



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

The figures have not been audited.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED 31-Mar-23 RM'000	PRECEDING YEAR QUARTER ENDED 31-Mar-22 RM'000	CURRENT YEAR QUARTER ENDED 31-Mar-23 RM'000	PRECEDING YEAR QUARTER ENDED 31-Mar-22 RM'000
Turnover	15,412	12,000	15,412	12,000
Cost of sales	(13,728)	(11,065)	(13,728)	(11,065)
Gross profit	1,684	935	1,684	935
Other operating income	139	126	139	126
Selling & Distribution expenses	(466)	(264)	(466)	(264)
Administrative and general expenses	(1,463)	(1,441)	(1,463)	(1,441)
Results from operating activities	(106)	(644)	(106)	(644)
Finance costs	(224)	(219)	(224)	(219)
Profit/(Loss) before tax	(330)	(863)	(330)	(863)
Tax expense	(32)	(32)	(32)	(32)
Profit/(Loss) after taxation	(362)	(895)	(362)	(895)
Other comprehensive Income/(Loss)	-	-	-	-
Total comprehensive Income/(Loss)	(362)	(895)	(362)	(895)
Profit / (Loss) attributable to:				
Equity holders of the parent	(362)	(895)	(362)	(895)
Minority interests	-	-	-	-
	(362)	(895)	(362)	(895)
Total comprehensive Income/(Loss) attributable to :				
Equity holders of the parent	(362)	(895)	(362)	(895)
Minority interests	-	-	-	-
Total comprehensive Income/(Loss)	(362)	(895)	(362)	(895)
Basic earnings/(loss) per share (sen)	(0.71)	(1.76)	(0.71)	(1.76)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2022 and the accompanying explanatory notes attached to the Interim Financial Statement.



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

The figures have not been audited.

	As At 31 March 2023 (Unaudited) RM'000	As At 31 December 2022 (Audited) RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	16,712	16,996
Right-of-use assets	37,396	37,226
	54,108	54,222
Current Assets		
Inventories	8,623	9,633
Trade and other receivables	12,508	12,396
Others assets	334	377
Cash and bank balances	1,558	2,104
	23,023	24,510
TOTAL ASSETS	77,131	78,732
EQUITY AND LIABILITIES		
Share capital	44,962	44,962
Revaluation Reserve	19,274	19,274
Accumulated losses	(22,642)	(22,280)
Total Equity	41,594	41,956
Non-Current Liabilities		
Lease liability	-	43
Amount Owing To Related Parties	13,658	14,343
Hire Purchase Liabilities	1,163	1,382
Deferred Tax	5,959	5,959
	20,780	21,727
Current Liabilities		
Lease liability	156	127
Trade and other payables	8,264	8,325
Bill payable	2,012	2,079
Hire Purchase Liabilities	680	692
Amount Owing To Related Parties	3,627	3,803
Tax liability	18	23
	14,757	15,049
Total Liabilities	35,537	36,776
TOTAL EQUITY AND LIABILITIES	77,131	78,732
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.82	0.83

The condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2022 and the accompanying explanatory notes attached to the Interim Financial Statements



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2023

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 2022	44,962	19,781	(21,697)	43,046
Issuance of Shares				
Realisation of revaluation reserve	-	-	-	-
Net profit/(loss) for the year	-	-	(996)	(996)
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive income/(loss)	-	-	(996)	(996)
At 31 March 2022	<u>44,962</u>	<u>19,781</u>	<u>(22,693)</u>	<u>42,050</u>
Balance as at 01.01.2023, as previously reported	44,962	19,274	(22,280)	41,956
Realisation of revaluation reserve	-	-	-	-
Net profit/(loss) for the quarter	-	-	(362)	(362)
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive income/(loss)	-	-	(362)	(362)
At 31 March 2023	<u>44,962</u>	<u>19,274</u>	<u>(22,642)</u>	<u>41,594</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 2022 and the accompanying explanatory notes attached to the Interim Financial Statement.



CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2023

The figures have not been audited.

	CURRENT PERIOD ENDED 31-Mar-23 (Unaudited) RM'000	PRECEDING PERIOD ENDED 31-Mar-22 (Unaudited) RM'000
Profit/(Loss) before tax	(330)	(863)
Adjustments for:		
Depreciation of property, plant and equipment	-	297
Depreciation of right-of-use assets	633	332
Impairment loss on receivables	-	-
Gain on disposal of property, plant and equipment	-	-
Interest expenses	209	219
Interest income	(12)	(6)
Inventories reversed	-	-
Impairment loss on receivables no longer required	-	-
Unrealised loss on foreign exchange	-	-
Operating profit before changes in working capital	500	(21)
Changes in working capital		
(Increase)/Decrease in inventories	1,010	(275)
Decrease/(Increase) in trade & other receivables	(112)	(1,516)
Decrease/(Increase) in others assets	43	(717)
(Decrease)/Increase in amount owing to related parties	(861)	65
Decrease in trade & other payables	(61)	4,188
Cash generated from operations	519	1,724
Interest received	12	6
Interest paid	(209)	(219)
Tax refund	-	-
Tax paid	(37)	(20)
Net cash generated from operating activities	285	1,491
Cash Flows from Investing Activities:		
Purchase of property, plant & equipment	(521)	(1,172)
Proceed from disposal of PPE	-	-
Net cash used in investing activities	(521)	(1,172)
Cash Flows from Financing Activities:		
Net repayment of hire purchase instalments	(230)	(337)
Proceeds from issuance of ordinary shares	-	-
Net repayment of bills payable	(80)	(876)
Payment of lease liabilities	-	-
Net cash used in financing activities	(310)	(1,213)
NET CHANGES IN CASH AND CASH EQUIVALENTS	(546)	(894)
Effect of foreign exchange differences	-	-
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	2,104	2,961
CASH AND CASH EQUIVALENTS CARRIED FORWARD	1,558	2,067
Represented by:		
CASH AND BANK BALANCES	1,558	2,067
	1,558	2,067

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2022 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 2023

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 2022. 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 2022.

The adoption of the MFRS and Amendments do not have any material financial impact to these interim financial statements.

(2) Summary of significant accounting policies

The significant accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2022.

(3) Audit Report

There was no qualification in the auditors' report of the preceding annual financial statements for the financial year ended 31 December 2022.

(4) Seasonal or Cyclical Factors

The business operations of the Group were not significantly affected by seasonal or cyclical factors.

(5) Unusual Items Affecting Financial Statements

There were no unusual items affecting the financial statements of the Group during the financial period under review.

(6) Changes in Accounting Estimates

There were no changes in accounting estimates for the financial period under review.

(7) 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.

(8) Segmental Reporting

3 Months Ended 31.03.2023	Plastic Product RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<u>REVENUE</u>				
External Sales	15,339	73	-	15,412
Inter-segment sales	-	688	(688)	-
Total revenue	15,339	761	(688)	15,412

RALCO CORPORATION BERHAD [199501003907 (333101-V)]
NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 1ST QUARTER ENDED 31 MARCH 2023

RESULT

Segment operating (loss)/profit	(125)	19	-	(106)
Finance cost	(214)	(10)	-	(224)
Profit/(Loss) for the financial period	(339)	9	-	(330)
Tax expense				(32)
Net loss for the financial period				(362)

3 Months Ended 31.03.2022	Plastic Product RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
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REVENUE

External Sales	11,916	84	-	12,000
Inter-segment sales	-	546	(546)	-
Total revenue	11,916	630	(546)	12,000

RESULT

Segment operating loss	(692)	49	-	(643)
Finance cost	(209)	(11)	-	(220)
Profit for the financial period	901	38	-	(863)
Tax expense				(32)
Net profit the financial period				(895)

(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 2023 RM'000
Capital Expenditure	
Approved and contracted for :	
Plant and Equipment	374
Approved and not contracted for :	
Plant and Equipment	374

(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**

There was no material litigation as at the date of this report.

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENT

(1) Performance Review

Performance for the financial period ended 31 March 2023 as compared with the financial period ended 31 March 2022

	Individual Quarter Ended 31 March				Cumulative Quarter Ended 31 March			
	2023 RM'000	2022 RM'000	RM'000	Var %	2023 RM'000	2022 RM'000	RM'000	Var %
Revenue	15,412	12,000	3,412	28%	15,412	12,000	3,412	28%
(Loss)/Profit Before Taxation	(330)	(863)	533	-62%	(330)	(863)	533	-62%

Current 1st Quarter 2023 Vs Previous 1st Quarter 2022

The Group's Revenue for the 1st Quarter ended 31 March 2023 increased by RM3.4 million or 28% as compared to the preceding period corresponding 1st quarter ended 31 March 2022. The increase in Revenue was mainly due to higher demand of both injection and blowing moulding products during the current period ended 31 March 2023.

With the increase in Revenue and coupled with higher cost of production, the Group recorded a Loss Before Taxation of RM330k in the current quarter as compared to a Loss Before Taxation of RM863k 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	
	31/03/2023 RM'000	31/12/2022 RM'000	RM'000	%
Revenue	15,412	14,459	953	6.6%
(Loss)/Profit Before Tax	(330)	(934)	(604)	-65%

The Group's Revenue for the current 1st Quarter ended 31 March 2023 increased by RM0.9 million or 6.6% as compared to the preceding 4th Quarter ended 31 December 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 Loss Before Tax of RM0.3 million in the Current 1st Quarter as compared to a Loss Before Taxation of RM0.9 million for the preceding 4th Quarter ended 31 December 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) **Taxation**

Tax comprises:

	Individual Quarter		Cumulative Quarter	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022
	RM'000	RM'000	RM'000	RM'000
Taxation	(32)	(32)	(32)	(32)
Deferred Tax	-	-	-	-
	<u>(32)</u>	<u>(32)</u>	<u>(32)</u>	<u>(32)</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.

(6) **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.

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

Total Group borrowings as at 31 March 2023 are as follows:

	As At 31/03/2023 RM'000	As At 31/12/2022 RM'000
Short term borrowings		
Secured:		
Bill payable	2,012	2,079
Hire purchase and lease liabilities	836	819
	<u>2,848</u>	<u>2,898</u>
Long term borrowings		
Secured:		
Hire purchase and lease liabilities	1,163	1,425
	<u>1,163</u>	<u>1,425</u>
Total borrowings	<u>4,011</u>	<u>4,323</u>

(8) **Dividend**

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

(9) **(Loss) / 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 31 March		Cumulative Quarter Ended 31 March	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
(Loss)/Profit net of tax attributable to Equity Holders of the Parent	(362)	(895)	(362)	(895)
Weighted average number of Ordinary Shares in issue ('000)	50,797	50,797	50,797	50,797
Basic (loss)/earnings per share (Sen)	<u>(0.71)</u>	<u>(1.76)</u>	<u>(0.71)</u>	<u>(1.76)</u>

(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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit/(Loss) for the period is arrived at after crediting/(charging):				
Amortisation and Depreciation	(633)	(629)	(633)	(629)
Impairment loss on receivables	-	-	-	-
Impairment loss on receivables no longer required	-	-	-	-
Interest income	12	6	12	6
Rental income	126	116	126	116
Interest expense	(209)	(219)	(209)	(219)

(11) **Derivative Financial Instruments**

There were no derivative financial instruments as at 31 March 2023.

(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 March 2023.

(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 23 May 2023.

By Order of the Board