

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 2023 (The figures have not been audited)

	3 months ended 30 September		Cumulative quarter ended 30 September	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	152,352	173,082	453,143	494,241
Cost of sales	(123,402)	(153,804)	(384,808)	(424,948)
Gross Profit	<u>28,950</u>	<u>19,278</u>	<u>68,335</u>	<u>69,293</u>
Other income	694	3,120	4,315	6,946
Other operating expenses	(10,812)	(11,391)	(33,189)	(33,130)
Profit from Operations	<u>18,832</u>	<u>11,007</u>	<u>39,461</u>	<u>43,109</u>
Finance costs	(80)	(89)	(380)	(232)
Profit before Tax	<u>18,752</u>	<u>10,918</u>	<u>39,081</u>	<u>42,877</u>
Income tax	(3,597)	(2,918)	(7,712)	(11,267)
Profit net of tax	<u>15,155</u>	<u>8,000</u>	<u>31,369</u>	<u>31,610</u>
Total other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the year	<u><u>15,155</u></u>	<u><u>8,000</u></u>	<u><u>31,369</u></u>	<u><u>31,610</u></u>
Profit for the period attributable to:				
Owners of the parent	15,155	8,000	31,369	31,610
Non-controlling interest	-	-	-	-
	<u><u>15,155</u></u>	<u><u>8,000</u></u>	<u><u>31,369</u></u>	<u><u>31,610</u></u>
Total comprehensive income attributable to:				
Owners of the parent	15,155	8,000	31,369	31,610
Non-controlling interest	-	-	-	-
	<u><u>15,155</u></u>	<u><u>8,000</u></u>	<u><u>31,369</u></u>	<u><u>31,610</u></u>
Basic Earnings per Share (sen)	<u><u>3.10</u></u>	<u><u>1.64</u></u>	<u><u>6.41</u></u>	<u><u>6.45</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 30 September 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	-	-	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>
At 1 January 2023	149,087	(2,151)	273,171	420,107
Net Profit for the period	-	-	31,369	31,369
At 30 September 2023	<u>149,087</u>	<u>(2,151)</u>	<u>304,540</u>	<u>451,476</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 30 September 2023

(The figures have not been audited)

	As at 30-Sep-23 RM'000	As at 31-Dec-22 RM'000
Non-current Assets		
Property, plant & equipment	176,708	175,238
Right-of-use assets	66,518	62,722
Total Non-current Assets	243,226	237,960
Current Assets		
Inventories	85,258	105,412
Trade and other receivables	127,292	144,670
Cash and bank balances	53,146	21,006
Total Current Assets	265,696	271,088
TOTAL ASSETS	<u>508,922</u>	<u>509,048</u>
EQUITY AND LIABILITIES		
Share capital	149,087	149,087
Reserves	302,389	271,020
Total Equity	451,476	420,107
Non-current Liabilities		
Borrowings	3,873	5,012
Deferred tax liabilities	19,933	20,223
Total Non-current Liabilities	23,806	25,235

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Condensed Consolidated Statement of Financial Position

As at 30 September 2023

(The figures have not been audited)

	As at 30-Sep-23	As at 31-Dec-22
	RM'000	RM'000
Current Liabilities		
Trade and other payables	26,097	46,573
Borrowings	1,418	15,235
Income tax liabilities	6,125	1,898
Total Current Liabilities	33,640	63,706
TOTAL LIABILITIES	57,446	88,941
TOTAL EQUITY AND LIABILITIES	508,922	509,048
Net assets value per share (sen)	92.33	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 30 September 2023 (The figures have not been audited)

	Year-To-Date 30-Sep-23 (RM'000)	Year-To-Date 30-Sep-22 (RM'000)
Cash flows from operating activities		
Profit before taxation	39,081	42,877
Adjustments for:		
Depreciation of property, plant and equipment	8,569	7,599
Depreciation of right-of-use assets	1,453	1,137
Interest expense	380	232
Interest income	(449)	(197)
Loss/(Gain) on disposal of property, plant and equipment	6	(126)
Property, plant and equipment written off	4	-
Reversal of impairment loss on receivables	(3)	(13)
Net unrealised foreign exchange gain	(2,524)	(2,019)
Operating profit before working capital changes	46,517	49,490
Working capital changes:		
Inventories	20,154	(54,298)
Trade and other receivables	19,849	(20,191)
Trade and other payables	(21,222)	6,787
Cash generated from/(used in) operations	65,298	(18,212)
Tax refunded	-	25
Tax paid	(3,030)	(10,330)
Net cash generated from/(used in) operating activities	62,268	(28,517)
Cash flows from investing activities		
Additions of right-of-use assets	(5,250)	(1,484)
Interest received	449	197
Proceeds from disposal of property, plant and equipment	-	237
Purchase of property, plant and equipment	(10,049)	(16,495)
Net cash used in investing activities	(14,850)	(17,545)

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(Incorporated in Malaysia)

Condensed Consolidated Statement of Cash Flow For the Quarter Ended 30 September 2023 (The figures have not been audited)

	Year-To-Date 30-Sep-23 (RM'000)	Year-To-Date 30-Sep-22 (RM'000)
Cash flows from financing activities		
Interest paid	(380)	(232)
Net (repayment)/drawdown of bankers acceptances	(13,792)	7,299
Repurchase of treasury shares	-	(1,073)
Repayment of term loans	(1,164)	(1,172)
Net cash (used in)/generated from financing activities	(15,336)	4,822
Net increase/(decrease) in cash and cash equivalents	32,082	(41,240)
Effect of exchange rate changes on cash and cash equivalents	58	24
Cash and cash equivalents at beginning of year	21,006	55,100
Cash and cash equivalents at end of the period	53,146	13,884

(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 30 SEPTEMBER 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.

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(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(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.

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	248,969	55%
Singapore	48,699	11%
Other countries	155,475	34%
	<u>453,143</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 SEPTEMBER 2023

(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 September 2023 :

	3 months ended 30 September		Cumulative quarter ended 30 September	
	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)	323	229	704	743

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 2023 is RM5.291 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 RM2.386 million.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(The figures have not been audited)

Additional Information Required By The Bursa Malaysia Listing Requirements

B1 Review of Performance

	3rd Quarter Ended 30-Sep-23 RM'000	3rd Quarter Ended 30-Sep-22 RM'000	Variance %	Year to date Ended 30-Sep-23 RM'000	Year to date Ended 30-Sep-22 RM'000	Variance %
Revenue	152,352	173,082	-12.0%	453,143	494,241	-8.3%
Profit before Tax	18,752	10,918	71.8%	39,081	42,877	-8.9%

The revenue of the Group for the current quarter of RM152.352 million was 12.0% lower than RM173.082 million recorded in the corresponding quarter in the preceding year and was mainly due to lower quantities of products sold. However, the Group's profit before tax increased by 71.8% to RM18.752 million from RM10.918 million and was mainly a result of higher average products selling prices in the current quarter under review.

The Group recorded 8.3% lower revenue of RM453.143 million for the nine months ended 30 September 2023 as compared to RM494.241 million recorded for the same period last year on lower quantities of products sold. Meanwhile, profit before tax for the nine months ended 30 September 2023 declined by 8.9% to RM39.081 million from RM42.877 million recorded for the same period last year and was mainly a result of higher 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-23 RM'000	2nd Quarter Ended 30-Jun-23 RM'000	Variance %
Revenue	152,352	148,012	2.9%
Profit before taxation	18,752	15,552	20.6%

The Group's revenue for the current quarter of RM152.352 million was 2.9% higher as compared to RM148.012 million recorded in the immediate preceding quarter and was mainly due to higher average products selling prices. Profit before taxation for the current quarter of RM18.752 million was 20.6% higher than that recorded in the immediate preceding quarter of RM15.552 million and was mainly a result of higher average products selling prices in the current interim quarter under review.

B3 Prospects

The Group continues its unwavering efforts to deliver good quality products and remain focused in carrying out various initiatives through economies of scale, cost optimization and measures to improve productivity in order to stay competitive. In addition, the Group is careful with its business expansion plans and is optimistic that its business plans would contribute positively to the Group in the future.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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Additional Information Required By The Bursa Malaysia Listing Requirements

However, the Group continues to face challenges, mainly from the increase of volatility in raw materials costs as a result of geopolitical risks and uncertain global economic landscape.

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.

B5 Tax expenses

	Current quarter 30-Sep-23 RM'000	Cumulative quarter up to 30-Sep-23 RM'000
Income tax expense		
- current period	4,114	8,383
- overprovision in the prior year	(381)	(381)
Deferred Taxation		
- current year	770	2,221
- overprovision in the prior year	(906)	(2,511)
	<u>3,597</u>	<u>7,712</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 nine months interim period ended 30 September 2023 was lower than the statutory income tax rate and was mainly due to overprovision 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 21 November 2023 for the current quarter and financial year-to-date.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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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 September 2023 are as follows:-

	Short Term RM'000	Long Term RM'000	Total RM'000
Term Loans	1,418	3,873	5,291

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 21 November 2023.

B11 Changes in material litigation

There was no material litigation pending for the current financial period to-date and up to 21 November 2023.

B12 Dividend

On 21 November 2023, 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 2023. (2022: Interim dividend of 2.5 sen)

In addition, the Board of Directors also declared a special single tier dividend of 0.5 sen per ordinary share amounting to RM2.445 million for the financial year ending 31 December 2023.

The entitlement date for the dividend is fixed on 6 December 2023 and payment will be made on 20 December 2023.

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-23 RM'000	30-Sep-22 RM'000	30-Sep-23 RM'000	30-Sep-22 RM'000
Interest income	(277)	(43)	(449)	(197)
Depreciation of property, plant and equipment	2,893	2,557	8,569	7,599
Depreciation of right-of-use assets	512	382	1,453	1,137
Reversal of impairment loss on receivables	(3)	(10)	(3)	(13)
Realised foreign exchange gain	(1,196)	(2,063)	(1,196)	(4,147)
Unrealised foreign exchange loss/(gain)	837	(883)	(2,524)	(2,019)

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Additional Information Required By The Bursa Malaysia Listing Requirements

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-23	30-Sep-22	30-Sep-23	30-Sep-22
Net profit (RM'000)	15,155	8,000	31,369	31,610
Weighted average number of ordinary shares in issue ('000)	489,000	489,000	489,000	489,747
EPS (sen) - Basic and Diluted	<u>3.10</u>	<u>1.64</u>	<u>6.41</u>	<u>6.45</u>