

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 2022

(The figures have not been audited)

	3 months ended 30 September		Cumulative quarter ended 30 September	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	173,082	115,315	494,241	373,415
Cost of sales	(153,804)	(90,846)	(424,948)	(298,434)
Gross Profit	<u>19,278</u>	<u>24,469</u>	<u>69,293</u>	<u>74,981</u>
Other income	3,120	717	6,946	3,402
Other operating expenses	(11,391)	(9,002)	(33,130)	(27,550)
Profit from Operations	<u>11,007</u>	<u>16,184</u>	<u>43,109</u>	<u>50,833</u>
Finance costs	(89)	(69)	(232)	(312)
Profit before Tax	<u>10,918</u>	<u>16,115</u>	<u>42,877</u>	<u>50,521</u>
Income tax	(2,918)	(4,144)	(11,267)	(12,584)
Profit net of tax	<u>8,000</u>	<u>11,971</u>	<u>31,610</u>	<u>37,937</u>
Total other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the year	<u><u>8,000</u></u>	<u><u>11,971</u></u>	<u><u>31,610</u></u>	<u><u>37,937</u></u>
Profit for the period attributable to:				
Owners of the parent	8,000	11,971	31,610	37,937
Non-controlling interest	-	-	-	-
	<u><u>8,000</u></u>	<u><u>11,971</u></u>	<u><u>31,610</u></u>	<u><u>37,937</u></u>
Total comprehensive income attributable to:				
Owners of the parent	8,000	11,971	31,610	37,937
Non-controlling interest	-	-	-	-
	<u><u>8,000</u></u>	<u><u>11,971</u></u>	<u><u>31,610</u></u>	<u><u>37,937</u></u>
Basic Earnings per Share (sen)	<u><u>1.64</u></u>	<u><u>2.44</u></u>	<u><u>6.45</u></u>	<u><u>7.74</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 September 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	-	-	37,937	37,937
At 30 September 2021	<u>149,087</u>	<u>(1,078)</u>	<u>256,401</u>	<u>404,410</u>
At 1 January 2022	149,087	(1,078)	250,302	398,311
Net Profit for the period	-	-	31,610	31,610
Purchase of treasury shares	-	(1,073)	-	(1,073)
At 30 September 2022	<u>149,087</u>	<u>(2,151)</u>	<u>281,912</u>	<u>428,848</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)

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Condensed Consolidated Statement of Financial Position

As at 30 September 2022

(The figures have not been audited)

	As at 30-Sep-22 RM'000	As at 31-Dec-21 RM'000
Non-current Assets		
Property, plant & equipment	171,407	162,622
Right-of-use assets	63,107	62,761
Total Non-current Assets	234,514	225,383
Current Assets		
Inventories	111,313	57,016
Trade and other receivables	148,270	126,071
Cash and bank balances	13,884	55,100
Total Current Assets	273,467	238,187
TOTAL ASSETS	507,981	463,570
EQUITY AND LIABILITIES		
Share capital	149,087	149,087
Reserves	279,761	249,224
Total Equity	428,848	398,311
Non-current Liabilities		
Borrowings	5,458	2,720
Deferred tax liabilities	19,895	16,068
Total Non-current Liabilities	25,353	18,788

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Condensed Consolidated Statement of Financial Position

As at 30 September 2022

(The figures have not been audited)

	As at 30-Sep-22 RM'000	As at 31-Dec-21 RM'000
Current Liabilities		
Trade and other payables	41,609	34,823
Borrowings	8,683	5,294
Income tax liabilities	3,488	6,354
Total Current Liabilities	53,780	46,471
TOTAL LIABILITIES	79,133	65,259
TOTAL EQUITY AND LIABILITIES	507,981	463,570
Net assets value per share (sen)	87.57	81.33

(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 September 2022

(The figures have not been audited)

	Year-To-Date 30-Sep-22 (RM'000)	Year-To-Date 30-Sep-21 (RM'000)
Cash flows from operating activities		
Profit before taxation	42,877	50,521
Adjustments for:		
Depreciation of property, plant and equipment	7,599	6,579
Depreciation of right-of-use assets	1,137	1,101
Reversal of impairment loss on receivables	(13)	(532)
Interest expense	232	312
Interest income	(197)	(279)
Gain on disposal of property, plant and equipment	(126)	-
Unrealised foreign exchange gain	(2,019)	(1,177)
Operating profit before working capital changes	49,490	56,525
Working capital changes:		
Inventories	(54,298)	10,147
Trade and other receivables	(20,191)	10,409
Trade and other payables	6,787	(12,346)
Cash (used in)/generated from operations	(18,212)	64,735
Tax refunded	25	-
Tax paid	(10,330)	(4,552)
Net cash (used in)/generated from operating activities	(28,517)	60,183
Cash flows from investing activities		
Additions of right-of-use assets	(1,484)	(3,393)
Interest received	197	279
Proceeds from disposal of property, plant and equipment	237	-
Purchase of property, plant and equipment	(16,495)	(10,911)
Net cash used in investing activities	(17,545)	(14,025)

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

	Year-To-Date 30-Sep-22 (RM'000)	Year-To-Date 30-Sep-21 (RM'000)
Cash flows from financing activities		
Interest paid	(232)	(312)
Net Drawdown of bankers acceptances	7,299	-
Repurchase of treasury shares	(1,073)	-
Repayment of term loans	(1,172)	(4,276)
Net cash generated from/(used in) financing activities	4,822	(4,588)
Net (decrease)/increase in cash and cash equivalents	(41,240)	41,570
Effect of exchange rate changes on cash and cash equivalents	24	14
Cash and cash equivalents at beginning of year	55,100	26,618
Cash and cash equivalents at end of the period	13,884	68,202

(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 SEPTEMBER 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.

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 2022

(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	282,611	57%
Singapore	50,455	10%
Other countries	161,175	33%
	<u>494,241</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 2022 :

	3 months ended 30 September		Cumulative quarter ended 30 September	
	2022	2021	2022	2021
	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)	229	164	743	629

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 2022 is RM14.141 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 RM5.388 million.

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

(The figures have not been audited)

Additional Information Required By The Bursa Malaysia Listing Requirements

B1 Review of Performance

	3rd Quarter Ended 30-Sep-22 RM'000	3rd Quarter Ended 30-Sep-21 RM'000	Variance %	Year to date Ended 30-Sep-22 RM'000	Year to date Ended 30-Sep-21 RM'000	Variance %
Revenue	173,082	115,315	50.1%	494,241	373,415	32.4%
Profit before Tax	10,918	16,115	-32.2%	42,877	50,521	-15.1%

The revenue of the Group for the current quarter of RM173.082 million was 50.1% higher than RM115.315 million recorded in the corresponding quarter in the preceding year and was mainly due to higher quantities of products sold and higher average selling prices. However, the Group's profit before tax decreased by 32.2% to RM10.918 million from RM16.115 million and was mainly a result of higher main raw materials costs in the current quarter under review.

The Group recorded 32.4% higher revenue of RM494.241 million for the nine months ended 30 September 2022 as compared to RM373.415 million recorded last year on higher average selling prices of products and higher quantities of products sold. However, profit before tax for the same period declined by 15.1% to RM42.877 million from RM50.521 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:-

	3rd Quarter Ended 30-Sep-22 RM'000	2nd Quarter Ended 30-Jun-22 RM'000	Variance %
Revenue	173,082	165,167	4.8%
Profit before taxation	10,918	14,363	-24.0%

The Group's revenue for the current quarter of RM173.082 million was 4.8% higher as compared to RM165.167 million recorded in the immediate preceding quarter and was mainly due to higher average selling prices. However, profit before taxation for the current quarter of RM10.918 million was 24.0% lower than that recorded in the immediate preceding quarter of RM14.363 million and was mainly a result of higher main raw materials costs in the current interim quarter under review.

B3 Prospects

The Group continues to face challenges, mainly from the increase of volatility in raw materials costs stemming from the Covid-19 pandemic and the ongoing Russia-Ukraine war.

In facing with these headwinds, 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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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-Sep-22 RM'000	Cumulative quarter up to 30-Sep-22 RM'000
Income tax expense		
- current period	(515)	7,526
- overprovision in the prior year	(86)	(86)
Deferred Taxation		
- current year	3,439	3,714
- (over)/underprovision in the prior year	80	113
	<u>2,918</u>	<u>11,267</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.

B8 Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 24 November 2022 for the current quarter and financial year-to-date.

B9 Group borrowings and debt securities

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

	Short Term RM'000	Long Term RM'000	Total RM'000
Bankers Acceptances	7,299	-	7,299
Term Loans	1,384	5,458	6,842
	<u>8,683</u>	<u>5,458</u>	<u>14,141</u>

All the abovementioned borrowings were denominated in Ringgit Malaysia.

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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 24 November 2022.

B11 Changes in material litigation

There was no material litigation pending for the current financial period to-date and up to 24 November 2022.

B12 Dividend

On 24 November 2022, the Board of Directors declared an interim single tier dividend of 2.5 sen per ordinary share amounting to RM12.225 million in respect of financial year ending 31 December 2022. (2021: Interim dividend of 2.2 sen and Special dividend of 0.8 sen per ordinary share)

The entitlement date for the dividend is fixed on 9 December 2022 and payment will be made on 21 December 2022.

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-22 RM'000	30-Sep-21 RM'000	30-Sep-22 RM'000	30-Sep-21 RM'000
Interest income	(43)	(173)	(197)	(279)
Depreciation of property, plant and equipment	2,557	2,214	7,599	6,579
Depreciation of right-of-use assets	382	268	1,137	1,101
Reversal of impairment loss on receivables	(10)	(1)	(13)	(532)
Realised foreign exchange gain	(2,063)	(824)	(4,147)	(1,188)
Unrealised foreign exchange (gain)/loss	(883)	307	(2,019)	(1,177)

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-22	30-Sep-21	30-Sep-22	30-Sep-21
Net profit (RM'000)	8,000	11,971	31,610	37,937
Weighted average number of ordinary shares in issue ('000)	489,000	490,231	489,747	490,231
EPS (sen) - Basic and Diluted	1.64	2.44	6.45	7.74