



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

The figures have not been audited.

	CURRENT QUARTER ENDED 30-Sep-21 RM'000	PRECEDING YEAR CORRESPONDING QUARTER ENDED 30-Sep-20 RM'000	CURRENT YEAR TO DATE ENDED 30-Sep-21 RM'000	PRECEDING YEAR TO DATE ENDED 30-Sep-20 RM'000
Turnover	11,238	14,679	39,959	37,547
Cost of sales	(9,729)	(11,640)	(34,431)	(33,507)
Gross profit	1,509	3,039	5,528	4,040
Other operating income	264	252	1,192	557
Selling & Distribution expenses	(353)	(444)	(1,173)	(1,114)
Administrative and general expenses	(1,247)	(1,043)	(3,814)	(3,307)
Results from operating activities	173	1,804	1,733	176
Finance costs	(214)	(229)	(678)	(766)
(Loss) / Profit before tax	(41)	1,575	1,055	(590)
Tax expense	(55)	-	(95)	(4)
(Loss) / Profit after taxation	(96)	1,575	960	(594)
Other comprehensive (Expense) / Income	-	-	-	-
Total comprehensive (Expense) / Income	(96)	1,575	960	(594)
(Loss) / Profit attributable to:				
Equity holders of the parent	(96)	1,575	960	(594)
Minority interests	-	-	-	-
	(96)	1,575	960	(594)
Total comprehensive (Expense) / Income attributable to :				
Equity holders of the parent	(96)	1,575	960	(594)
Minority interests	-	-	-	-
Total comprehensive (Expense) / Income	(96)	1,575	960	(594)
Basic (loss) /earnings per share (sen)	(0.19)	3.41	1.89	(1.29)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2020 and the accompanying explanatory notes attached to the Interim Financial Statement.



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

The figures have not been audited.

	As At 30 September 2021 (Unaudited) RM'000	As At 31 December 2020 (Audited) RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	13,216	13,521
Right-of-use assets	39,261	39,443
	<u>52,477</u>	<u>52,964</u>
Current Assets		
Inventories	9,873	9,449
Trade and other receivables	10,447	13,195
Others assets	2,820	1,565
Cash and bank balances	2,009	3,693
	<u>25,149</u>	<u>27,902</u>
TOTAL ASSETS	<u>77,626</u>	<u>80,866</u>
EQUITY AND LIABILITIES		
Share capital	44,962	44,962
Revaluation Reserve	20,288	20,288
Accumulated losses	(22,247)	(23,207)
Total Equity	<u>43,003</u>	<u>42,043</u>
Non-Current Liabilities		
Amount Owing To Related Parties	12,809	12,410
Hire Purchase	948	1,477
Deferred Tax	5,840	5,840
	<u>19,597</u>	<u>19,727</u>
Current Liabilities		
Trade and other payables	7,721	9,441
Bill payable	2,836	3,200
Hire Purchase	563	1,322
Amount Owing To Related Parties	3,750	5,050
Tax liability	156	83
	<u>15,026</u>	<u>19,096</u>
Total Liabilities	<u>34,623</u>	<u>38,823</u>
TOTAL EQUITY AND LIABILITIES	<u>77,626</u>	<u>80,866</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	<u>0.85</u>	<u>0.83</u>

The condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2020 and the accompanying explanatory notes attached to the Interim Financial Statements



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2021

The figures have not been audited.

	← Attributable to equity holders of the parent →			
	Share capital RM'000	Revaluation Reserve RM'000	Accumulated Losses RM'000	Total Equity RM'000
At 1 January 2020	43,576	20,795	(23,846)	40,525
Issuance of Shares	1,386	-	-	1,386
Realisation of revaluation reserve	-	(507)	507	-
Net profit for the year	-	-	132	132
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	132	132
At 31 December 2020	44,962	20,288	(23,207)	42,043
Balance as at 31.12.2020, as previously reported	44,962	20,288	(23,207)	42,043
Net profit for the period	-	-	960	960
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	960	960
At 30 September 2021	44,962	20,288	(22,247)	43,003

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2020 and the accompanying explanatory notes attached to the Interim Financial Statement.



CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

The figures have not been audited.

	CURRENT PERIOD ENDED 30-Sep-21 (Unaudited) RM'000	PRECEDING YEAR ENDED 31-Dec-20 (Audited) RM'000
Profit before tax	1,055	475
Adjustments for:		
Depreciation of property, plant and equipment	777	1,098
Depreciation of right-of-use assets	982	1,323
Impairment loss on receivables	67	20
Gain on disposal of property, plant and equipment	(42)	-
Interest expenses	678	1,014
Interest income	(194)	(15)
Inventories reversed	-	(271)
Impairment loss on receivables no longer required	(648)	-
Unrealised loss on foreign exchange	-	16
Operating profit before changes in working capital	2,675	3,660
Changes in working capital		
(Increase)/Decrease in inventories	(424)	1,411
Decrease/(Increase) in trade & other receivables	3,329	(2,161)
Increase in others assets	(1,255)	(277)
(Decrease)/Increase in amount owing to related parties	(901)	4,800
Decrease in trade & other payables	(1,720)	(2,611)
Cash generated from operations	1,704	4,822
Interest received	194	15
Interest paid	(678)	(1,014)
Tax refund	-	21
Tax paid	(22)	(83)
Net cash generated from operating activities	1,198	3,761
Cash Flows from Investing Activities:		
Purchase of property, plant & equipment	(1,274)	(655)
Proceed from disposal of PPE	44	-
Net cash used in investing activities	(1,230)	(655)
Cash Flows from Financing Activities:		
Net repayment of hire purchase instalments	(1,288)	(1,651)
Proceeds from issuance of ordinary shares	-	1,385
Net repayment of bills payable	(364)	(1,095)
Payment of lease liabilities	-	(144)
Net cash used in financing activities	(1,652)	(1,505)
NET CHANGES IN CASH AND CASH EQUIVALENTS	(1,684)	1,601
Effect of foreign exchange differences	-	36
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	3,693	2,056
CASH AND CASH EQUIVALENTS CARRIED FORWARD	2,009	3,693
Represented by:		
CASH AND BANK BALANCES	2,009	3,693
	2,009	3,693

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2020 and the accompanying explanatory notes attached to the Interim Financial Statements



RALCO CORPORATION BERHAD [199501003907 (333101-V)]
NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2021

A) EXPLANATORY NOTES IN COMPLIANCE TO MFRS 134 ON INTERIM FINANCIAL REPORTING

(1) Basis of Preparation

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 2020. 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 2020.

(2) Summary of significant accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2020, except for the adoption of the following new and revised Malaysian Financial Reporting Standards (“MFRS”), amendments to MFRSs and Issue Committee Interpretations (“IC Interpretations”):

a.) New and revised MFRSs, Amendments to MFRSs and IC Interpretations adopted during the financial year.

Title	Effective Date
<i>Interest Rate Benchmark Reform – Phase 2</i> (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
Amendments to MFRS 16 Covid-19 Related Rent Concessions beyond 30 June 2021	1 April 2021

The adoption of the abovementioned new and revised MFRSs, IC Interpretations and Amendments have no significant impact to the Group’s consolidated financial statements of the current financial period under review or the comparative consolidated financial statements of the prior financial year.

b.) New and revised MFRSs, Amendments to MFRSs and IC Interpretations to be effective after 1 January 2022.

Title	Effective Date
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
<i>Disclosure of Accounting Policies</i> (Amendments to MFRS 101 Presentation of Financial Statements)	1 January 2023
<i>Definition of Accounting Estimates</i> (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group intends to adopt the above MFRSs when they become effective.

RALCO CORPORATION BERHAD [199501003907 (333101-V)]
NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2021

(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 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

9 Months Ended 30.09.2021	Plastic Product RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<u>REVENUE</u>				
External Sales	39,746	213	-	39,959
Inter-segment sales	-	1,639	(1,639)	-
Total revenue	39,746	1,852	(1,639)	39,959
<u>RESULT</u>				
Segment operating profit	1,653	80	-	1,733
Finance cost	(632)	(46)	-	(678)
Profit for the financial period	1,021	34	-	1,055
Tax expense				(95)
Net profit for the financial period				960

9 Months Ended 30.09.2020	Plastic Product RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<u>REVENUE</u>				
External Sales	37,330	217	-	37,547
Inter-segment sales	-	1,244	(1,244)	-
Total revenue	37,330	1,461	(1,244)	37,547
<u>RESULT</u>				
Segment operating loss	289	(112)	-	177
Finance cost	(700)	(66)	-	(766)
Loss for the financial period	(411)	(178)	-	(589)
Tax expense				(4)
Net loss for the financial period				(593)

(9) Valuation of Property, Plant and Equipment

There was no revaluation of property, plant and equipment during the current financial quarter.

(10) Material Subsequent Events

There were no material events arose subsequent from the end of the current financial quarter up to the date of this interim financial report.

(11) Changes in Composition of the Group

There were no changes the composition of the Group during the financial period under review.

(12) Capital Commitment

The group did not have any material commitment for contracted capital expenditure which might have a material impact to the financial position of the Group except as disclosed below:

	As At 30 September 2021 RM'000	As At 31 December 2021 RM'000
Capital Expenditure		
Approved and contracted for : Plant and Equipment	1,679	495
Approved and not contracted for : Plant and Equipment	1,946	5,317

(13) Contingent Liabilities or Contingent Assets

There were no significant contingent liabilities or contingent assets for the Group at the end of current financial period.

(14) Significant Related Party Disclosure

The significant related party transactions undertaken during the financial period were as below:

	As at 30 September 2021 RM'000	As at 31 December 2020 RM'000
(Repayment)/Advances from companies in which a director has interest	(901)	4,250

(15) Material Litigation

- Ralco's wholly-owned subsidiary, Ralco Respack Polybag Sdn Bhd (RRPSB) had filed the writ of summons against Respack Manufacturing Sdn Bhd (RMSB) at the Shah Alam High Court on 21 February 2020 to recover long overdue amount of RM1,541,795.35 from RMSB which included the interests at the rate of 1.5% per month until 31 Jan 2020 and interest at the rate of 5% per annum on the amount claimed from the filing date of the writ of summons until the date of full settlement with costs.

On 14 May 2020 the High Court gave a new date for Case Management on 19 June 2020 and RMSB shall file the reply to the Court within two weeks after the end of the Conditional Movement Control Order (CMCO), i.e. on or before 23 June 2020.

On 23 June 2020 the Court has directed RMSB to file the Statement of Defence on or before 26 June 2020 and RRPSB to file the Statement of Reply to the RMSB on or before 10 July 2020. The next Case Management was postponed to 13 July 2020.

On 13 July 2020 RRPSB has requested for extension of time to file the Statement of Reply on 17 July 2020 and the Case Management was fixed on 23 July 2020.

The Court has further directed RRPSB to file the Statement of Reply on or before 21 August 2020 and the Case Management has been fixed on 24 August 2020.

On 4 September 2020 RRPSB has file the reply and Defence to the Counterclaim as directed by the Court.

RMSB has filed an application for leave to file rejoiner and reply to RRPSB's reply and Defence to Counterclaim pursuant to Order 18 rule 4 Rules of Court 2012. The Court has directed that the Defendant's Application's (Enclosure 11) supporting the affidavit is to be filed on or before 24 September 2020 and the hearing for the application was fixed on 29 September 2020 through e-review.

Further Case Management for the main suit was fixed on 15 October 2020 for pre-trial directions.

The Court has directed Parties to file and exchange the witness statement of all witnesses on or before 25 Apr 2022. Trial date has been fixed on 17 May 2022 and the hearing will be by way of zoom.

B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENT

(1) Performance Review

Performance for the financial period ended 30 September 2021 as compared with the financial period ended 30 September 2020

	Individual Quarter Ended 30 September				Cumulative Quarter Ended 30 September			
	2021 RM'000	2020 RM'000	2020 RM'000	Var %	2021 RM'000	2020 RM'000	2020 RM'000	Var %
Revenue	11,238	14,679	(3,441)	-23%	39,959	37,547	2,412	6%
(Loss)/Profit Before Taxation	(41)	1,575	(1,616)	>100%	1,055	(590)	1,645	>100%

Current 3rd Quarter 2021 Vs Previous 3rd Quarter 2020

The Group's Revenue for the 3rd Quarter ended 30 September 2021 decreased by RM3.4 million or 23% as compared to the preceding period corresponding 3rd quarter ended 30 September 2020. The decrease in Revenue was mainly due to lower demand of both injection and blowing moulding products during the current period ended 30 September 2021. The performance of the Group was impacted by Enhanced Movement Control Order ("EMCO") that caused temporary shutdown of certain customers' plants in the current quarter.

With the decrease in Revenue and coupled with higher cost of production, the Group recorded a Loss Before Taxation of RM41,000 in the current quarter as compared to a Profit Before Taxation of RM1.58 million in the preceding period corresponding 3rd Quarter.

Current Year-To-Date 2021 Vs. Previous Year-Date 2020

The Group's Revenue for the current financial period ended 30 September 2021 increased by RM2.41 million or 6% compared to the previous corresponding financial period ended 30 September 2020. The increase in Revenue was mainly due to higher demand of both injection and blowing moulding products for the current financial period ended 30 September 2021. The Group registered a Profit Before Tax of RM1.06 million for the current financial period ended 30 September 2021 as compared to Loss Before Taxation of RM0.59 million in previous corresponding period ended 30 September 2020. The improvement of the Group's performance were mainly attributed to the increase in Turnover and the reversal of provision for doubtful debts amounted RM0.65 million.

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

	Individual Quarter		Variance	
	30/09/2021 RM'000	30/06/2021 RM'000	RM'000	%
Revenue	11,238	12,630	(1,392)	(11%)
(Loss)/Profit Before Tax	(41)	786	(827)	(>100%)

The Group's Revenue for the current 3rd Quarter ended 30 September 2021 decreased by RM1.39 million or 11% as compared to the preceding 2nd Quarter ended 30 June 2021. The decrease in revenue was mainly due to lower demand of both injection and blowing moulding products. The performance of the Group was impacted by EMCO that caused temporary shutdown of certain customers' plants. The Group recorded a Loss Before Tax of RM0.04 million in the Current 3rd Quarter as compared to a Profit Before Taxation of RM0.79 million for the preceding 2nd Quarter ended 30 June 2021. This was mainly attributed to the reversal of provision for doubtful debts of RM0.65 million in the preceding 2nd Quarter ended 30 June 2021.

(3) Prospects and outlook

The raw material cost is fluctuating on the global market demand and the volatility of foreign currency exchange rates. The raw material price has been increasing since the middle of last financial year. The Group will continue to operate under a challenging and competitive environment. In this respect, the Group will continue to focus its efforts on controlling operational costs, improving production efficiencies and promoting sales effectively.

(4) Variance from profit forecast

No profit forecast was issued during the financial period under review.

(5) Trade Receivables

The credit terms of trade receivables ranged from 0 to 90 days. The aging analysis of trade receivables as at the reporting period was as follows:

	As at 30 Sept 2021 RM'000	As at 31 Dec 2020 RM'000
Not past due	3,997	8,217
Past due 1 - 30 days	3,792	3,592
Past due 31 - 90 days	922	603
Past due more than 90 days	2,173	2,251
	<u>10,884</u>	<u>14,663</u>
Less : Loss allowance	(1,401)	(2,049)
Add : Other receivables	964	580
Total	<u>10,447</u>	<u>13,194</u>

Trade receivables which are past due as listed above, are not impaired as the Management has assessed these balances and believes that they are recoverable.

(6) Taxation

Tax comprises:

	Individual Quarter		Cumulative Quarter	
	30/09/2021 RM'000	30/09/2020 RM'000	30/09/2021 RM'000	30/09/2020 RM'000
Taxation	(55)	-	(95)	(4)
Deferred Tax	-	-	-	-
	<u>(55)</u>	<u>-</u>	<u>(95)</u>	<u>(4)</u>

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

(7) Status of Corporate Proposals and Utilisation of Proceeds

The utilization of Private Placement proceeds that completed on 19 November 2020 were as follows:

Purpose	Proposed Utilisation RM'000	Actual Utilisation up to date of Announcement RM'000	Amount Unutilised RM'000
Purchase of Machineries and Toolings	1,285	1,285	-
Estimated Expenses	100	100	-
Total	1,385	1,385	-

(8) Group Borrowings and Debts Securities

Total Group borrowings as at 30 September 2021 are as follows:

	As At 30/09/2021 RM'000	As At 31/12/2020 RM'000
Short term borrowings		
Secured:		
Bill payable	2,836	3,200
Hire purchase and lease liabilities	563	1,322
	<u>3,399</u>	<u>4,522</u>
Long term borrowings		
Secured:		
Hire purchase and lease liabilities	948	1,477
	<u>948</u>	<u>1,477</u>
Total borrowings	<u>4,347</u>	<u>5,999</u>

(9) Dividend

No interim dividend has been proposed by the Board of Director in the current financial period.

(10) Earnings Per Share

(a) Basic (Loss)/Earnings Per Share

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

	Current Quarter Ended 30 September		Cumulative Quarter Ended 30 September	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
(Loss)/Profit net of tax attributable to Equity Holders of the Parent	(96)	1,575	960	(594)
Weighted average number of Ordinary Shares in issue ('000)	50,797	46,179	50,797	46,179
Basic (loss)/earnings per share (Sen)	(0.19)	3.41	1.89	(1.29)

(b) Diluted Earnings Per Share

The Group has no potential ordinary shares in issue as at the Balance Sheet date and therefore, diluted earnings per share have not been computed.

(11) Profit/(Loss) Before Taxation

	Current Quarter Ended 30 September		Cumulative Quarter Ended 30 September	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit/(Loss) for the period is arrived at after crediting/(charging):				
Amortisation and Depreciation	(594)	(605)	(1,759)	(1,836)
Impairment loss on receivables	-	-	67	-
Impairment loss on receivables no longer required	-	-	648	-
Interest income	12	8	194	10
Rental income	116	122	204	366
Interest expense	(214)	(229)	(678)	(766)

(11) Derivative Financial Instruments

There were no derivative financial instruments as at 30 September 2021.

(12) Gains/Loss arising from fair value changes of financial liabilities

There were no material gains or losses arising from fair value changes of the financial liabilities for the current quarter and financial period ended 30 September 2021.

(13) Authorisation for issue of interim financial statement

The current interim financial statements were authorized to be issued by the Board of Directors in accordance with a resolution of the Board of Directors on 24 November 2021.

By Order of the Board