



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

The figures have not been audited.

	CURRENT QUARTER ENDED 30-Jun-21 RM'000	PRECEDING YEAR CORRESPONDING QUARTER ENDED 30-Jun-20 RM'000	CURRENT YEAR TO DATE ENDED 30-Jun-21 RM'000	PRECEDING YEAR TO DATE ENDED 30-Jun-20 RM'000
Turnover	12,630	9,242	28,721	22,868
Cost of sales	(10,987)	(9,251)	(24,702)	(21,867)
Gross profit	1,643	(9)	4,019	1,001
Other operating income	900	132	928	305
Selling & Distribution expenses	(366)	(248)	(820)	(670)
Administrative and general expenses	(1,151)	(963)	(2,567)	(2,264)
Results from operating activities	1,026	(1,088)	1,560	(1,628)
Finance costs	(240)	(245)	(464)	(537)
Profit / (Loss) before tax	786	(1,333)	1,096	(2,165)
Tax expense	(40)	(2)	(40)	(4)
Profit / (Loss) after taxation	746	(1,335)	1,056	(2,169)
Other comprehensive Income / (Loss)	-	-	-	-
Total comprehensive Income / (Loss)	746	(1,335)	1,056	(2,169)
Profit / (Loss) attributable to:				
Equity holders of the parent	746	(1,335)	1,056	(2,169)
Minority interests	-	-	-	-
	746	(1,335)	1,056	(2,169)
Total comprehensive Income / (Loss) attributable to :				
Equity holders of the parent	746	(1,335)	1,056	(2,169)
Minority interests	-	-	-	-
Total comprehensive Income / (Loss)	746	(1,335)	1,056	(2,169)
Basic earnings / (loss) per share (sen)	1.47	(2.89)	2.08	(4.70)

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 JUNE 2021

The figures have not been audited.

	As At 30 June 2021 (Unaudited) RM'000	As At 31 December 2020 (Audited) RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	12,822	13,521
Right-of-use assets	39,306	39,443
	<u>52,128</u>	<u>52,964</u>
Current Assets		
Inventories	9,170	9,449
Trade and other receivables	12,074	13,195
Others assets	1,531	1,565
Cash and bank balances	2,431	3,693
	<u>25,206</u>	<u>27,902</u>
TOTAL ASSETS	<u><u>77,334</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	(22,151)	(23,207)
Total Equity	<u>43,099</u>	<u>42,043</u>
Non-Current Liabilities		
Lease liability	-	-
Amount Owing To Related Parties	12,142	12,410
Hire Purchase	1,102	1,477
Deferred Tax	5,840	5,840
	<u>19,084</u>	<u>19,727</u>
Current Liabilities		
Lease liability	-	-
Trade and other payables	7,827	9,441
Bill payable	3,202	3,200
Hire Purchase	764	1,322
Amount Owing To Related Parties	3,250	5,050
Tax liability	108	83
	<u>15,151</u>	<u>19,096</u>
Total Liabilities	<u>34,235</u>	<u>38,823</u>
TOTAL EQUITY AND LIABILITIES	<u><u>77,334</u></u>	<u><u>80,866</u></u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	<u><u>0.85</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 30 JUNE 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	-	-	1,056	1,056
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	1,056	1,056
At 30 June 2021	<u>44,962</u>	<u>20,288</u>	<u>(22,151)</u>	<u>43,099</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 30 JUNE 2021

The figures have not been audited.

	CURRENT PERIOD ENDED 30-Jun-21 (Unaudited) RM'000	PRECEDING YEAR ENDED 31-Dec-20 (Audited) RM'000
Profit before tax	1,096	475
Adjustments for:		
Depreciation of property, plant and equipment	502	1,098
Depreciation of right-of-use assets	662	1,323
Impairment loss on receivables	67	20
Interest expenses	464	1,014
Interest income	(182)	(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	1,961	3,660
Changes in working capital		
Decrease in inventories	279	1,411
Decrease/(Increase) in trade & other receivables	1,702	(2,161)
Decrease/(Increase) in others assets	34	(277)
(Decrease)/Increase in amount owing to related parties	(2,068)	4,800
Decrease in trade & other payables	(1,614)	(2,611)
Cash generated from operations	294	4,822
Interest received	182	15
Interest paid	(464)	(1,014)
Tax refund	-	21
Tax paid	(15)	(83)
Net cash (used in)/generated from operating activities	(3)	3,761
Cash Flows from Investing Activities:		
Purchase of property, plant & equipment	(328)	(655)
Net cash used in investing activities	(328)	(655)
Cash Flows from Financing Activities:		
Net repayment of hire purchase instalments	(933)	(1,651)
Proceeds from issuance of ordinary shares	-	1,385
Net drawdown/(repayment) of bills payable	2	(1,095)
Payment of lease liabilities	-	(144)
Net cash used in financing activities	(931)	(1,505)
NET CHANGES IN CASH AND CASH EQUIVALENTS	(1,262)	1,601
Effect of foreign exchange differences	-	36
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	3,693	2,056
CASH AND CASH EQUIVALENTS CARRIED FORWARD	2,431	3,693
Represented by:		
CASH AND BANK BALANCES	2,431	3,693
	2,431	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 2ND QUARTER ENDED 30 JUNE 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 2ND QUARTER ENDED 30 JUNE 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**

6 Months Ended 30.06.2021	Plastic Product RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<u>REVENUE</u>				
External Sales	28,583	139	-	28,722
Inter-segment sales	-	1,093	(1,093)	-
Total revenue	<u>28,583</u>	<u>1,232</u>	<u>(1,093)</u>	<u>28,722</u>
<u>RESULT</u>				
Segment operating profit	1,522	38	-	1,560
Finance cost	(431)	(33)	-	(464)
Profit for the financial period	1,091	5	-	1,096
Tax expense	-	-	-	(40)
Net profit for the financial period				<u>1,056</u>
<u>6 Months Ended 30.06.2020</u>				
<u>REVENUE</u>				
External Sales	22,724	144	-	22,868
Inter-segment sales	-	788	(788)	-
Total revenue	<u>22,724</u>	<u>932</u>	<u>(788)</u>	<u>22,868</u>
<u>RESULT</u>				
Segment operating loss	(1,519)	(108)	-	(1,627)
Finance cost	(491)	(47)	-	(538)
Loss for the financial period	(2,010)	(155)	-	(2,165)
Tax expense	-	-	-	(4)
Net loss for the financial period				<u>(2,169)</u>

(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 June 2021 RM'000	As At 31 December 2020 RM'000
Capital Expenditure		
Approved and contracted for :		
Plant and Equipment	<u>1,546</u>	<u>495</u>
Approved and not contracted for :		
Plant and Equipment	<u>3,345</u>	<u>5,317</u>

(13) **Contingent Liabilities or Contingent Assets**

There were no significant changes in contingent liabilities or contingent assets for the Group since the last annual reporting period.

(14) **Significant Related Party Disclosure**

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

	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
(Repayment)/Advances from companies in which a director has interest	<u>(1,800)</u>	<u>4,250</u>

(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 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 the Defendant to reply to the Plaintiff's Bundle of Documents on or before 19 August 2021. Trial on 23 August 2021 to 27 August 2021 have been vacated. The Common Bundle of documents to be filed on/before 26 August 2021; and parties are to file the witness statement on or before 28 September 2021.

Next case management has been fixed on 30 August 2021 and Trial Date has been fixed on 7 October 2021, 18 October 2021 and 21 October 2021

B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENT

(1) Performance Review

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

	Individual Quarter Ended 30 June				Cumulative Quarter Ended 30 June			
	2021 RM'000	2020 RM'000	RM'000	Var %	2021 RM'000	2020 RM'000	RM'000	Var %
Revenue	12,630	9,242	3,388	37%	28,721	22,868	5,853	26%
Profit/(Loss) Before Taxation	786	(1,333)	2,119	>100%	1,096	(2,165)	3,261	>100%

Current 2nd Quarter 2021 Vs Previous 2nd Quarter 2020

The Group's Revenue for the 2nd Quarter ended 30 June 2021 increased by RM3.39 million or 37% as compared to the preceding period corresponding 2nd quarter ended 30 June 2020. The increase in Revenue was mainly due to higher demand of both injection and blowing moulding products during the 2nd Quarter ended 30 June 2021.

The Profit Before Taxation of the Group was RM0.79 million in the current quarter as compared to a Loss Before Taxation of RM1.33 million in the preceding period corresponding 2nd Quarter mainly due to improvement in Turnover and the reversal of provision for doubtful debts of RM0.65 million.

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

The Group's Revenue for the current financial period ended 30 June 2021 increased by RM5.85 million or 26% compared to the previous corresponding financial period ended 30 June 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 June 2021. The Group registered a Profit Before Tax of RM1.09 million. For the current financial period ended 30 June 2021 as compared to Loss Before Taxation of RM2.17 million in previous corresponding period ended 30 June 2020. The improvement of the Group's performance were mainly attributed to the increase in Turnover and the reversal of provision of doubtful debts of RM0.65 million.

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

	Individual Quarter		Variance	
	30/06/2021 RM'000	31/03/2021 RM'000	RM'000	%
Revenue	12,630	16,091	(3,461)	(22%)
Profit Before Tax	786	310	(476)	>100%

The Group's Revenue for the current 2nd Quarter ended 30 June 2021 decreased by RM3.46million or 22% as compared to the preceding 1st quarter ended 31 March 2021. The decrease in revenue was mainly due to temporary shutdown of certain customers' plants in the month of June 2021, which were affected by Movement Control Order ("MCO") following a surge in Covid-19 infections. The Group's Profit Before Tax improved by RM0.48 million to RM0.79 million in the Current 2nd Quarter, which was mainly attributed to the reversal of provision for doubtful debts in the current 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. Furthermore, the sudden surge in Covid-19 infections and restrictive measure taken by the Government will have negative impact to our business, including the temporary shutdown of the plants by certain customers.

For the safety and well-being of our employees and local community, The Group is participating the Public-Private Partnership Covid-19 Industry Immunisation Programme (“PIKAS”). At the reporting date, RALCO has administered 54% first dose of vaccine to both local and foreign employees who have opted for the programme.

The Group will continue to operate under a challenging 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 and improving production efficiencies.

(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 June 2021 RM'000	As at 31 Dec 2020 RM'000
Not past due	9,554	8,217
Past due 1 - 30 days	696	3,592
Past due 31 - 90 days	346	603
Past due more than 90 days	1,847	2,251
	<u>12,443</u>	<u>14,663</u>
Less : Loss allowance	(1,401)	(2,049)
Add : Other receivables	1,032	580
Total	<u>12,074</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	
	30/06/2021 RM'000	30/06/2020 RM'000	30/06/2021 RM'000	30/06/2020 RM'000
Taxation	(40)	(2)	(40)	(4)
Deferred Tax	-	-	-	-
	<u>(40)</u>	<u>(2)</u>	<u>(40)</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	Actual Utilisation	Amount
	Utilisation	up to date of	Unutilised
	RM'000	Announcement	RM'000
		RM'000	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 June 2021 are as follows:

	As At	As At
	30/06/2021	31/12/2020
	RM'000	RM'000
Short term borrowings		
Secured:		
Bill payable	3,202	3,200
Hire purchase and lease liabilities	764	1,322
	<u>3,966</u>	<u>4,522</u>
Long term borrowings		
Secured:		
Hire purchase and lease liabilities	1,102	1,477
	<u>1,102</u>	<u>1,477</u>
Total borrowings	<u>5,068</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 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 30 June		Cumulative Quarter Ended 30 June	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit/(loss) net of tax attributable to Equity Holders of the Parent	746	(1,335)	1,056	(2,169)
Weighted average number of Ordinary Shares in issue ('000)	50,797	46,179	50,797	46,179
Basic earnings /(loss) per share (Sen)	1.47	(2.89)	2.08	(4.70)

(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 June		Cumulative Quarter Ended 30 June	
	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	(585)	(616)	(1,164)	(1,231)
Impairment loss on receivables	-	-	67	-
Impairment loss on receivables no longer required	648	-	648	-
Interest income	167	-	182	2
Rental income	80	122	88	244
Interest expense	(240)	(246)	(464)	(537)

(11) **Derivative Financial Instruments**

There were no derivative financial instruments as at 30 June 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 30 June 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