

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 30 June 2021 (The figures have not been audited)

	3 months ended 30 June		Cumulative quarter ended 30 June	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	131,235	106,955	258,100	207,652
Cost of sales	(105,518)	(88,333)	(207,588)	(170,283)
Gross Profit	<u>25,717</u>	<u>18,622</u>	<u>50,512</u>	<u>37,369</u>
Other income	478	-	2,685	2,384
Other operating expenses	(9,029)	(8,830)	(18,548)	(16,925)
Profit from Operations	<u>17,166</u>	<u>9,792</u>	<u>34,649</u>	<u>22,828</u>
Finance costs	(112)	(170)	(243)	(361)
Profit before Tax	<u>17,054</u>	<u>9,622</u>	<u>34,406</u>	<u>22,467</u>
Income tax	(4,399)	(2,935)	(8,440)	(6,939)
Profit net of tax	<u>12,655</u>	<u>6,687</u>	<u>25,966</u>	<u>15,528</u>
Total other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the year	<u><u>12,655</u></u>	<u><u>6,687</u></u>	<u><u>25,966</u></u>	<u><u>15,528</u></u>
Profit for the period attributable to:				
Owners of the parent	12,655	6,687	25,966	15,528
Non-controlling interest	-	-	-	-
	<u><u>12,655</u></u>	<u><u>6,687</u></u>	<u><u>25,966</u></u>	<u><u>15,528</u></u>
Total comprehensive income attributable to:				
Owners of the parent	12,655	6,687	25,966	15,528
Non-controlling interest	-	-	-	-
	<u><u>12,655</u></u>	<u><u>6,687</u></u>	<u><u>25,966</u></u>	<u><u>15,528</u></u>
Basic Earnings per Share (sen)	<u><u>2.58</u></u>	<u><u>1.36</u></u>	<u><u>5.30</u></u>	<u><u>3.16</u></u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2020 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 30 June 2021
(The figures have not been audited)

	<u>Share Capital</u>	<u>Treasury Shares</u>	<u>Retained Earnings</u>	<u>Total</u>
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
At 1 January 2020	149,087	-	199,087	348,174
Net Profit for the period	-	-	15,528	15,528
Purchase of treasury shares	-	(1,078)	-	(1,078)
At 30 June 2020	<u>149,087</u>	<u>(1,078)</u>	<u>214,615</u>	<u>362,624</u>
At 1 January 2021	149,087	(1,078)	218,464	366,473
Net Profit for the period	-	-	25,966	25,966
At 30 June 2021	<u>149,087</u>	<u>(1,078)</u>	<u>244,430</u>	<u>392,439</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 2020 and the accompanying explanatory notes attached to the interim financial statements)

THREE-A RESOURCES BERHAD

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Condensed Consolidated Statement of Financial Position

As at 30 June 2021

(The figures have not been audited)

	As at 30-Jun-21 RM'000	As at 31-Dec-20 RM'000
Non-current Assets		
Property, plant & equipment	159,594	157,082
Right-of-use assets	65,556	60,846
Total Non-current Assets	225,150	217,928
Current Assets		
Inventories	66,173	75,110
Trade and other receivables	115,148	112,181
Cash and bank balances	38,389	26,618
Total Current Assets	219,710	213,909
TOTAL ASSETS	444,860	431,837
EQUITY AND LIABILITIES		
Share capital	149,087	149,087
Reserves	243,352	217,386
Total Equity	392,439	366,473
Non-current Liabilities		
Borrowings	7,434	6,429
Deferred tax liabilities	14,528	14,446
Total Non-current Liabilities	21,962	20,875
Current Liabilities		
Trade and other payables	22,391	35,333
Borrowings	1,352	6,249
Income tax liabilities	6,716	2,907
Total Current Liabilities	30,459	44,489
TOTAL LIABILITIES	52,421	65,364
TOTAL EQUITY AND LIABILITIES	444,860	431,837
Net assets value per share (sen)	79.92	74.76

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements)

THREE-A RESOURCES BERHAD

Registration no. 199901006659 (481559-M)

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Condensed Consolidated Statement of Cash Flow For the Quarter Ended 30 June 2021 (The figures have not been audited)

	Year-To-Date 30-Jun-21 (RM'000)	Year-To-Date 30-Jun-20 (RM'000)
Cash flows from operating activities		
Profit before taxation	34,406	22,467
Adjustments for:		
Depreciation of property, plant and equipment	4,365	4,291
Depreciation of right-of-use assets	833	413
Impairment loss on receivables	-	571
Reversal of impairment loss on receivables	(531)	-
Interest expense	243	361
Interest income	(106)	(572)
Loss on disposal of property, plant and equipment	-	130
Unrealised foreign exchange gain	(1,484)	(444)
Operating profit before working capital changes	37,726	27,217
Working capital changes:		
Inventories	8,937	(32,759)
Trade and other receivables	(958)	1,007
Trade and other payables	(12,943)	2,821
Cash generated from operations	32,762	(1,714)
Tax paid	(4,547)	(2,076)
Net cash generated from/(used in) operating activities	28,215	(3,790)
Cash flows from investing activities		
Additions of right-of-use assets	(5,543)	(1,993)
Interest received	106	572
Purchase of property, plant and equipment	(6,877)	(10,257)
Net cash used in investing activities	(12,314)	(11,678)
Cash flows from financing activities		
Interest paid	(243)	(361)
Repurchase of treasury shares	-	(1,078)
Repayments of term loans	(3,891)	(908)
Net cash used in financing activities	(4,134)	(2,347)
Net increase/(decrease) in cash and cash equivalents	11,767	(17,815)
Effect of exchange rate changes on cash and cash equivalents	4	2
Cash and cash equivalents at beginning of year	26,618	44,207
Cash and cash equivalents at end of the period	38,389	26,394

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements)

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 30 JUNE 2021

(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 2020.

The accounting policies are consistent with the recent audited financial statements for the year ended 31 December 2020.

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 2020.

A2 Audit report of the preceding annual financial statements

The audited financial statements of the Group for the year ended 31 December 2020 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.

A7 Dividends

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

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	139,231	53.9%
Singapore	28,188	11.0%
Other countries	90,681	35.1%
	<u>258,100</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.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 30 JUNE 2021

(The figures have not been audited)

Explanatory Notes to the Interim Financial Statements Pursuant to MFRS 134

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 30 June 2021 :

	3 months ended		Cumulative quarter ended	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Sales of products to:				
Seong Chan Sauce & Foodstuff Sdn. Bhd. (A company in which certain directors have financial interests)	247	224	465	505

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 30 June 2021 is RM8.786 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 RM6.125 million.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 30 JUNE 2021

(The figures have not been audited)

Additional Information Required By The Bursa Malaysia Listing Requirements

B1 Review of Performance

	2nd Quarter Ended 30-Jun-21 RM'000	2nd Quarter Ended 30-Jun-20 RM'000	Variance %	Year to date Ended 30-Jun-21 RM'000	Year to date Ended 30-Jun-20 RM'000	Variance %
Revenue	131,235	106,955	22.7%	258,100	207,652	24.3%
Profit before Tax	17,054	9,622	77.2%	34,406	22,467	53.1%

The revenue of the Group for the current quarter of RM131.235 million was 22.7% higher than RM106.955 million recorded in the corresponding quarter in the preceding year mainly due to higher quantities of products sold. The Group's profit before tax increased by 77.2% to RM17.054 million from RM9.622 million and was mainly a result of higher quantities and also higher average selling prices of products sold in the current quarter under review.

The Group recorded 24.3% higher revenue of RM258.100 million for the six months ended 30 June 2021 as compared to RM207.652 million recorded for the same period last year on higher quantities of products sold. Profit before tax of the Group for the same period increased by 53.1% to RM34.406 million from RM22.467 million and was mainly a result of higher quantities and also higher average selling prices of products sold.

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:-

	2nd Quarter Ended 30-Jun-21 RM'000	1st Quarter Ended 31-Mar-21 RM'000	Variance %
Revenue	131,235	126,865	3.4%
Profit before taxation	17,054	17,352	-1.7%

The Group's revenue for the current quarter of RM131.235 million was 3.4% higher as compared to RM126.865 million recorded in the immediate preceding quarter and was mainly due to higher quantities of products sold. Profit before taxation for the current quarter of RM17.054 million was slightly lower than that recorded in the immediate preceding quarter of RM17.352 million and was mainly a result of higher main raw materials costs in the current interim quarter under review.

B3 Prospects

The Group still faces challenges from the Covid-19 pandemic and also fluctuations in raw materials costs 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.

B4 Forecast of profit after tax

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

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Additional Information Required By The Bursa Malaysia Listing Requirements

B5 Tax expenses

	Current quarter up to 30-Jun-21 RM'000	Cumulative quarter up to 30-Jun-21 RM'000
Income tax expense		
- current period	4,510	8,358
Deferred Taxation		
- current year	(111)	512
- overprovision in the prior year	-	(430)
	<u>4,399</u>	<u>8,440</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 was higher than the statutory income tax rate and was mainly due to certain 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.

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 26 August 2021 for the current quarter and financial year-to-date.

B9 Group borrowings and debt securities

The total Group secured borrowings as at 30 June 2021 are as follows:-

	Short Term RM'000	Long Term RM'000	Total RM'000
Term Loans	<u>1,352</u>	<u>7,434</u>	<u>8,786</u>

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 26 August 2021.

B11 Changes in material litigation

There was no material litigation pending for the current financial period to-date and up to 26 August 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.

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(The figures have not been audited)

Additional Information Required By The Bursa Malaysia Listing Requirements

B14 Additional disclosures

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

	Current Period		Cumulative Period	
	30-Jun-21 RM'000	30-Jun-20 RM'000	30-Jun-21 RM'000	30-Jun-20 RM'000
Interest income	(78)	(248)	(106)	(572)
Depreciation of property, plant and equipment	2,184	2,161	4,365	4,291
Depreciation of right-of-use assets	443	215	833	413
Impairment loss on receivables	-	571	-	571
Reversal of impairment loss on receivables	(226)	-	(531)	-
Realised foreign exchange gain	(577)	(672)	(365)	(1,059)
Unrealised foreign exchange loss/(gain)	589	1,207	(1,484)	(444)

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 Quarter		Cumulative Quarter	
	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20
Net profit (RM'000)	12,655	6,687	25,966	15,528
Weighted average number of ordinary shares in issue ('000)	490,231	490,237	490,231	491,054
EPS (sen) - Basic and Diluted	2.58	1.36	5.30	3.16