

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 2022

(The figures have not been audited)

	3 months ended 30 June		Cumulative quarter ended 30 June	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	165,167	131,235	321,159	258,100
Cost of sales	(143,359)	(105,518)	(271,144)	(207,588)
Gross Profit	<u>21,808</u>	<u>25,717</u>	<u>50,015</u>	<u>50,512</u>
Other income	2,992	478	3,826	2,685
Other operating expenses	(10,358)	(9,029)	(21,739)	(18,548)
Profit from Operations	<u>14,442</u>	<u>17,166</u>	<u>32,102</u>	<u>34,649</u>
Finance costs	(79)	(112)	(143)	(243)
Profit before Tax	<u>14,363</u>	<u>17,054</u>	<u>31,959</u>	<u>34,406</u>
Income tax	(3,524)	(4,399)	(8,349)	(8,440)
Profit net of tax	<u>10,839</u>	<u>12,655</u>	<u>23,610</u>	<u>25,966</u>
Total other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the year	<u><u>10,839</u></u>	<u><u>12,655</u></u>	<u><u>23,610</u></u>	<u><u>25,966</u></u>
Profit for the period attributable to:				
Owners of the parent	10,839	12,655	23,610	25,966
Non-controlling interest	-	-	-	-
	<u><u>10,839</u></u>	<u><u>12,655</u></u>	<u><u>23,610</u></u>	<u><u>25,966</u></u>
Total comprehensive income attributable to:				
Owners of the parent	10,839	12,655	23,610	25,966
Non-controlling interest	-	-	-	-
	<u><u>10,839</u></u>	<u><u>12,655</u></u>	<u><u>23,610</u></u>	<u><u>25,966</u></u>
Basic Earnings per Share (sen)	<u><u>2.21</u></u>	<u><u>2.58</u></u>	<u><u>4.82</u></u>	<u><u>5.30</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 2021 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 2022 (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 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>
At 1 January 2022	149,087	(1,078)	250,302	398,311
Net Profit for the period	-	-	23,610	23,610
Purchase of treasury shares	-	(1,073)	-	(1,073)
At 30 June 2022	<u>149,087</u>	<u>(2,151)</u>	<u>273,912</u>	<u>420,848</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 2021 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 2022

(The figures have not been audited)

	As at 30-Jun-22 RM'000	As at 31-Dec-21 RM'000
Non-current Assets		
Property, plant & equipment	166,352	162,622
Right-of-use assets	62,006	62,761
Total Non-current Assets	228,358	225,383
Current Assets		
Inventories	117,229	57,016
Trade and other receivables	135,538	126,071
Cash and bank balances	4,653	55,100
Total Current Assets	257,420	238,187
TOTAL ASSETS	485,778	463,570
EQUITY AND LIABILITIES		
Share capital	149,087	149,087
Reserves	271,761	249,224
Total Equity	420,848	398,311
Non-current Liabilities		
Borrowings	5,873	2,720
Deferred tax liabilities	16,376	16,068
Total Non-current Liabilities	22,249	18,788

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Condensed Consolidated Statement of Financial Position

As at 30 June 2022

(The figures have not been audited)

	As at 30-Jun-22 RM'000	As at 31-Dec-21 RM'000
Current Liabilities		
Trade and other payables	23,529	34,823
Borrowings	10,745	5,294
Income tax liabilities	8,407	6,354
Total Current Liabilities	42,681	46,471
TOTAL LIABILITIES	64,930	65,259
TOTAL EQUITY AND LIABILITIES	485,778	463,570
Net assets value per share (sen)	85.87	81.27

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2021 and and the accompanying explanatory notes attached to the interim financial statements)

THREE-A RESOURCES BERHAD

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Condensed Consolidated Statement of Cash Flow For the Quarter Ended 30 June 2022 (The figures have not been audited)

	Year-To-Date 30-Jun-22 (RM'000)	Year-To-Date 30-Jun-21 (RM'000)
Cash flows from operating activities		
Profit before taxation	31,959	34,406
Adjustments for:		
Depreciation of property, plant and equipment	5,042	4,365
Depreciation of right-of-use assets	755	833
Reversal of impairment loss on receivables	(3)	(531)
Interest expense	143	243
Interest income	(155)	(106)
Gain on disposal of property, plant and equipment	(30)	-
Unrealised foreign exchange gain	(1,136)	(1,484)
Operating profit before working capital changes	<u>36,575</u>	<u>37,726</u>
Working capital changes:		
Inventories	(60,213)	8,937
Trade and other receivables	(8,333)	(958)
Trade and other payables	(11,293)	(12,943)
Cash (used in)/generated from operations	<u>(43,264)</u>	<u>32,762</u>
Tax refunded	25	-
Tax paid	(6,013)	(4,547)
Net cash (used in)/generated from operating activities	<u>(49,252)</u>	<u>28,215</u>
Cash flows from investing activities		
Additions of right-of-use assets	-	(5,543)
Interest received	155	106
Proceeds from disposal of property, plant and equipment	69	-
Purchase of property, plant and equipment	(8,812)	(6,877)
Net cash used in investing activities	<u>(8,588)</u>	<u>(12,314)</u>

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Condensed Consolidated Statement of Cash Flow For the Quarter Ended 30 June 2022 (The figures have not been audited)

	Year-To-Date 30-Jun-22	Year-To-Date 30-Jun-21
	(RM'000)	(RM'000)
Cash flows from financing activities		
Interest paid	(143)	(243)
Net Drawdown of bankers acceptances	9,388	-
Repurchase of treasury shares	(1,073)	-
Repayment of term loans	(784)	(3,891)
Net cash generated from/(used in) financing activities	<u>7,388</u>	<u>(4,134)</u>
Net (decrease)/increase in cash and cash equivalents	(50,452)	11,767
Effect of exchange rate changes on cash and cash equivalents	5	4
Cash and cash equivalents at beginning of year	55,100	26,618
Cash and cash equivalents at end of the period	<u>4,653</u>	<u>38,389</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 31 December 2021 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 2022

(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 2021.

The accounting policies are consistent with the recent audited financial statements for the year ended 31 December 2021.

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 2021.

A2 Audit report of the preceding annual financial statements

The audited financial statements of the Group for the year ended 31 December 2021 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.

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30 JUNE 2022

(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 except for the repurchase of 1,231,200 of the Company's own issued ordinary shares from the open market at an average price of RM0.8712 per share. The total consideration paid for the repurchase including transaction costs was RM1,072,681 and this was financed by internally generated funds for the financial period under review. The total treasury shares held as at 30 June 2022 was 3,000,000 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.

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	183,113	57%
Singapore	33,091	10%
Other countries	104,955	33%
	<u>321,159</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.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 30 JUNE 2022

(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 that are significant which have been entered into with related parties during the interim period and financial year to date ended 30 June 2022 :

	3 months ended 30 June		Cumulative quarter ended 30 June	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Sales of products to:				
Seong Chan Sauce & Foodstuff Sdn. Bhd. (A company in which certain directors have financial interests)	248	247	514	465

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 2022 is RM16.618 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 RM7.319 million.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 30 JUNE 2022

(The figures have not been audited)

Additional Information Required By The Bursa Malaysia Listing Requirements

B1 Review of Performance

	2nd Quarter Ended 30-Jun-22 RM'000	2nd Quarter Ended 30-Jun-21 RM'000	Variance %	Year to date Ended 30-Jun-22 RM'000	Year to date Ended 30-Jun-21 RM'000	Variance %
Revenue	165,167	131,235	25.9%	321,159	258,100	24.4%
Profit before Tax	14,363	17,054	-15.8%	31,959	34,406	-7.1%

The revenue of the Group for the current quarter of RM165.167 million was 25.9% higher than RM131.235 million recorded in the corresponding quarter in the preceding year and was mainly due to higher average selling prices and higher quantities of products sold. However, the Group's profit before tax decreased by 15.8% to RM14.363 million from RM17.054 million and was mainly a result of higher main raw materials costs in the current quarter under review.

The Group recorded 24.4% higher revenue of RM321.159 million for the six months ended 30 June 2022 as compared to RM258.100 million recorded last year mainly on higher average selling prices of products sold and higher quantities of products sold. In spite of this, profit before tax for the same period declined by 7.1% to RM31.959 million from RM34.406 million recorded for the same period last year and was mainly a result of higher 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:-

	2nd Quarter Ended 30-Jun-22 RM'000	1st Quarter Ended 31-Mar-22 RM'000	Variance %
Revenue	165,167	155,992	5.9%
Profit before taxation	14,363	17,596	-18.4%

The Group's revenue for the current quarter of RM165.167 million was 5.9% higher as compared to RM155.992 million recorded in the immediate preceding quarter and was mainly due to higher average selling prices and higher quantities of products sold. Profit before taxation for the current quarter of RM14.363 million was 18.4% lower than that recorded in the immediate preceding quarter of RM17.596 million and was mainly a result of higher main raw materials costs in the current interim quarter under review.

B3 Prospects

The Group continue to be vigilant in managing headwinds, mainly from the increase of volatility in raw materials costs as a result of the Covid-19 pandemic and the ongoing Russia-Ukraine war.

Concurrently, 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 2022.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 30 JUNE 2022

(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 30-Jun-22 RM'000	Cumulative quarter up to 30-Jun-22 RM'000
Income tax expense		
- current period	3,223	8,041
Deferred Taxation		
- current year	558	275
- (over)/underprovision in the prior year	(257)	33
	<u>3,524</u>	<u>8,349</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 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 except as disclosed in Note A6.

B8 Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 18 August 2022 for the current quarter and financial year-to-date.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 30 JUNE 2022

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Additional Information Required By The Bursa Malaysia Listing Requirements

B9 Group borrowings and debt securities

The total Group secured borrowings as at 30 June 2022 are as follows:-

	Short Term RM'000	Long Term RM'000	Total RM'000
Bankers Acceptances	9,388	-	9,388
Term Loans	1,357	5,873	7,230
	<u>10,745</u>	<u>5,873</u>	<u>16,618</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 18 August 2022.

B11 Changes in material litigation

There was no material litigation pending for the current financial period to-date and up to 18 August 2022.

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	
	30-Jun-22 RM'000	30-Jun-21 RM'000	30-Jun-22 RM'000	30-Jun-21 RM'000
Interest income	(24)	(78)	(155)	(106)
Depreciation of property, plant and equipment	2,551	2,184	5,042	4,365
Depreciation of right-of-use assets	377	443	755	833
Reversal of impairment loss on receivables	(2)	(226)	(3)	(531)
Realised foreign exchange gain	(1,967)	(577)	(2,084)	(365)
Unrealised foreign exchange (gain)/loss	(708)	589	(1,136)	(1,484)

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-22	30-Jun-21	30-Jun-22	30-Jun-21
Net profit (RM'000)	10,839	12,655	23,610	25,966
Weighted average number of ordinary shares in issue ('000)	489,951	490,231	490,125	490,231
EPS (sen) - Basic and Diluted	<u>2.21</u>	<u>2.58</u>	<u>4.82</u>	<u>5.30</u>