



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

The figures have not been audited.

	CURRENT QUARTER ENDED 31-Mar-21 RM'000	PRECEDING YEAR CORRESPONDING QUARTER ENDED 31-Mar-20 RM'000	CURRENT YEAR TO DATE ENDED 31-Mar-21 RM'000	PRECEDING YEAR TO DATE ENDED 31-Mar-20 RM'000
Turnover	16,091	13,626	16,091	13,626
Cost of sales	(13,715)	(12,616)	(13,715)	(12,616)
Gross profit	2,376	1,010	2,376	1,010
Other operating income	28	173	28	173
Selling & Distribution expenses	(454)	(422)	(454)	(422)
Administrative and general expenses	(1,416)	(1,301)	(1,416)	(1,301)
Results from operating activities	534	(540)	534	(540)
Finance costs	(224)	(292)	(224)	(292)
Profit /(Loss) before tax	310	(832)	310	(832)
Tax expense	-	(2)	-	(2)
Profit / (Loss) after taxation	310	(834)	310	(834)
Other comprehensive Income / (Loss)	-	-	-	-
Total comprehensive Income / (Loss)	310	(834)	310	(834)
Profit / (Loss) attributable to:				
Equity holders of the parent	310	(834)	310	(834)
Minority interests	-	-	-	-
	310	(834)	310	(834)
Total comprehensive Income / (Loss) attributable to :				
Equity holders of the parent	310	(834)	310	(834)
Minority interests	-	-	-	-
Total comprehensive Income / (Loss)	310	(834)	310	(834)
Basic earnings / (loss) per share (sen)	0.61	(1.81)	0.61	(1.81)

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 31 MARCH 2021

The figures have not been audited.

	As At 31 March 2021 (Unaudited) RM'000	As At 31 December 2020 (Audited) RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	12,840	13,521
Right-of-use assets	39,635	39,443
	<u>52,475</u>	<u>52,964</u>
Current Assets		
Inventories	7,813	9,449
Trade and other receivables	16,378	13,195
Others assets	1,286	1,565
Cash and bank balances	2,574	3,693
	<u>28,051</u>	<u>27,902</u>
TOTAL ASSETS	<u><u>80,526</u></u>	<u><u>80,866</u></u>
EQUITY AND LIABILITIES		
Share capital	44,962	44,962
Revaluation Reserve	20,288	20,288
Accumulated loss	(22,897)	(23,207)
Total Equity	<u>42,353</u>	<u>42,043</u>
Non-Current Liabilities		
Lease liability	-	-
Amount Owing To Related Parties	12,545	12,410
Hire Purchase	1,243	1,477
Deferred Tax	5,840	5,840
	<u>19,628</u>	<u>19,727</u>
Current Liabilities		
Lease liability	-	-
Trade and other payables	8,891	9,441
Bill payable	3,499	3,200
Hire Purchase	1,027	1,322
Amount Owing To Related Parties	5,050	5,050
Tax liability	78	83
	<u>18,545</u>	<u>19,096</u>
Total Liabilities	<u>38,173</u>	<u>38,823</u>
TOTAL EQUITY AND LIABILITIES	<u><u>80,526</u></u>	<u><u>80,866</u></u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	<u><u>0.83</u></u>	<u><u>0.83</u></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 31 MARCH 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	<u>44,962</u>	<u>20,288</u>	<u>(23,207)</u>	<u>42,043</u>
Balance as at 31.12.2020, as previously reported	44,962	20,288	(23,207)	42,043
Net profit for the period	-	-	310	310
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	310	310
At 31 March 2021	<u>44,962</u>	<u>20,288</u>	<u>(22,897)</u>	<u>42,353</u>

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 31 MARCH 2021

The figures have not been audited.

	CURRENT PERIOD ENDED 31-Mar-21 (Unaudited) RM'000	PRECEDING YEAR ENDED 31-Dec-20 (Audited) RM'000
Profit/(Loss) before tax	310	475
Adjustments for:		
Depreciation of property, plant and equipment	250	1,098
Depreciation of right-of-use assets	330	1,323
Impairment loss on receivables	67	20
Interest expenses	224	1,014
Interest income	(15)	(15)
Inventories written down/(reversed)	-	(271)
Unrealised gain on foreign exchange	-	16
Operating profit before changes in working capital	1,166	3,660
Changes in working capital		
Decrease in inventories	1,636	1,411
Increase in trade & other receivables	(3,250)	(2,161)
Decrease/(Increase) in others assets	279	(277)
Increase in amount owing to related parties	-	4,800
Decrease in trade & other payables	(415)	(2,611)
Cash generated from operations	(584)	4,822
Interest received	15	15
Interest paid	(224)	(1,014)
Tax refund	-	21
Tax paid	(5)	(83)
Net cash generated from operating activities	(798)	3,761
Cash Flows from Investing Activities:		
Purchase of property, plant & equipment	(91)	(655)
Net cash used in investing activities	(91)	(655)
Cash Flows from Financing Activities:		
Net repayment of hire purchase instalments	(529)	(1,651)
Proceeds from issuance of ordinary shares	-	1,385
Net drawdown/(repayment) of bills payable	299	(1,095)
Payment of lease liabilities	-	(144)
Net cash used in financing activities	(230)	(1,505)
NET CHANGES IN CASH AND CASH EQUIVALENTS	(1,119)	1,601
Effect of foreign exchange differences	-	36
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	3,693	2,056
CASH AND CASH EQUIVALENTS CARRIED FORWARD	2,574	3,693
Represented by:		
CASH AND BANK BALANCES	2,574	3,693
	2,574	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 1ST QUARTER ENDED 31 MARCH 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 Malaysian Financial Reporting Standards (“MFRS”), amendments to MFRSs and Issue Committee Interpretations (“IC Interpretations”):

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
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.

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 year.

(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.

RALCO CORPORATION BERHAD [199501003907 (333101-V)]
NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 1ST QUARTER ENDED 31 MARCH 2021

(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 31.03.2021	Plastic Product RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<u>REVENUE</u>				
External Sales	16,024	67	-	16,091
Inter-segment sales	-	456	(456)	-
Total revenue	16,024	523	(456)	16,091
<u>RESULT</u>				
Segment operating profit	507	27	-	534
Finance cost	(207)	(17)	-	(224)
Profit for the financial period	300	10	-	310
Tax expense	-	-	-	-
Net profit for the financial period	-	-	-	310

3 Months Ended 31.03.2020	Plastic Product RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<u>REVENUE</u>				
External Sales	13,093	533	-	13,626
Inter-segment sales	-	456	(456)	-
Total revenue	13,093	989	(456)	13,626
<u>RESULT</u>				
Segment operating loss	(498)	(42)	-	(540)
Finance cost	(268)	(24)	-	(292)
Loss for the financial period	(766)	(66)	-	(832)
Tax expense	-	-	-	(2)
Net loss for the financial period	-	-	-	(834)

(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 31 March 2021 RM'000	As At 31 December 2020 RM'000
Capital Expenditure		
Approved and contracted for :		
Plant and Equipment	1,698	495
Approved and not contracted for :		
Plant and Equipment	3,656	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) 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 rejoinder 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 since directed that the Pre Trial Case Management to be fixed on 23 August 2021 to 27 August 2021.

B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENT

(1) Performance Review

Performance for the financial period ended 31 March 2021 as compared with the financial period ended 31 March 2020

	Individual Quarter Ended 31 March				Cumulative Quarter Ended 31 March			
	2021 RM'000	2020 RM'000	RM'000	Var %	2021 RM'000	2020 RM'000	RM'000	Var %
Revenue	16,091	13,626	2,465	18%	16,091	13,626	2,465	18%
Profit/(Loss) Before Taxation	310	(832)	1,142	>100%	310	(832)	1,142	>100%

The Group's Revenue for the 1st Quarter ended 31 March 2021 increased by RM2.5 million or 18% as compared to the preceding period corresponding 1st quarter ended 31 March 2020. The increase in Revenue was mainly due to higher demand of both injection and blowing moulding products during the current period ended 31 March 2021.

With the increase in Revenue and coupled with lower cost of production, the Group recorded a Profit Before Taxation of RM0.31 million in the current quarter as compared to a Loss Before Taxation of RM0.83 million in the preceding period corresponding 1st Quarter. In addition, the one-time fair value adjustment of other payables was made in the preceding period corresponding 1st Quarter.

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

	Individual Quarter		Variance	
	31/03/2021 RM'000	31/12/2020 RM'000	RM'000	%
Revenue	16,091	15,643	448	3%
Profit Before Tax	310	1,065	(755)	(71%)

The Group's Revenue for the current 1st Quarter ended 31 March 2021 increased marginally by RM0.4million or 3% as compared to the preceding 4th quarter ended 31 December 2020. The increase in revenue was mainly due to higher demand of both injection and blowing moulding products. However, The Group's Profit Before Tax decreased by RM0.7 million to RM0.4 million in the Current 1st Quarter despite of higher Revenue. This was mainly attributed to higher raw material prices recorded in the current 1st Quarter ended 31 March 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, especially due to uncertainties brought about by the Covid-19 pandemic. In this respect, the Group will continue to focus its efforts on controlling operational costs, improving production efficiencies and increasing 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	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
Taxation	-	(2)	-	(2)
Deferred Tax	-	-	-	-
	-	(2)	-	(2)

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.

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

The utilization of Private Placement proceeds that completed on 19 November 2020 are 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	1,008	227
Estimated Expenses	100	100	-
Total	1,385	1,108	227

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

Total Group borrowings as at 31 March 2021 are as follows:

	As At	As At
	31/03/2021 RM'000	31/12/2020 RM'000
Short term borrowings		
Secured:		
Bill payable	3,499	3,200
Hire purchase and lease liabilities	1,027	1,477
	4,526	4,677
Long term borrowings		
Secured:		
Hire purchase and lease liabilities	1,243	1,322
	1,243	1,322
Total borrowings	5,769	5,999

(8) **Dividend**

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

(9) **Earnings Per Share**

(a) **Basic Earnings/(Loss) Per Share**

Basic earnings/(loss) 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 31 March		Cumulative Quarter Ended 31 March	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit/(loss) net of tax attributable to Equity Holders of the Parent	310	(834)	310	(834)
Weighted average number of Ordinary Shares in issue ('000)	50,797	46,179	50,797	46,179
Basic earnings /(loss) per share (Sen)	0.61	(1.81)	0.61	(1.81)

(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.

(10) **Profit/(Loss) Before Taxation**

	Current Quarter Ended 31 March		Cumulative Quarter Ended 31 March	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit/(Loss) for the period is arrived at after crediting/(charging):				
Impairment loss on receivables	67	-	67	-
Interest income	15	2	15	2
Rental income	8	122	8	122
Realised gain/(loss) on foreign exchange	(54)	57	(54)	57
Amortisation and Depreciation	(580)	(615)	(580)	(615)
Interest expense	(224)	(291)	(224)	(291)

(11) **Derivative Financial Instruments**

There were no derivative financial instruments as at 31 March 2021.

(12) **Gains/Losses 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 31 March 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 25 May 2021.

By Order of the Board