



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

The figures have not been audited.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED 30-Sep-22 RM'000	PRECEDING YEAR QUARTER ENDED 30-Sep-21 RM'000	CURRENT YEAR QUARTER ENDED 30-Sep-22 RM'000	PRECEDING YEAR QUARTER ENDED 30-Sep-21 RM'000
Turnover	15,218	11,238	42,019	39,959
Cost of sales	(12,299)	(9,729)	(36,189)	(34,431)
<b>Gross profit</b>	<b>2,919</b>	<b>1,509</b>	<b>5,830</b>	<b>5,528</b>
Other operating income	157	264	429	1,192
Selling & Distribution expenses	(689)	(353)	(1,299)	(1,173)
Administrative and general expenses	(1,426)	(1,247)	(4,295)	(3,814)
<b>Results from operating activities</b>	<b>961</b>	<b>173</b>	<b>665</b>	<b>1,733</b>
Finance costs	(211)	(214)	(669)	(678)
<b>Profit/(Loss) before tax</b>	<b>750</b>	<b>(41)</b>	<b>(4)</b>	<b>1,055</b>
Tax expense	(32)	(55)	(96)	(95)
<b>Profit/(Loss) after taxation</b>	<b>718</b>	<b>(96)</b>	<b>(100)</b>	<b>960</b>
Other comprehensive Income/(Loss)	-	-	-	-
<b>Total comprehensive Income/(Loss)</b>	<b>718</b>	<b>(96)</b>	<b>(100)</b>	<b>960</b>
<b>Profit / (Loss) attributable to:</b>				
Equity holders of the parent	718	(96)	(100)	960
Minority interests	-	-	-	-
	<b>718</b>	<b>(96)</b>	<b>(100)</b>	<b>960</b>
<b>Total comprehensive Income/(Loss) attributable to :</b>				
Equity holders of the parent	718	(96)	(100)	960
Minority interests	-	-	-	-
<b>Total comprehensive Income/(Loss)</b>	<b>718</b>	<b>(96)</b>	<b>(100)</b>	<b>960</b>
Basic earnings/(loss) per share (sen)	<b>1.41</b>	<b>(0.19)</b>	<b>(0.20)</b>	<b>1.89</b>

*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.*



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022**

The figures have not been audited.

	<b>As At 30 September 2022 (Unaudited) RM'000</b>	<b>As At 31 December 2021 (Audited) RM'000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	16,253	14,324
Right-of-use assets	38,050	38,944
	<b>54,303</b>	<b>53,268</b>
<b>Current Assets</b>		
Inventories	11,182	10,269
Trade and other receivables	12,678	8,989
Others assets	1,146	1,113
Cash and bank balances	1,511	2,961
	<b>26,517</b>	<b>23,332</b>
<b>TOTAL ASSETS</b>	<b>80,820</b>	<b>76,600</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	44,962	44,962
Revaluation Reserve	19,781	19,781
Accumulated losses	(21,896)	(21,697)
<b>Total Equity</b>	<b>42,847</b>	<b>43,046</b>
<b>Non-Current Liabilities</b>		
Lease liability	-	-
Amount Owing To Related Parties	13,365	12,888
Hire Purchase	758	1,264
Deferred Tax	5,958	5,958
	<b>20,081</b>	<b>20,110</b>
<b>Current Liabilities</b>		
Trade and other payables	9,953	6,349
Bill payable	2,297	2,657
Hire Purchase	1,567	985
Amount Owing To Related Parties	4,068	3,450
Tax liability	7	3
	<b>17,892</b>	<b>13,444</b>
<b>Total Liabilities</b>	<b>37,973</b>	<b>33,554</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>80,820</b>	<b>76,600</b>
<b>Net assets per share attributable to ordinary equity holders of the parent (RM)</b>	<b>0.84</b>	<b>0.85</b>

*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*



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 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
<b>At 1 January 2021</b>	<b>44,962</b>	<b>20,288</b>	<b>(23,207)</b>	<b>42,043</b>
Issuance of Shares	-	-	-	-
Realisation of revaluation reserve	-	(507)	507	-
Net profit/(loss) for the year	-	-	1,003	1,003
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive income/(loss)	-	-	1,003	1,003
<b>At 31 December 2021</b>	<b>44,962</b>	<b>19,781</b>	<b>(21,697)</b>	<b>43,046</b>
<b>Balance as at 30.06.2022, as previously reported</b>	<b>44,962</b>	<b>19,781</b>	<b>(22,614)</b>	<b>42,129</b>
Realisation of revaluation reserve	-	-	-	-
Net profit/(loss) for the quarter	-	-	718	718
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive income/(loss)	-	-	718	718
<b>At 30 September 2022</b>	<b>44,962</b>	<b>19,781</b>	<b>(21,896)</b>	<b>42,847</b>

*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.*



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

The figures have not been audited.

	<b>CURRENT PERIOD ENDED 30-Sep-22 (Unaudited) RM'000</b>	<b>PRECEDING YEAR ENDED 31-Dec-21 (Audited) RM'000</b>
Profit/(Loss) before tax	5	1,262
Adjustments for:		
Depreciation of property, plant and equipment	940	1,047
Depreciation of right-of-use assets	989	1,326
Impairment loss on receivables	-	67
Gain on disposal of property, plant and equipment	(23)	(41)
Interest expenses	669	903
Interest income	(18)	(198)
Inventories reversed	-	-
Impairment loss on receivables no longer required	-	(648)
Unrealised loss on foreign exchange	-	-
<b>Operating profit before changes in working capital</b>	<b>2,562</b>	<b>3,718</b>
<b>Changes in working capital</b>		
(Increase)/Decrease in inventories	(913)	(820)
Decrease/( Increase) in trade & other receivables	(3,689)	4,788
Decrease/(Increase) in others assets	(33)	452
(Decrease)/Increase in amount owing to related parties	960	(1,122)
Decrease in trade & other payables	3,631	(3,093)
<b>Cash generated from operations</b>	<b>2,518</b>	<b>3,923</b>
Interest received	18	198
Interest paid	(669)	(903)
Tax refund	-	-
Tax paid	(93)	(221)
<b>Net cash generated from operating activities</b>	<b>1,774</b>	<b>2,997</b>
<b>Cash Flows from Investing Activities:</b>		
Purchase of property, plant & equipment	(2,964)	(2,680)
Proceed from disposal of PPE	23	44
<b>Net cash used in investing activities</b>	<b>(2,941)</b>	<b>(2,636)</b>
<b>Cash Flows from Financing Activities:</b>		
Net repayment of hire purchase instalments	76	(550)
Proceeds from issuance of ordinary shares	-	-
Net repayment of bills payable	(359)	(543)
Payment of lease liabilities	-	-
<b>Net cash used in financing activities</b>	<b>(283)</b>	<b>(1,093)</b>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	<b>(1,450)</b>	<b>(732)</b>
Effect of foreign exchange differences	-	-
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	<b>2,961</b>	<b>3,693</b>
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	<b>1,511</b>	<b>2,961</b>
<b>Represented by:</b>		
<b>CASH AND BANK BALANCES</b>	<b>1,511</b>	<b>2,961</b>
	<b>1,511</b>	<b>2,961</b>

*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 3RD QUARTER ENDED 30 SEPTEMBER 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.**

<b>Title</b>	<b>Effective Date</b>
<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.**

<b>Title</b>	<b>Effective Date</b>
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.

**(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 30.09.2022	Plastic Product RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<b><u>REVENUE</u></b>				
External Sales	41,794	225	-	42,019
Inter-segment sales	-	1,689	(1,689)	-
Total revenue	41,794	1,914	(1,689)	42,019
<b><u>RESULT</u></b>				
Segment operating (loss)/profit	555	110	-	665
Finance cost	(638)	(31)	-	(669)
Profit for the financial period	(84)	89	-	(4)
Tax expense				(96)
Net loss for the financial period				(100)

9 Months Ended 30.09.2021	Plastic Product RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<b><u>REVENUE</u></b>				
External Sales	39,746	213	-	39,959
Inter-segment sales	-	1,639	(1,639)	-
Total revenue	39,746	1,852	(1,639)	39,959
<b><u>RESULT</u></b>				
Segment operating loss	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 the financial period				960

**(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 2022 RM'000	As At 31 December 2021 RM'000
<b>Capital Expenditure</b>		
Approved and contracted for :		
Plant and Equipment	545	1,679
Approved and not contracted for :		
Plant and Equipment	545	1,946

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

(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.

Shah Alam High Court has on 17 May 2022, recorded a consent judgement for a full and final global settlement sum of RM220,026.50 wherein the said settlement sum shall be paid by the Company's subsidiary, Ralco Respack Polybag Sdn. Bhd. i.e (Plaintiff) in four (4) installments to the Defendant, Respack Manufacturing Sdn. Bhd. on/before 1<sup>st</sup> December 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 September				Cumulative Quarter Ended 30 September			
	2022 RM'000	2021 RM'000	RM'000	Var %	2022 RM'000	2021 RM'000	RM'000	Var %
Revenue	15,218	11,238	3,980	35%	42,019	39,959	2,060	5%
(Loss)/Profit Before Taxation	750	(41)	791	>100%	(4)	1,055	(1,059)	-100%

**Current 3rd Quarter 2022 Vs Previous 3rd Quarter 2021**

The Group's Revenue for the 3rd Quarter ended 30 September 2022 increased by RM4 million or 35% as compared to the preceding period corresponding 3rd quarter ended 30 September 2021. The increase in Revenue was mainly due to higher demand of both injection and blowing moulding products during the current period ended 30 September 2022.

With the increase in Revenue and coupled with lower cost of production, the Group recorded a Profit Before Taxation of RM750,000 in the current quarter as compared to a Loss Before Taxation of RM41,000 in the preceding period corresponding 3rd Quarter.

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

	Individual Quarter		Variance	
	30/09/2022 RM'000	30/06/2022 RM'000	RM'000	%
Revenue	15,218	14,801	417	3%
(Loss)/Profit Before Tax	750	119	631	>100%

The Group's Revenue for the current 3<sup>rd</sup> Quarter ended 30 September 2022 increased by RM0.4 million or 3% as compared to the preceding 2<sup>nd</sup> Quarter ended 30 June 2022. The increase in revenue was mainly due to higher demand of both injection and blowing moulding products. The performance of the Group was improved since there are some sales order increase by certain existing customers. The Group recorded a Profit Before Tax of RM0.75 million in the Current 3rd Quarter as compared to a Profit Before Taxation of RM0.119 million for the preceding 2nd Quarter ended 30 June 2022.

**(3) Prospects and outlook**

The current challenging operating environment brought about by the Covid-19 pandemic and geopolitical uncertainties, among others, are expected to prevail. Various issues such shortages in labour, component parts and shipping containers continue to plague many industries globally. This has resulted in rising cost of production with pressure on profit margins. Labour Shortages is the main concern in the Malaysian Manufacturing Industry .

As a management team, we remain focused on delivering long-term value for our shareholders and committed to growing our 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 quarter. Mass production for the new key customers are expected to further increase our 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 Sep 2022 RM'000	As at 30 Jun 2022 RM'000
Not past due	7,861	7,414
Past due 1 - 30 days	2,508	2,744
Past due 31 - 90 days	1,257	589
Past due more than 90 days	198	359
	<u>11,824</u>	<u>11,106</u>
Less : Loss allowance	-	-
Add : Other receivables	854	1,205
Total	<u>12,678</u>	<u>12,311</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	
	30/09/2022 RM'000	30/09/2021 RM'000	30/09/2022 RM'000	30/09/2021 RM'000
Taxation	(32)	(55)	(96)	(95)
Deferred Tax	-	-	-	-
	<u>(32)</u>	<u>(55)</u>	<u>(96)</u>	<u>(95)</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**

As at the latest practicable date, 24 November 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 September 2022 are as follows:

	<b>As At 30/09/2022 RM'000</b>	<b>As At 30/06/2022 RM'000</b>
<b>Short term borrowings</b>		
Secured:		
Bill payable	2,297	2,291
Hire purchase and lease liabilities	1,567	1,737
	<u>3,864</u>	<u>4,028</u>
<b>Long term borrowings</b>		
Secured:		
Hire purchase and lease liabilities	758	875
	<u>758</u>	<u>875</u>
<b>Total borrowings</b>	<b><u>4,622</u></b>	<b><u>4,903</u></b>

(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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>(Loss)/Profit net of tax attributable to Equity Holders of the Parent</b>	718	(96)	(100)	960
Weighted average number of Ordinary Shares in issue ('000)	50,797	50,797	50,797	50,797
Basic (loss)/earnings per share (Sen)	1.41	(0.19)	(0.20)	1.89

**(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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Profit/(Loss) for the period is arrived at after crediting/(charging):</b>				
Amortisation and Depreciation	(650)	(594)	(1,929)	(1,759)
Impairment loss on receivables	-	-	-	67
Impairment loss on receivables no longer required	-	-	-	648
Interest income	8	12	18	194
Rental income	116	116	348	204
Interest expense	(234)	(214)	(669)	(678)

**(12) Derivative Financial Instruments**

There were no derivative financial instruments as at 30 September 2022.

**(13) 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.

**(14) 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*