total revenue	74,471	2,839	(4,885)	72,425
RESULT				
Segment operating profit/(loss)	2,838	(210)	-	2,628
Finance cost	(423)	-	-	(423)
Profit for the financial period				2,205
Tax expense				(34)
Net profit for the financial period				2,171

(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 30.9.2016 RM'000
Approved and contracted for:	
- Acquisition of property, plant and equipment	2,445

Notes to the interim Financial Reporting for the 3rd Quarter ended 30 September 2016: Explanatory Notes in compliance with Appendix 9B Part A of the BMSB Listing Requirements

(1) **Performance Review**

Performance for the FPE 30 September 2016 versus the corresponding quarter in the FPE 30 September 2015

	Current Quarter Period Ended 30 September		Cumulative Quarter Year Ended 30 September	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Revenue	20,829	25,043	63,672	72,425
(Loss)/Profit Before Taxation	(1,379)	721	(1,323)	2,205

The Group's revenue for the current quarter three (3) months ended 30 September 2016 ("3Q2016") decreased by RM4.21 million or 16.83% compared to the corresponding quarter ended 30 September 2015 ("3Q2015"). For nine month financial period ended (FPE) 30 September 2016, the Group's revenue was decrease by RM8.75 million or 12.09% compare to FPE 30 September 2015. This adverse performance mainly due to the lower demand for Jerrycan product from existing customer particularly from palm oil refinery sector. Beside this, intense competition from competitors such as offering low selling price is continuing affects our revenue. Nevertheless, there is just a minor decrease in the demand for pail product.

The Group has incurred a loss before taxation of RM1.38 million in the current quarter ended 30 September 2016 as compared to a profit before taxation of RM0.72 million in corresponding quarter ended 30 September 2015. For nine month FPE 30 September 2016, the Group has incurred a loss before taxation of RM1.32 million as compared to a profit before taxation of RM2.21 million in the corresponding FPE 30 September 2015. This adverse performance was mainly due to the decline in sales and higher operating costs driven by minimum wages increased from 1 July 2016.

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

	Financial Quarter Ended		Variance
	30.9.2016 RM'000	**30.6.2016 RM'000**	**RM'000**
Revenue	20,829	21,882	(1,053)
(Loss)/Profit Before Tax	(1,379)	17	(1,396)

The Group's revenue decreased by RM1.05 million or 4.81% from RM21.88 million in the preceding quarter to RM20.83 million for the current quarter under review. The decrease in revenue was mainly due to the decline in market demand for Pail product as compared to preceding quarter.

The Group has incurred loss before taxation of RM1.38 million for the current quarter under review as compared to a marginal profit before taxation of RM17,000 in the preceding quarter. This adverse performance was mainly due to the decline in revenue and also higher labour cost incurred due to the government policy of increase minimum wages began in July 2016.

(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. This in turn may assert a downward pressure on the Group's revenues and margins. Nonetheless, the Group is constantly undertaking continuous enhancements in production efficiencies, overhead and production cost management. In additional, the Group intends to diversify its product offering which is expected to generate better sales and profitability.

(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 30/9/2016 RM '000	Preceding year corresponding quarter 30/9/2015 RM '000	Current year to date 30/9/2016 RM '000	Preceding year corresponding period 30/9/2015 RM '000
Taxation	(5)	(7)	(14)	(34)
	(5)	(7)	(14)	(34)

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.

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

Total Group borrowings as at 30 September 2016 are as follows:

	Current Quarter Ended 30.9.2016 RM'000
Short term borrowings	
Secured:	
Bill payable	8,390
Hire purchases	930
Term loan	731
	10,051
Long term borrowings	
Secured:	
Hire purchases	1,238
Term loan	-
	1,238
Total borrowings	**11,289**

(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.

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

	As at 30.9.2016 RM'000	As at 30.9.2015 RM'000
Total retained earnings of the Group		
- Realised	(3,749)	(2,629)
- Unrealised	(1,526)	(1,601)
	(5,275)	(4,230)

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 3rd Quarter ended 30 September 2016

(11) Profit/(Loss) Before Taxation

	Current Year Qtr 01/07/16-30/09/16 (RM'000)	Current Year Qtr 01/07/15-30/09/15 (RM'000)	Current Year Cumm 01/01/16-30/09/16 (RM'000)	Current Year Cumm 01/01/15-30/09/15 (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	-	7	-	17
Property, plant & equipment written off	-	-	-	-
Interest income	4	1	6	3
Rental income	8	-	8	23
Realised gain/(loss) on foreign exchange	(43)	209	58	418
Unrealised gain/(loss) on foreign exchange	-	-	-	-
Gain on disposal of unquoted investment	-	-	-	-
Depreciation	(910)	(882)	(2,652)	(2,615)
Amortisation of prepaid lease payments	(7)	(7)	(19)	(19)
Interest expense	(136)	(132)	(378)	(423)

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