

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 December 2020 (The figures have not been audited)

	3 months ended 31 December		Cumulative quarter ended 31 December	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	114,660	114,223	436,166	436,066
Cost of sales	(95,139)	(92,959)	(359,320)	(360,209)
Gross Profit	<u>19,521</u>	<u>21,264</u>	<u>76,846</u>	<u>75,857</u>
Other income	920	417	1,523	1,188
Other operating expenses	(10,817)	(8,682)	(37,033)	(35,872)
Profit from Operations	<u>9,624</u>	<u>12,999</u>	<u>41,336</u>	<u>41,173</u>
Finance costs	(129)	(203)	(628)	(914)
Profit before Tax	<u>9,495</u>	<u>12,796</u>	<u>40,708</u>	<u>40,259</u>
Income tax	(736)	(2,810)	(10,546)	(10,840)
Profit net of tax	<u>8,759</u>	<u>9,986</u>	<u>30,162</u>	<u>29,419</u>
Total other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the year	<u><u>8,759</u></u>	<u><u>9,986</u></u>	<u><u>30,162</u></u>	<u><u>29,419</u></u>
Profit for the period attributable to:				
Owners of the parent	8,759	9,986	30,162	29,419
Non-controlling interest	-	-	-	-
	<u>8,759</u>	<u>9,986</u>	<u>30,162</u>	<u>29,419</u>
Total comprehensive income attributable to:				
Owners of the parent	8,759	9,986	30,162	29,419
Non-controlling interest	-	-	-	-
	<u>8,759</u>	<u>9,986</u>	<u>30,162</u>	<u>29,419</u>
Basic Earnings per Share (sen)	<u>1.79</u>	<u>2.03</u>	<u>6.16</u>	<u>5.98</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

Registration no. 199901006659 (481559-M)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Changes in Equity For the Quarter Ended 31 December 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)	(RM'000)
At 1 January 2019	98,400	50,687	-	179,508	328,595	
Net Profit for the period	-	-	-	29,419	29,419	
Transactions with owners Dividends	-	-	-	(9,840)	(9,840)	
Transfer pursuant to Companies Act 2016	50,687	(50,687)	-	-	-	
At 31 December 2019	<u>149,087</u>	<u>-</u>	<u>-</u>	<u>199,087</u>	<u>348,174</u>	
At 1 January 2020	149,087	-	-	199,087	348,174	
Net Profit for the period	-	-	-	30,162	30,162	
Purchase of treasury shares	-	-	(1,078)	-	(1,078)	
Transactions with owners Dividends	-	-	-	(10,785)	(10,785)	
At 31 December 2020	<u>149,087</u>	<u>-</u>	<u>(1,078)</u>	<u>218,464</u>	<u>366,473</u>	

(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)

THREE-A RESOURCES BERHAD

Registration no. 199901006659 (481559-M)

(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position

As at 31 December 2020

(The figures have not been audited)

	As at 31-Dec-20 RM'000	As at 31-Dec-19 RM'000
Non-current Assets		
Property, plant & equipment	157,082	141,801
Right-of-use assets	60,846	54,088
Total Non-current Assets	217,928	195,889
Current Assets		
Inventories	75,110	49,824
Trade and other receivables	112,180	116,599
Cash and bank balances	26,618	44,207
Total Current Assets	213,908	210,630
TOTAL ASSETS	431,836	406,519
EQUITY AND LIABILITIES		
Share capital	149,087	149,087
Reserves	217,386	199,087
Total Equity	366,473	348,174
Non-current Liabilities		
Borrowings	6,524	12,770
Deferred tax liabilities	14,446	14,003
Total Non-current Liabilities	20,970	26,773

THREE-A RESOURCES BERHAD

Registration no. 199901006659 (481559-M)

(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position

As at 31 December 2020

(The figures have not been audited)

	As at 31-Dec-20 RM'000	As at 31-Dec-19 RM'000
Current Liabilities		
Trade and other payables	35,333	28,418
Borrowings	6,153	1,762
Income tax liabilities	2,907	1,392
Total Current Liabilities	44,393	31,572
TOTAL LIABILITIES	65,363	58,345
TOTAL EQUITY AND LIABILITIES	431,836	406,519
Net assets value per share (sen)	74.49	71.16

(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 the accompanying explanatory notes attached to the interim financial statements)

THREE-A RESOURCES BERHAD

Registration no. 199901006659 (481559-M)

(Incorporated In Malaysia)

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

	<u>Year-To-Date 31-Dec-20 (RM'000)</u>	<u>Year-To-Date 31-Dec-19 (RM'000)</u>
Cash flows from operating activities		
Profit before taxation	40,708	40,259
Adjustments for:		
Depreciation of property, plant and equipment	8,713	8,267
Depreciation of right-of-use assets	975	979
Impairment loss on receivables	571	2,233
Reversal of impairment loss on receivables	(291)	-
Interest expense	628	914
Interest income	(790)	(1,001)
Loss/(Gain) on disposal of property, plant and equipment	127	(3)
Unrealised foreign exchange loss	549	455
Operating profit before working capital changes	<u>51,190</u>	<u>52,103</u>
Working capital changes:		
Inventories	(25,286)	30,240
Trade and other receivables	3,597	(9,293)
Trade and other payables	6,914	(4,552)
Cash generated from operations	<u>36,415</u>	<u>68,498</u>
Tax refunded	2,503	1,091
Tax paid	(11,091)	(7,141)
Net cash generated from operating activities	<u>27,827</u>	<u>62,448</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(24,122)	(12,122)
Purchase of Right-of-use assets	(7,734)	-
Proceeds from disposal of property, plant and equipment	2	14
Interest received	790	1,001
Net cash used in investing activities	<u>(31,064)</u>	<u>(11,107)</u>

THREE-A RESOURCES BERHAD

Registration no. 199901006659 (481559-M)

(Incorporated in Malaysia)

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

	Year-To-Date 31-Dec-20 (RM'000)	Year-To-Date 31-Dec-19 (RM'000)
Cash flows from financing activities		
Dividend paid	(10,785)	(9,840)
Interest paid	(628)	(914)
Payment of lease liabilities	-	(154)
Purchase of treasury shares	(1,078)	-
Repayment of bankers acceptances	-	(3,045)
Net Repayments of term loans	(1,854)	(2,283)
Net cash used in financing activities	<u>(14,345)</u>	<u>(16,236)</u>
Net (decrease)/increase in cash and cash equivalents	(17,582)	35,105
Effect of exchange rate changes on cash and cash equivalents	(7)	44
Cash and cash equivalents at beginning of year	44,207	9,058
Cash and cash equivalents at end of the period	<u>26,618</u>	<u>44,207</u>

(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)

THREE-A RESOURCES BERHAD

Registration no. 199901006659 (481559-M)

(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 DECEMBER 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.

THREE-A RESOURCES BERHAD

Registration no. 199901006659 (481559-M)

(Incorporated in Malaysia)

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

(The figures have not been audited)

Explanatory Notes to the Interim Financial Statements Pursuant to MFRS 134

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.

A7 Dividends

The interim single tier dividend of 2.2 sen per ordinary share in respect of financial year ended 31 December 2020 amounting to RM10.785 million was paid on 3 December 2020. (2019 : 2.0 sen)

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	225,886	52%
Singapore	41,791	9%
Other countries	168,489	39%
	<u>436,166</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.

THREE-A RESOURCES BERHAD

Registration no. 199901006659 (481559-M)

(Incorporated in Malaysia)

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

(The figures have not been audited)

Explanatory Notes to the Interim Financial Statements Pursuant to MFRS 134

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 December 2020 :

	3 months ended 31 December		Cumulative quarter ended 31 December	
	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)	225	225	1,028	1,158
Purchases of products from:				
Qinhuangdao Gold Delicious Food Industries Co., Ltd (A subsidiary of a significant corporate shareholder)	-	-	-	1,194

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 December 2020 is RM12.677 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 RM8.498 million.

THREE-A RESOURCES BERHAD

Registration no. 199901006659 (481559-M)

(Incorporated in Malaysia)

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

(The figures have not been audited)

Additional Information Required By The Bursa Malaysia Listing Requirements

B1 Review of Performance

	4th Quarter Ended 31-Dec-20 RM'000	4th Quarter Ended 31-Dec-19 RM'000	Variance %	Year to date Ended 31-Dec-20 RM'000	Year to date Ended 31-Dec-19 RM'000	Variance %
Revenue	114,660	114,223	0.4%	436,166	436,066	0.0%
Profit before Tax	9,495	12,796	-25.8%	40,708	40,259	1.1%

The revenue of the Group for the current quarter of RM114.660 million was slightly higher than RM114.223 million recorded in the corresponding quarter in the preceding year mainly due to higher quantities of products sold. However, the Group's profit before tax decreased by 25.8% to RM9.495 million from RM12.796 million and was mainly a result of foreign exchange losses in the current interim quarter under review.

The Group recorded slightly higher revenue of RM436.166 million for the twelve months ended 31 December 2020 as compared to RM436.066 million recorded for the same period last year due to slightly higher quantities of products sold. In addition, profit before tax for the same period increased slightly by 1.1% to RM40.708 million from RM40.259 million recorded for the same period last year and was mainly a result of lower main raw materials costs.

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:-

	4th Quarter Ended 31-Dec-20 RM'000	3rd Quarter Ended 30-Sep-20 RM'000	Variance %
Revenue	114,660	113,853	0.7%
Profit before taxation	9,495	8,746	8.6%

The Group's revenue for the current quarter of RM114.660 million was marginally higher as compared to RM113.853 million recorded in the immediate preceding quarter and was mainly due to higher quantities of products sold. However, profit before taxation for the current quarter of RM9.495 million was 8.6% higher than that recorded in the immediate preceding quarter of RM8.746 million and was mainly a result of lower main raw materials costs.

B3 Prospects

The Covid-19 pandemic continued to pose significant challenges to the business environment of the Group in the current interim quarter under review. As a result, the Group remained vigilant and continued with various measures to counter its impacts to business operations.

Despite this, 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 still 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 2021.

THREE-A RESOURCES BERHAD

Registration no. 199901006659 (481559 M)

(Incorporated in Malaysia)

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

(The figures have not been audited)

Additional Information Required By The Bursa Malaysia Listing Requirements

B4 Forecast of profit after tax

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

B5 Tax expenses

	Current quarter 31-Dec-20 RM'000	Cumulative quarter up to 31-Dec-20 RM'000
Income tax expense		
- current period	1,558	10,041
- underprovision in the prior year	62	62
Deferred Taxation		
- current year	1,278	952
- overprovision in the prior year	(2,162)	(509)
	<u>736</u>	<u>10,546</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 is lower than the statutory income tax rate and is mainly due to overprovision of deferred taxation in prior reporting quarters. Meanwhile, the effective tax rate for the financial year-to-date is higher than the statutory income tax rate and is mainly due to expenses not allowable for tax deduction.

B6 Unquoted investments and/or properties

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

THREE-A RESOURCES BERHAD

Registration no. 199901006659 (481559-M)

(Incorporated in Malaysia)

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

(The figures have not been audited)

Additional Information Required By The Bursa Malaysia Listing Requirements

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.

B8 Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 23 February 2021 for the current quarter and financial year-to-date.

B9 Group borrowings and debt securities

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

	Short Term RM'000	Long Term RM'000	Total RM'000
Term Loans	6,153	6,524	12,677

All the abovementioned borrowings were denominated in Ringgit Malaysia.

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 23 February 2021.

B11 Changes in material litigation

There was no material litigation pending for the current financial period to-date and up to 23 February 2021.

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:

	Current Period		Cumulative Period	
	31-Dec-20 RM'000	31-Dec-19 RM'000	31-Dec-20 RM'000	31-Dec-19 RM'000
Interest income	(115)	(394)	(790)	(1,001)
Depreciation of property, plant and equipment	2,245	1,999	8,713	8,267
Depreciation of right-of-use assets	286	386	975	979
Impairment loss on receivables	-	-	571	2,233
Reversal of impairment loss on receivables	(291)	-	(291)	-
Realised foreign exchange loss/(gain)	1,411	153	1,716	(28)
Unrealised foreign exchange loss	489	818	549	455

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.

THREE-A RESOURCES BERHAD

Registration no. 199901006659 (481559-M)

(Incorporated in Malaysia)

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

(The figures have not been audited)

Additional Information Required By The Bursa Malaysia Listing Requirements

	Quarter		Quarter	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
Net profit (RM'000)	8,759	9,986	30,162	29,419
Weighted average number of ordinary shares in issue ('000)	490,231	492,000	489,296	492,000
EPS (sen) - Basic and Diluted	1.79	2.03	6.16	5.98