



RALCO CORPORATION BERHAD [199501003907 (333101-V)]

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

The figures have not been audited.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED 30-Jun-22 RM'000	PRECEDING YEAR QUARTER ENDED 30-Jun-21 RM'000	CURRENT YEAR TO-DATE- ENDED 30-Jun-22 RM'000	PRECEDING YEAR TO-DATE- ENDED 30-Jun-21 RM'000
Turnover	14,801	12,630	26,801	28,721
Cost of sales	(12,825)	(10,987)	(23,890)	(24,702)
Gross profit	1,976	1,643	2,911	4,019
Other operating income	146	900	272	928
Selling & Distribution expenses	(346)	(366)	(610)	(820)
Administrative and general expenses	(1,418)	(1,151)	(2,859)	(2,567)
Results from operating activities	358	1,026	(286)	1,560
Finance costs	(239)	(240)	(458)	(464)
Profit/(Loss) before tax	119	786	(744)	1,096
Tax expense	(32)	(40)	(64)	(40)
Profit/(Loss) after taxation	87	746	(808)	1,056
Other comprehensive Income/(Loss)	-	-	-	-
Total comprehensive Income/(Loss)	87	746	(808)	1,056
Profit / (Loss) attributable to:				
Equity holders of the parent	87	746	(808)	1,056
Minority interests	-	-	-	-
	87	746	(808)	1,056
Total comprehensive Income/(Loss) attributable to :				
Equity holders of the parent	87	746	(808)	1,056
Minority interests	-	-	-	-
Total comprehensive Income/(Loss)	87	746	(808)	1,056
Basic earnings/(loss) per share (sen)	0.17	1.47	(1.59)	2.08

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2021 and the accompanying explanatory notes attached to the Interim Financial Statement.



RALCO CORPORATION BERHAD [199501003907 (333101-V)]

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

The figures have not been audited.

	As At 30 June 2022 (Unaudited) RM'000	As At 31 December 2021 (Audited) RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	16,406	14,324
Right-of-use assets	38,299	38,944
	54,705	53,268
Current Assets		
Inventories	11,108	10,269
Trade and other receivables	12,311	8,989
Others assets	743	1,113
Cash and bank balances	1,766	2,961
	25,928	23,332
TOTAL ASSETS	80,633	76,600
EQUITY AND LIABILITIES		
Equity		
Share capital	44,961	44,962
Revaluation Reserve	19,781	19,781
Accumulated losses	(22,610)	(21,697)
Total Equity	42,132	43,046
Non-Current Liabilities		
Lease liability	-	-
Amount Owing To Related Parties	13,192	12,888
Hire Purchase	875	1,264
Deferred Tax	5,958	5,958
	20,025	20,110
Current Liabilities		
Trade and other payables	10,079	6,349
Bill payable	2,291	2,657
Hire Purchase	1,737	985
Amount Owing To Related Parties	4,333	3,450
Tax liability	36	3
	18,476	13,444
Total Liabilities	38,501	33,554
TOTAL EQUITY AND LIABILITIES	80,633	76,600
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.83	0.85

The condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2021 and the accompanying explanatory notes attached to the Interim Financial Statements



RALCO CORPORATION BERHAD [199501003907 (333101-V)]

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

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
Balance as at 01 Jan 2022, as previously reported	44,962	19,781	(21,697)	43,046
Realisation of revaluation reserve	-	-	-	-
Net profit/(loss) for the quarter	-	-	(914)	(914)
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive income/(loss)	-	-	(914)	(914)
At 30 June 2022	44,962	19,781	(22,611)	42,132

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2021 and the accompanying explanatory notes attached to the Interim Financial Statement.



RALCO CORPORATION BERHAD [199501003907 (333101-V)]

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

The figures have not been audited.

	CURRENT PERIOD ENDED 30-Jun-22 (Unaudited) RM'000	PRECEDING YEAR ENDED 31-Dec-21 (Audited) RM'000
Profit/(Loss) before tax	(743)	1,262
Adjustments for:		
Depreciation of property, plant and equipment	617	1,047
Depreciation of right-of-use assets	662	1,326
Impairment loss on receivables	-	67
Gain on disposal of property, plant and equipment	(23)	(41)
Interest expenses	457	903
Interest income	(10)	(198)
Inventories reversed	-	-
Impairment loss on receivables no longer required	-	(648)
Unrealised loss on foreign exchange	-	-
Operating profit before changes in working capital	960	3,718
Changes in working capital		
(Increase)/Decrease in inventories	(838)	(820)
Decrease/(Increase) in trade & other receivables	(3,322)	4,788
Decrease/(Increase) in others assets	370	452
(Decrease)/Increase in amount owing to related parties	1,052	(1,122)
Decrease in trade & other payables	3,759	(3,093)
Cash generated from operations	1,981	3,923
Interest received	10	198
Interest paid	(458)	(903)
Tax refund	-	-
Tax paid	(32)	(221)
Net cash generated from operating activities	1,501	2,997
Cash Flows from Investing Activities:		
Purchase of property, plant & equipment	(2,716)	(2,680)
Proceed from disposal of PPE	23	44
Net cash used in investing activities	(2,693)	(2,636)
Cash Flows from Financing Activities:		
Net repayment of hire purchase instalments	363	(550)
Proceeds from issuance of ordinary shares	-	-
Net repayment of bills payable	(366)	(543)
Payment of lease liabilities	-	-
Net cash used in financing activities	(3)	(1,093)
NET CHANGES IN CASH AND CASH EQUIVALENTS	(1,195)	(732)
Effect of foreign exchange differences	-	-
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	2,961	3,693
CASH AND CASH EQUIVALENTS CARRIED FORWARD	1,766	2,961
Represented by:		
CASH AND BANK BALANCES	1,766	2,961
	1,766	2,961

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2021 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 2022

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 2ND QUARTER ENDED 30 JUNE 2022

(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**

6 Months Ended 30.06.2022	Plastic Product RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<u>REVENUE</u>				
External Sales	26,648	153	-	26,801
Inter-segment sales	-	1,093	(1,093)	-
Total revenue	26,648	1,246	(1,093)	26,801
<u>RESULT</u>				
Segment operating (loss)/profit	(364)	78	-	(286)
Finance cost	(436)	(22)	-	(458)
Profit for the financial period	(800)	56	-	(744)
Tax expense				(64)
Net loss for the financial period				(808)

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	28,583	1,232	(1,093)	28,722
<u>RESULT</u>				
Segment operating (loss)/profit	1,522	38	-	1,560
Finance cost	(431)	(32)	-	(463)
Profit for the financial period	1,091	6	-	1,097
Tax expense				(41)
Net profit the financial period				1,056



RALCO CORPORATION BERHAD [199501003907 (333101-V)]

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30 JUNE 2022

(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 2022 RM'000	As At 31 December 2021 RM'000
Capital Expenditure		
Approved and contracted for : Plant and Equipment	<u>357</u>	<u>1,679</u>
Approved and not contracted for : Plant and Equipment	<u>357</u>	<u>1,946</u>

(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 June 2022 RM'000	As at 31 December 2021 RM'000
(Repayment)/Advances from companies in which a director has interest	<u>0</u>	<u>(901)</u>



RALCO CORPORATION BERHAD [199501003907 (333101-V)]

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30 JUNE 2022

(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 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.



RALCO CORPORATION BERHAD [199501003907 (333101-V)]

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30 JUNE 2022

B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENT

(1) Performance Review

Performance for the financial period ended 30 June 2022 as compared with the financial period ended 30 June 2021

	Individual Quarter Ended 30 June				Cumulative Quarter Ended 30 June			Var %
	2022 RM'000	2021 RM'000	RM'000	Var %	2022 RM'000	2021 RM'000	RM'000	
Revenue	14,801	12,630	2,171	17%	26,801	28,721	(4,091)	-7%
(Loss)/Profit Before Taxation	119	786	(667)	-85%	(744)	1,096	(1,840)	>100%

Current 2nd Quarter 2022 Vs Previous 2nd Quarter 2021

The Group's Revenue for the 2nd Quarter ended 30 June 2022 increased by RM2 million or 17% as compared to the preceding period corresponding 2nd quarter ended 30 June 2021. The increase in Revenue was mainly due to higher demand of both injection and blowing moulding products during the current period ended 30 June 2022.

The Group recorded a Profit Before Taxation of RM0.119 million in the quarter under review in comparison to the Profit Before Taxation of RM0.786 million in the preceding period corresponding 2nd Quarter. The lower profit before tax was primarily due to the increase in raw material costs and operational cost impacted by the Russo-Ukrainian War.

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

	Individual Quarter		Variance	
	30/06/2022 RM'000	31/03/2022 RM'000	RM'000	%
Revenue	14,801	12,000	2,801	23%
(Loss)/Profit Before Tax	119	(863)	982	>100%

The Group's Revenue for the current 2nd Quarter ended 30 June 2022 increased by RM2.8 million or 23% as compared to the preceding 1st Quarter ended 31 March 2022. The increase in revenue was mainly due to increase in demand for both injection and blowing moulding products.

The Group recorded a Profit Before Tax of RM0.119 million in the Current 2nd Quarter as compared to a Loss Before Taxation of RM0.863 million for the preceding 1st Quarter ended 31 March 2022. The increase in average selling price (ASP) and improvement in operating cost contributed to the profit margin improvement as compared to the preceding 1st Quarter ended 31 March 2022.



RALCO CORPORATION BERHAD [199501003907 (333101-V)]

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30 JUNE 2022

(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. The group will remain focused on delivering long-term value for our shareholders and committed to grow the profit margins with diversification of products and industries. On a positive note, overall demand by customers remains strong and is largely expected to improve in the coming quarters. Mass production for the new key customers is expected to further increase The Group's revenue.

(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 Jun 2022 RM'000	As at 31 Mar 2022 RM'000
Not past due	7,414	6,606
Past due 1 - 30 days	2,744	1,976
Past due 31 - 90 days	589	538
Past due more than 90 days	359	272
	11,106	9,392
Less : Loss allowance	-	-
Add : Other receivables	1,205	1,114
Total	12,311	10,506

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	
	30/06/2022 RM'000	30/06/2021 RM'000	30/06/2022 RM'000	30/06/2021 RM'000
Taxation	(32)	(40)	(64)	(40)
Deferred Tax	-	-	-	-
	(32)	(40)	(64)	(40)

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.



RALCO CORPORATION BERHAD [199501003907 (333101-V)]

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30 JUNE 2022

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

As at the latest practicable date, 25 August 2022, there was no corporate proposal announced and not completed in the current quarter and financial year-to-date.

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

Total Group borrowings as at 30 June 2022 are as follows:

	As At 31/06/2022 RM'000	As At 31/03/2022 RM'000
Short term borrowings		
Secured:		
Bill payable	2,291	1,781
Hire purchase and lease liabilities	1,737	811
	4,028	2,592
Long term borrowings		
Secured:		
Hire purchase and lease liabilities	875	1,101
	875	1,101
Total borrowings	4,903	3,693

(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 June		Cumulative Quarter Ended 30 June	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
(Loss)/Profit net of tax attributable to Equity Holders of the Parent	87	746	(808)	1,056
Weighted average number of Ordinary Shares in issue ('000)	50,797	50,797	50,797	50,797
Basic (loss)/earnings per share (Sen)	0.17	1.47	(1.59)	2.07

(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.



RALCO CORPORATION BERHAD [199501003907 (333101-V)]

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30 JUNE 2022

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

	Current Quarter Ended 30 June		Cumulative Quarter Ended 30 June	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit/(Loss) for the period is arrived at after crediting/(charging):				
Amortisation and Depreciation	(650)	(585)	(1,279)	(1,165)
Impairment loss on receivables	-	-	-	67
Impairment loss on receivables no longer required	-	-	-	-
Interest income	4	167	10	182
Rental income	116	80	116	88
Interest expense	(224)	(240)	(435)	(464)

(11) **Derivative Financial Instruments**

There were no derivative financial instruments as of 30 June 2022.

(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 31 December 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 August 2022.

By Order of the Board