

THREE-A RESOURCES BERHAD

Registration no. 199901006659 (481559-M)

(Incorporated in Malaysia)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Quarter Ended 31 March 2020 (The figures have not been audited)

	3 months ended 31 March		Cumulative quarter ended 31 March	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	100,697	102,503	100,697	102,503
Cost of sales	(81,950)	(83,168)	(81,950)	(83,168)
Gross Profit	<u>18,747</u>	<u>19,335</u>	<u>18,747</u>	<u>19,335</u>
Other income	2,384	77	2,384	77
Other operating expenses	(8,095)	(9,014)	(8,095)	(9,014)
Profit from Operations	<u>13,036</u>	<u>10,398</u>	<u>13,036</u>	<u>10,398</u>
Finance costs	(191)	(275)	(191)	(275)
Profit before Tax	<u>12,845</u>	<u>10,123</u>	<u>12,845</u>	<u>10,123</u>
Income tax	(4,004)	(2,643)	(4,004)	(2,643)
Profit net of tax	<u>8,841</u>	<u>7,480</u>	<u>8,841</u>	<u>7,480</u>
Total other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the year	<u><u>8,841</u></u>	<u><u>7,480</u></u>	<u><u>8,841</u></u>	<u><u>7,480</u></u>
Profit for the period attributable to:				
Owners of the parent	8,841	7,480	8,841	7,480
Non-controlling interest	-	-	-	-
	<u><u>8,841</u></u>	<u><u>7,480</u></u>	<u><u>8,841</u></u>	<u><u>7,480</u></u>
Total comprehensive income attributable to:				
Owners of the parent	8,841	7,480	8,841	7,480
Non-controlling interest	-	-	-	-
	<u><u>8,841</u></u>	<u><u>7,480</u></u>	<u><u>8,841</u></u>	<u><u>7,480</u></u>
Basic Earnings per Share (sen)	<u>1.80</u>	<u>1.52</u>	<u>1.80</u>	<u>1.52</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements)

THREE-A RESOURCES BERHAD

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Condensed Consolidated Statement of Changes in Equity
For the Quarter Ended 31 March 2020
 (The figures have not been audited)

	Share Capital	Non-distributable Reserve		Distributable Reserve	Grand total
	Nominal value	Share premium	Treasury shares	Retained earnings	
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
At 1 January 2019	98,400	50,687	-	179,508	328,595
Net Profit for the period	-	-	-	7,480	7,480
At 31 March 2019	98,400	50,687	-	186,988	336,075
At 1 January 2020	149,087	-	-	199,087	348,174
Net Profit for the period	-	-	-	8,841	8,841
Purchase of treasury shares	-	-	(909)	-	(909)
At 31 March 2020	149,087	-	(909)	207,928	356,106

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements)

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Condensed Consolidated Statement of Financial Position

As at 31 March 2020

(The figures have not been audited)

	As at 31-Mar-20 RM'000	As at 31-Dec-19 RM'000
Non-current Assets		
Property, plant & equipment	146,985	141,801
Right-of-use assets	53,889	54,088
Total Non-current Assets	200,874	195,889
Current Assets		
Inventories	55,334	49,824
Trade and other receivables	98,271	116,599
Cash and bank balances	65,521	44,207
Total Current Assets	219,126	210,630
TOTAL ASSETS	420,000	406,519
EQUITY AND LIABILITIES		
Share capital	149,087	149,087
Reserves	207,019	199,087
Total Equity	356,106	348,174
Non-current Liabilities		
Borrowings	12,262	12,770
Deferred tax liabilities	15,215	14,003
Total Non-current Liabilities	27,477	26,773

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Condensed Consolidated Statement of Financial Position

As at 31 March 2020

(The figures have not been audited)

	As at 31-Mar-20 RM'000	As at 31-Dec-19 RM'000
Current Liabilities		
Trade and other payables	32,508	28,418
Borrowings	1,798	1,762
Income tax liabilities	2,111	1,392
Total Current Liabilities	36,417	31,572
TOTAL LIABILITIES	63,894	58,345
TOTAL EQUITY AND LIABILITIES	420,000	406,519
Net assets value per share (sen)	72.40	70.78

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2019 and and the accompanying explanatory notes attached to the interim financial statements)

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Condensed Consolidated Statement of Cash Flow For the Quarter Ended 31 March 2020 (The figures have not been audited)

	Year-To-Date 31-Mar-20 (RM'000)	Year-To-Date 31-Mar-19 (RM'000)
Cash flows from operating activities		
Profit before taxation	12,845	10,123
Adjustments for:		
Depreciation of right-of-use assets	198	198
Depreciation of property, plant and equipment	2,131	2,081
Interest expense	191	275
Interest income	(324)	(26)
Loss on disposal of property, plant and equipment	130	-
Unrealised foreign exchange gain	(1,651)	(181)
Operating profit before working capital changes	13,520	12,470
Working capital changes:		
Inventories	(5,510)	8,414
Trade and other receivables	20,023	8,135
Trade and other payables	4,089	(15,790)
Cash generated from operations	32,122	13,229
Income tax refunded	-	28
Income tax paid	(2,073)	(3,317)
Net cash generated from operating activities	30,049	9,940
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,443)	(2,414)
Interest received	324	26
Net cash used in investing activities	(7,119)	(2,388)
Cash flows from financing activities		
Interest paid	(191)	(275)
Purchase of treasury shares	(909)	-
Drawdown of bankers acceptances	-	944
Repayments of term loans	(471)	(630)
Repayments of hire purchase obligations	-	(153)
Net cash used in financing activities	(1,571)	(114)
Net increase in cash and cash equivalents	21,359	7,438
Effect of exchange rate changes on cash and cash equivalents	(45)	57
Cash and cash equivalents at beginning of year	44,207	9,058
Cash and cash equivalents at end of the period	65,521	16,553

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements)

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 MARCH 2020

(The figures have not been audited)

Explanatory Notes to the Interim Financial Statements Pursuant to MFRS 134

A1 Basis of Preparation

The unaudited condensed consolidated interim financial statements of the Group have been prepared in accordance with MFRS 134, Interim Financial Reporting in Malaysia and with IAS 34, Interim Financial Reporting and applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad. They do not include all of the information required for full annual financial statement, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2019.

The accounting policies are consistent with the recent audited financial statements for the year ended 31 December 2019.

These explanatory notes attached to the Interim Financial Report 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 the financial period ended 31 December 2019.

A2 Audit report of the preceding annual financial statements

The audited financial statements of the Group for the year ended 31 December 2019 were not subject to any qualification.

A3 Seasonal or cyclical factors of interim operations

There were no seasonal or cyclical factors affecting the results of the Group for the current interim period.

A4 Unusual items affecting assets, liabilities, equity, net income, or cash flows

There were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual in nature, size or incidence for the current interim period and financial year-to-date.

A5 Material changes in estimates

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years that have a material effect for the current interim period.

A6 Issuances, cancellations, repurchases, resale and repayment of debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current interim period except for the repurchase of 1,500,000 of the Company's own issued ordinary shares from the open market at an average price of RM0.6058 per share. The total consideration paid for the repurchase including transaction costs was RM908,651 and this was financed by internally generated funds for the financial period under review. The total treasury shares held as at 31 March 2020 was 1,500,000 and were held as treasury shares in accordance with Section 127 of the Companies Act 2016.

A7 Dividends

No dividend was paid during the current interim period under review.

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Explanatory Notes to the Interim Financial Statements Pursuant to MFRS 134

A8 Segmental information

The Group's activities are predominantly in the manufacturing industry segment.
The following presents revenue regarding the Group's geographical segment:

	RM'000	
Malaysia	54,292	53%
Singapore	10,625	11%
Other countries	35,780	36%
	<u>100,697</u>	

The Group's assets and liabilities are mainly located in Malaysia.

A9 Valuations of Property, Plant & Equipment

The valuations of Property, Plant and Equipment of the Group have been brought forward without amendment from the previous annual financial statements.

A10 Material events subsequent to the end of the interim period

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the current interim period.

A11 Related party transactions

The following table provides information on the transactions which have been entered into with related parties during the interim period and financial year to date ended 31 March 2020 :

	3 months ended 31 March		Cumulative quarter ended 31 March	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Sales of products to:				
Seong Chan Sauce & Foodstuff Sdn. Bhd. (A company in which certain directors have financial interests)	281	308	281	308
Purchases of products from:				
Qinhuangdao Gold Delicious Food Industries Co., Ltd (A subsidiary of a significant corporate shareholder)	-	524	-	524

A12 Changes in the composition of the Group

There were no changes in the composition of the Group during the interim period including business combinations, acquisitions or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.

A13 Changes in contingent liabilities and contingent assets

The amount of corporate guarantees provided to licensed financial institutions in respect of credit facilities granted to a wholly-owned subsidiary of the Company as at 31 March 2020 is RM14.060 million.

A14 Capital Commitment

The approved and contracted for commitment for the purchase of property, plant and equipment as at the end of the current interim period is RM15.0 million.

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Additional Information Required By The Bursa Malaysia Listing Requirements

B1 Review of Performance

	1st Quarter and Year to date Ended 31-Mar-20 RM'000	1st Quarter and Year to date Ended 31-Mar-19 RM'000	Variance %
Revenue	100,697	102,503	-1.8%
Profit before Tax	12,845	10,123	26.9%

The revenue of the Group for the current quarter of RM100.697 million was 1.8% lower than RM102.503 million recorded in the corresponding quarter in the preceding year mainly due to lower average products selling prices. Meanwhile, the Group's profit before tax increased by 26.9% to RM12.845 million from RM10.123 million and was mainly a result of foreign exchange gains in the current interim quarter under review.

B2 Material changes in profit before taxation for the current quarter as compared with the immediate preceding quarter

The comparison of results between the current quarter and the immediate preceding quarter are as follows:-

	1st Quarter Ended 31-Mar-20 RM'000	4th Quarter Ended 31-Dec-19 RM'000	Variance %
Revenue	100,697	114,223	-11.8%
Profit before taxation	12,845	12,795	0.4%

The Group's revenue for the current quarter of RM100.697 million was 11.8% lower as compared to RM114.223 million recorded in the immediate preceding quarter and was mainly due to lower quantities of products sold.

Meanwhile, profit before taxation for the current quarter of RM12.845 million was marginally higher than that recorded in the immediate preceding quarter of RM12.795 million as foreign exchange gains offset reduction in contribution from lower quantities of products sold in the current quarter under review.

B3 Prospects

The COVID-19 pandemic posed new challenges to the competitive business environment of the Group in the current interim quarter under review and beyond. In response, the Group had put in place numerous COVID-19 preventive measures to counter its impacts to business operations and will continue to evaluate such measures.

However, the Group remained focus on efficiency initiatives through economies of scale, cost optimization and efforts to increase productivity and deliver good quality products. Besides, the Group is continuing with expansion plans for lands acquired in the vicinity of existing factories and the Group is optimistic that its plans would contribute positively to the Group going forward.

Barring unforeseen circumstances, the Directors anticipate that the Group achieve a satisfactory performance for the financial year 2020.

B4 Forecast of profit after tax

Not applicable as no forecast was disclosed in any public document.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 MARCH 2020

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Additional Information Required By The Bursa Malaysia Listing Requirements

B5 Tax expenses

	Current and Cumulative quarter up to 31-Mar-20 RM'000
Income tax expense	
- current period	2,792
Deferred Taxation	
- current year	435
- underprovision in the prior year	777
	<u>4,004</u>

Income tax expense is recognised in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. The effective tax rate for the current quarter and the financial year-to-date is higher than the statutory income tax rate and is mainly due to underprovision of deferred taxation in the prior year.

B6 Unquoted investments and/or properties

There were no sale of unquoted investments and properties for the current quarter and financial year-to-date.

B7 Quoted securities other than securities in existing subsidiaries and associated companies

There were no purchases and disposals of quoted securities other than securities in existing subsidiaries and associated companies for the current quarter and financial year-to-date except as disclosed in **Note A6**.

B8 Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 28 May 2020 for the current quarter and financial year-to-date.

B9 Group borrowings and debt securities

The total Group secured borrowings as at 31 March 2020 are as follows:-

	Short Term RM'000	Long Term RM'000	Total RM'000
Term Loans	<u>1,798</u>	<u>12,262</u>	<u>14,060</u>

All the abovementioned borrowings were denominated in Ringgit Malaysia.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 MARCH 2020

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Additional Information Required By The Bursa Malaysia Listing Requirements

B10 Off Balance Sheet financial instruments

The Group had not entered into any contracts involving off balance sheet financial instruments with off balance sheet risk as at 28 May 2020.

B11 Changes in material litigation

There was no material litigation pending for the current financial period to-date and up to 28 May 2020.

B12 Dividend

The Board does not recommend any dividend for the current quarter under review.

B13 Disclosure of nature of outstanding derivatives

There were no outstanding derivatives as at the end of the reporting period.

B14 Additional disclosures

Profit for the period is arrived at after (crediting)/charging:

(RM'000)	Current Period		Cumulative Period	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Interest income	(324)	(26)	(324)	(26)
Depreciation	2,328	2,279	2,328	2,279
Realised foreign exchange (gain)/loss	(387)	533	(387)	533
Unrealised foreign exchange gain	(1,651)	(181)	(1,651)	(181)

B15 Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the period, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period, excluding treasury shares held by the Company.

	Current and Cumulative Quarter	
	31-Mar-20	31-Mar-19
Net profit (RM'000)	8,841	7,480
Weighted average number of ordinary shares in issue ('000)	491,877	492,000
EPS (sen) - Basic and Diluted	<u>1.80</u>	<u>1.52</u>