

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 March 2023

(The figures have not been audited)

	3 months ended 31 March		Cumulative quarter ended 31 March	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	152,779	155,992	152,779	155,992
Cost of sales	(136,315)	(127,785)	(136,315)	(127,785)
Gross Profit	<u>16,464</u>	<u>28,207</u>	<u>16,464</u>	<u>28,207</u>
Other income	338	834	338	834
Other operating expenses	(11,873)	(11,381)	(11,873)	(11,381)
Profit from Operations	<u>4,929</u>	<u>17,660</u>	<u>4,929</u>	<u>17,660</u>
Finance costs	(152)	(64)	(152)	(64)
Profit before Tax	<u>4,777</u>	<u>17,596</u>	<u>4,777</u>	<u>17,596</u>
Income tax	(373)	(4,825)	(373)	(4,825)
Profit net of tax	<u>4,404</u>	<u>12,771</u>	<u>4,404</u>	<u>12,771</u>
		-7.8%		
Total other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the year	<u><u>4,404</u></u>	<u><u>12,771</u></u>	<u><u>4,404</u></u>	<u><u>12,771</u></u>
Profit for the period attributable to:				
Owners of the parent	4,404	12,771	4,404	12,771
Non-controlling interest	-	-	-	-
	<u><u>4,404</u></u>	<u><u>12,771</u></u>	<u><u>4,404</u></u>	<u><u>12,771</u></u>
Total comprehensive income attributable to:				
Owners of the parent	4,404	12,771	4,404	12,771
Non-controlling interest	-	-	-	-
	<u><u>4,404</u></u>	<u><u>12,771</u></u>	<u><u>4,404</u></u>	<u><u>12,771</u></u>
Basic Earnings per Share (sen)	<u><u>0.90</u></u>	<u><u>2.61</u></u>	<u><u>0.90</u></u>	<u><u>2.61</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 2022 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 31 March 2023 (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 2022	149,087	(1,078)	250,302	398,311
Net Profit for the period	-	-	12,771	12,771
At 31 March 2022	<u>149,087</u>	<u>(1,078)</u>	<u>263,073</u>	<u>411,082</u>
At 1 January 2023	149,087	(2,151)	273,171	420,107
Net Profit for the period	-	-	4,404	4,404
At 31 March 2023	<u>149,087</u>	<u>(2,151)</u>	<u>277,575</u>	<u>424,511</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 2022 and the accompanying explanatory notes attached to the interim financial statements)

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Condensed Consolidated Statement of Financial Position

As at 31 March 2023

(The figures have not been audited)

	As at 31-Mar-23 RM'000	As at 31-Dec-22 RM'000
Non-current Assets		
Property, plant & equipment	177,250	175,238
Right-of-use assets	67,544	62,722
Total Non-current Assets	244,794	237,960
Current Assets		
Inventories	91,927	105,412
Trade and other receivables	129,251	144,670
Cash and bank balances	17,575	21,006
Total Current Assets	238,753	271,088
TOTAL ASSETS	483,547	509,048
EQUITY AND LIABILITIES		
Share capital	149,087	149,087
Reserves	275,424	271,020
Total Equity	424,511	420,107
Non-current Liabilities		
Borrowings	4,665	5,012
Deferred tax liabilities	19,964	20,223
Total Non-current Liabilities	24,629	25,235

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Condensed Consolidated Statement of Financial Position

As at 31 March 2023

(The figures have not been audited)

	As at 31-Mar-23 RM'000	As at 31-Dec-22 RM'000
Current Liabilities		
Trade and other payables	28,671	46,573
Borrowings	5,171	15,235
Income tax liabilities	565	1,898
Total Current Liabilities	34,407	63,706
TOTAL LIABILITIES	59,036	88,941
TOTAL EQUITY AND LIABILITIES	483,547	509,048
Net assets value per share (sen)	86.81	85.91

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2022 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 31 March 2023 (The figures have not been audited)

	Year-To-Date 31-Mar-23 (RM'000)	Year-To-Date 31-Mar-22 (RM'000)
Cash flows from operating activities		
Profit before taxation	4,777	17,596
Adjustments for:		
Depreciation of property, plant and equipment	2,814	2,491
Depreciation of right-of-use assets	428	377
Reversal of impairment loss on receivables	-	(1)
Interest expense	152	64
Interest income	(98)	(130)
Loss/(Gain) on disposal of property, plant and equipment	5	(31)
Unrealised foreign exchange gain	(1,986)	(429)
Operating profit before working capital changes	<u>6,092</u>	<u>19,937</u>
Working capital changes:		
Inventories	13,485	(45,416)
Trade and other receivables	17,366	(10,425)
Trade and other payables	(17,902)	13,696
Cash generated from/(used in) operations	<u>19,041</u>	<u>(22,208)</u>
Tax refunded	-	25
Tax paid	(1,965)	(3,677)
Net cash generated/(used in) from operating activities	<u>17,076</u>	<u>(25,860)</u>
Cash flows from investing activities		
Additions of right-of-use assets	(5,250)	-
Interest received	98	130
Proceeds from disposal of property, plant and equipment	-	69
Purchase of property, plant and equipment	(4,832)	(5,476)
Net cash used in investing activities	<u>(9,984)</u>	<u>(5,277)</u>

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Condensed Consolidated Statement of Cash Flow For the Quarter Ended 31 March 2023 (The figures have not been audited)

	Year-To-Date 31-Mar-23	Year-To-Date 31-Mar-22
	(RM'000)	(RM'000)
Cash flows from financing activities		
Interest paid	(152)	(63)
Net repayment of bankers acceptances	(10,026)	-
Repayment of term loans	(386)	(391)
Net cash used in financing activities	<u>(10,564)</u>	<u>(454)</u>
Net decrease in cash and cash equivalents	(3,472)	(31,591)
Effect of exchange rate changes on cash and cash equivalents	41	4
Cash and cash equivalents at beginning of year	21,006	55,100
Cash and cash equivalents at end of the period	<u>17,575</u>	<u>23,513</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements)

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 MARCH 2023

(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 2022.

The accounting policies are consistent with the recent audited financial statements for the year ended 31 December 2022.

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 2022.

A2 Audit report of the preceding annual financial statements

The audited financial statements of the Group for the year ended 31 December 2022 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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(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	86,674	57%
Singapore	16,435	11%
Other countries	49,670	32%
	<u>152,779</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 31 March 2023 :

	3 months ended 31 March		Cumulative quarter ended 31 March	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Sales of products to:				
Seong Chan Sauce & Foodstuff Sdn. Bhd. (A company in which certain directors have financial interests)	216	266	216	266

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 March 2023 is RM9.836 million.

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Explanatory Notes to the Interim Financial Statements Pursuant to MFRS 134

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 RM3.555 million.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 MARCH 2023

(The figures have not been audited)

Additional Information Required By The Bursa Malaysia Listing Requirements

B1 Review of Performance

	1st Quarter Ended 31-Mar-23 RM'000	1st Quarter Ended 31-Mar-22 RM'000	Variance %	Year to date Ended 31-Mar-23 RM'000	Year to date Ended 31-Mar-22 RM'000	Variance %
Revenue	152,779	155,992	-2.1%	152,779	155,992	-2.1%
Profit before Tax	4,777	17,596	-72.9%	4,777	17,596	-72.9%

The revenue of the Group for the current quarter of RM152.779 million was 2.1% lower than RM155.992 million recorded in the corresponding quarter in the preceding year and was mainly due to lower quantities of products sold. Meanwhile, the Group's profit before tax decreased by 72.9% to RM4.777 million from RM17.596 million and was mainly a result of higher main raw materials and energy costs in the current quarter under review.

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:-

	1st Quarter Ended 31-Mar-23 RM'000	4th Quarter Ended 31-Dec-22 RM'000	Variance %
Revenue	152,779	164,461	-7.1%
Profit before taxation	4,777	4,926	-3.0%

The Group's revenue for the current quarter of RM152.779 million was 7.1% lower as compared to RM164.461 million recorded in the immediate preceding quarter and was mainly due to lower quantities of products sold. Meanwhile, profit before taxation for the current quarter of RM4.777 million was 3.0% lower than that recorded in the immediate preceding quarter of RM4.926 million and was mainly a result of lower turnover 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 ongoing Russia-Ukraine war, escalation in energy costs and the uncertain global economic landscape.

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 2023.

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 31-Mar-23 RM'000	Cumulative quarter up to 31-Mar-23 RM'000
Income tax expense		
- current period	632	632
Deferred Taxation		
- current year	1,003	1,003
- overprovision in the prior year	(1,262)	(1,262)
	<u>373</u>	<u>373</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 lower than the statutory income tax rate and was mainly due to over-provision of deferred taxation in the prior year.

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 30 May 2023 for the current quarter and financial year-to-date.

B9 Group borrowings and debt securities

The total Group secured borrowings as at 31 March 2023 are as follows:-

	Short Term RM'000	Long Term RM'000	Total RM'000
Bankers Acceptances	3,767	-	3,767
Term Loans	1,404	4,665	6,069
	<u>5,171</u>	<u>4,665</u>	<u>9,836</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 30 May 2023.

B11 Changes in material litigation

There was no material litigation pending for the current financial period to-date and up to 30 May 2023.

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-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
	RM'000	RM'000	RM'000	RM'000
Interest income	(98)	(130)	(98)	(130)
Depreciation of property, plant and equipment	2,814	2,491	2,814	2,491
Depreciation of right-of-use assets	428	377	428	377
Reversal of impairment loss on receivables	-	(1)	-	(1)
Realised foreign exchange loss/(gain)	1,779	(117)	1,779	(117)
Unrealised foreign exchange gain	(1,986)	(429)	(1,986)	(429)

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	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
Net profit (RM'000)	4,404	12,771	4,404	12,771
Weighted average number of ordinary shares in issue ('000)	489,000	490,231	489,000	490,231
EPS (sen) - Basic and Diluted	0.90	2.61	0.90	2.61