

# 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 September 2021 (The figures have not been audited)

	3 months ended 30 September		Cumulative quarter ended 30 September	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	115,315	113,853	373,415	321,506
Cost of sales	(90,846)	(93,898)	(298,434)	(264,181)
<b>Gross Profit</b>	<u>24,469</u>	<u>19,955</u>	<u>74,981</u>	<u>57,325</u>
Other income	717	-	3,402	603
Other operating expenses	(9,002)	(11,071)	(27,550)	(26,216)
<b>Profit from Operations</b>	<u>16,184</u>	<u>8,884</u>	<u>50,833</u>	<u>31,712</u>
Finance costs	(69)	(138)	(312)	(499)
<b>Profit before Tax</b>	<u>16,115</u>	<u>8,746</u>	<u>50,521</u>	<u>31,213</u>
Income tax	(4,144)	(2,871)	(12,584)	(9,810)
<b>Profit net of tax</b>	<u>11,971</u>	<u>5,875</u>	<u>37,937</u>	<u>21,403</u>
Total other comprehensive income, net of tax	-	-	-	-
<b>Total comprehensive income for the year</b>	<u><u>11,971</u></u>	<u><u>5,875</u></u>	<u><u>37,937</u></u>	<u><u>21,403</u></u>
<b>Profit for the period attributable to:</b>				
Owners of the parent	11,971	5,875	37,937	21,403
Non-controlling interest	-	-	-	-
	<u><u>11,971</u></u>	<u><u>5,875</u></u>	<u><u>37,937</u></u>	<u><u>21,403</u></u>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	11,971	5,875	37,937	21,403
Non-controlling interest	-	-	-	-
	<u><u>11,971</u></u>	<u><u>5,875</u></u>	<u><u>37,937</u></u>	<u><u>21,403</u></u>
<b>Basic Earnings per Share (sen)</b>	<u><u>2.44</u></u>	<u><u>1.20</u></u>	<u><u>7.74</u></u>	<u><u>4.36</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)

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## Condensed Consolidated Statement of Changes in Equity For the Quarter Ended 30 September 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)
<b>At 1 January 2020</b>	149,087	-	199,087	348,174
Net Profit for the period	-	-	21,403	21,403
Purchase of treasury shares	-	(1,078)	-	(1,078)
<b>At 30 September 2020</b>	<u>149,087</u>	<u>(1,078)</u>	<u>220,490</u>	<u>368,499</u>
<b>At 1 January 2021</b>	149,087	(1,078)	218,464	366,473
Net Profit for the period	-	-	37,937	37,937
<b>At 30 September 2021</b>	<u>149,087</u>	<u>(1,078)</u>	<u>256,401</u>	<u>404,410</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)

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## Condensed Consolidated Statement of Financial Position As at 30 September 2021 (The figures have not been audited)

	<b>As at 30-Sep-21</b> RM'000	<b>As at 31-Dec-20</b> RM'000
<b>Non-current Assets</b>		
Property, plant & equipment	161,414	157,082
Right-of-use assets	63,138	60,846
<b>Total Non-current Assets</b>	224,552	217,928
<b>Current Assets</b>		
Inventories	64,963	75,110
Trade and other receivables	103,466	112,181
Cash and bank balances	68,202	26,618
<b>Total Current Assets</b>	236,631	213,909
<b>TOTAL ASSETS</b>	461,183	431,837
<b>EQUITY AND LIABILITIES</b>		
Share capital	149,087	149,087
Reserves	255,323	217,386
<b>Total Equity</b>	404,410	366,473
<b>Non-current Liabilities</b>		
Borrowings	7,029	6,429
Deferred tax liabilities	14,528	14,446
<b>Total Non-current Liabilities</b>	21,557	20,875

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## Condensed Consolidated Statement of Financial Position As at 30 September 2021 (The figures have not been audited)

	<b>As at 30-Sep-21 RM'000</b>	<b>As at 31-Dec-20 RM'000</b>
<b>Current Liabilities</b>		
Trade and other payables	22,986	35,333
Borrowings	1,373	6,249
Income tax liabilities	10,857	2,907
<b>Total Current Liabilities</b>	35,216	44,489
<b>TOTAL LIABILITIES</b>	56,773	65,364
<b>TOTAL EQUITY AND LIABILITIES</b>	461,183	431,837
Net assets value per share (sen)	82.49	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)

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

	<b>Year-To-Date 30-Sep-21 (RM'000)</b>	<b>Year-To-Date 30-Sep-20 (RM'000)</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	50,521	31,213
Adjustments for:		
Depreciation of property, plant and equipment	6,579	6,468
Depreciation of right-of-use assets	1,101	689
Impairment loss on receivables	-	571
Reversal of impairment loss on receivables	(532)	-
Interest expense	312	499
Interest income	(279)	(675)
Loss on disposal of property, plant and equipment	-	130
Unrealised foreign exchange (gain)/loss	(1,177)	60
Operating profit before working capital changes	<u>56,525</u>	<u>38,955</u>
Working capital changes:		
Inventories	10,147	(27,068)
Trade and other receivables	10,409	6,823
Trade and other payables	(12,346)	(135)
Cash generated from operations	<u>64,735</u>	<u>18,575</u>
Tax refunded	-	13
Tax paid	(4,552)	(2,079)
<b>Net cash generated from operating activities</b>	<u>60,183</u>	<u>16,509</u>
<b>Cash flows from investing activities</b>		
Additions of right-of-use assets	(3,393)	(7,734)
Interest received	279	675
Purchase of property, plant and equipment	(10,911)	(16,000)
<b>Net cash used in investing activities</b>	<u>(14,025)</u>	<u>(23,059)</u>

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

	<b>Year-To-Date 30-Sep-21</b>	<b>Year-To-Date 30-Sep-20</b>
	(RM'000)	(RM'000)
<b>Cash flows from financing activities</b>		
Interest paid	(312)	(499)
Repurchase of treasury shares	-	(1,078)
Repayment of term loans	(4,276)	(1,376)
<b>Net cash used in financing activities</b>	<u>(4,588)</u>	<u>(2,953)</u>
Net increase/(decrease) in cash and cash equivalents	41,570	(9,503)
Effect of exchange rate changes on cash and cash equivalents	14	6
Cash and cash equivalents at beginning of year	26,618	44,207
Cash and cash equivalents at end of the period	<u>68,202</u>	<u>34,710</u>

(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 SEPTEMBER 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.

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## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

(The figures have not been audited)

### 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	203,109	54%
Singapore	38,120	10%
Other countries	132,186	36%
	<u>373,415</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 that are significant which have been entered into with related parties during the interim period and financial year to date ended 30 September 2021 :

	3 months ended 30 September		Cumulative quarter ended 30 September	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Sales of products to:				
Seong Chan Sauce & Foodstuff Sdn. Bhd. (A company in which certain directors have financial interests)	164	297	629	803

#### 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 September 2021 is RM8.402 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 RM6.212 million.



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## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

(The figures have not been audited)

### Additional Information Required By The Bursa Malaysia Listing Requirements

#### B1 Review of Performance

	3rd Quarter Ended 30-Sep-21 RM'000	3rd Quarter Ended 30-Sep-20 RM'000	Variance %	Year to date Ended 30-Sep-21 RM'000	Year to date Ended 30-Sep-20 RM'000	Variance %
Revenue	115,315	113,853	1.3%	373,415	321,506	16.1%
Profit before Tax	16,115	8,746	84.3%	50,521	31,213	61.9%

The revenue of the Group for the current quarter of RM115.315 million was 1.3% higher than RM113.853 million recorded in the corresponding quarter in the preceding year and was mainly due to higher average selling prices of products sold. The Group's profit before tax increased by 84.3% to RM16.115 million from RM8.746 million and was also mainly a result of higher average selling prices of products sold in the current quarter under review.

The Group recorded 16.1% higher revenue of RM373.415 million for the nine months ended 30 September 2021 as compared to RM321.506 million recorded for the same period last year mainly on higher quantities of products sold. Profit before tax of the Group for the same period increased by 61.9% to RM50.521 million from RM31.213 million and was mainly a result of higher average selling prices and higher quantities 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:-

	3rd Quarter Ended 30-Sep-21 RM'000	2nd Quarter Ended 30-Jun-21 RM'000	Variance %
Revenue	115,315	131,235	-12.1%
Profit before taxation	16,115	17,054	-5.5%

The Group's revenue for the current quarter of RM115.315 million was 12.1% lower as compared to RM131.235 million recorded in the immediate preceding quarter and was mainly due to lower quantities of products sold. Profit before taxation for the current quarter of RM16.115 million was 5.5% lower than that recorded in the immediate preceding quarter of RM17.054 million and was also mainly a result of lower quantities of products sold in the current interim quarter under review.

#### B3 Prospects

The Covid-19 pandemic brought challenges to the Group, one being the increase in volatility of 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.

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## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021 (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 up to 30-Sep-21 RM'000	Cumulative quarter up to 30-Sep-21 RM'000
Income tax expense		
- current period	4,144	12,502
Deferred Taxation		
- current year	-	512
- overprovision in the prior year	-	(430)
	<u>4,144</u>	<u>12,584</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 17 November 2021 for the current quarter and financial year-to-date.

#### B9 Group borrowings and debt securities

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

	Short Term RM'000	Long Term RM'000	Total RM'000
Term Loans	<u>1,373</u>	<u>7,029</u>	<u>8,402</u>

All the abovementioned borrowings were denominated in Ringgit Malaysia.

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## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

(The figures have not been audited)

### 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 17 November 2021.

#### B11 Changes in material litigation

There was no material litigation pending for the current financial period to-date and up to 17 November 2021.

#### B12 Dividend

On 17 November 2021, the Board of Directors declared an interim single tier dividend of 2.2 sen per ordinary share amounting to RM10.785 million in respect of financial year ending 31 December 2021. (2020: 2.2 sen per ordinary share)

In addition, the Board of Directors also declared a special single tier dividend of 0.8 sen per ordinary share amounting to RM3.922 million for the financial year ending 31 December 2021.

The entitlement date for both dividends is fixed on 2 December 2021 and payment will be made on 15 December 2021

#### 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	
	30-Sep-21 RM'000	30-Sep-20 RM'000	30-Sep-21 RM'000	30-Sep-20 RM'000
Interest income	(173)	(103)	(279)	(675)
Depreciation of property, plant and equipment	2,214	2,176	6,579	6,468
Depreciation of right-of-use assets	268	277	1,101	689
Impairment loss on receivables	-	-	-	571
Reversal of impairment loss on receivables	(1)	-	(532)	-
Realised foreign exchange (gain)/loss	(824)	1,365	(1,188)	305
Unrealised foreign exchange loss/(gain)	307	504	(1,177)	60

#### 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-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
Net profit (RM'000)	11,971	5,875	37,937	21,403
Weighted average number of ordinary shares in issue ('000)	490,231	490,231	490,231	490,777
EPS (sen) - Basic and Diluted	2.44	1.20	7.74	4.36