

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 December 2021 (The figures have not been audited)

	3 months ended		Cumulative quarter ended	
	31 December		31 December	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Revenue	142,200	114,660	515,615	436,166
Cost of sales	(120,509)	(95,139)	(418,943)	(359,320)
Gross Profit	<u>21,691</u>	<u>19,521</u>	<u>96,672</u>	<u>76,846</u>
Other income	299	920	3,701	1,523
Other operating expenses	(9,939)	(10,817)	(37,489)	(37,033)
Profit from Operations	<u>12,051</u>	<u>9,624</u>	<u>62,884</u>	<u>41,336</u>
Finance costs	(66)	(129)	(378)	(628)
Profit before Tax	<u>11,985</u>	<u>9,495</u>	<u>62,506</u>	<u>40,708</u>
Income tax	(3,377)	(736)	(15,961)	(10,546)
Profit net of tax	<u>8,608</u>	<u>8,759</u>	<u>46,545</u>	<u>30,162</u>
Total other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the year	<u><u>8,608</u></u>	<u><u>8,759</u></u>	<u><u>46,545</u></u>	<u><u>30,162</u></u>
Profit for the period attributable to:				
Owners of the parent	8,608	8,759	46,545	30,162
Non-controlling interest	-	-	-	-
	<u>8,608</u>	<u>8,759</u>	<u>46,545</u>	<u>30,162</u>
Total comprehensive income attributable to:				
Owners of the parent	8,608	8,759	46,545	30,162
Non-controlling interest	-	-	-	-
	<u>8,608</u>	<u>8,759</u>	<u>46,545</u>	<u>30,162</u>
Basic Earnings per Share (sen)	<u>1.76</u>	<u>1.79</u>	<u>9.49</u>	<u>6.16</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 31 December 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)
At 1 January 2020	149,087	-	199,087	348,174
Net Profit for the period	-	-	30,162	30,162
Purchase of treasury shares	-	(1,078)	-	(1,078)
Transactions with owners Dividends	-	-	(10,785)	(10,785)
At 31 December 2020	<u>149,087</u>	<u>(1,078)</u>	<u>218,464</u>	<u>366,473</u>
At 1 January 2021	149,087	(1,078)	218,464	366,473
Net Profit for the period	-	-	46,545	46,545
Transactions with owners Dividends	-	-	(14,707)	(14,707)
At 31 December 2021	<u>149,087</u>	<u>(1,078)</u>	<u>250,302</u>	<u>398,311</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 31 December 2021

(The figures have not been audited)

	As at 31-Dec-21 RM'000	As at 31-Dec-20 RM'000
Non-current Assets		
Property, plant & equipment	162,622	157,082
Right-of-use assets	62,760	60,846
Total Non-current Assets	225,382	217,928
Current Assets		
Inventories	57,016	75,110
Trade and other receivables	126,072	112,181
Cash and bank balances	55,099	26,618
Total Current Assets	238,187	213,909
TOTAL ASSETS	463,569	431,837
EQUITY AND LIABILITIES		
Share capital	149,087	149,087
Reserves	249,224	217,386
Total Equity	398,311	366,473
Non-current Liabilities		
Borrowings	2,720	6,429
Deferred tax liabilities	16,068	14,446
Total Non-current Liabilities	18,788	20,875

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Condensed Consolidated Statement of Financial Position

As at 31 December 2021

(The figures have not been audited)

	As at 31-Dec-21 RM'000	As at 31-Dec-20 RM'000
Current Liabilities		
Trade and other payables	34,822	35,333
Borrowings	5,294	6,249
Income tax liabilities	6,354	2,907
Total Current Liabilities	46,470	44,489
TOTAL LIABILITIES	65,258	65,364
TOTAL EQUITY AND LIABILITIES	463,569	431,837
Net assets value per share (sen)	81.25	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 31 December 2021 (The figures have not been audited)

	Year-To-Date 31-Dec-21	Year-To-Date 31-Dec-20
	(RM'000)	(RM'000)
Cash flows from operating activities		
Profit before taxation	62,506	40,708
Adjustments for:		
Depreciation of property, plant and equipment	9,227	8,712
Depreciation of right-of-use assets	1,478	975
Impairment loss on receivables	-	570
Reversal of impairment loss on receivables	(534)	(291)
Interest expense	378	628
Interest income	(523)	(790)
Loss on disposal of property, plant and equipment	14	127
Unrealised foreign exchange (gain)/loss	(918)	549
Operating profit before working capital changes	<u>71,628</u>	<u>51,188</u>
Working capital changes:		
Inventories	18,094	(25,286)
Trade and other receivables	(12,444)	3,604
Trade and other payables	(511)	5,725
Cash generated from operations	<u>76,767</u>	<u>35,231</u>
Tax refunded	-	2,503
Tax paid	(10,892)	(11,091)
Net cash generated from operating activities	<u>65,875</u>	<u>26,643</u>
Cash flows from investing activities		
Additions of right-of-use assets	(3,393)	(7,733)
Interest received	523	790
Proceeds from disposal of property, plant and equipment	-	2
Purchase of property, plant and equipment	(14,780)	(22,939)
Net cash used in investing activities	<u>(17,650)</u>	<u>(29,880)</u>

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Condensed Consolidated Statement of Cash Flow For the Quarter Ended 31 December 2021 (The figures have not been audited)

	Year-To-Date 31-Dec-21	Year-To-Date 31-Dec-20
	(RM'000)	(RM'000)
Cash flows from financing activities		
Dividend paid	(14,707)	(10,785)
Interest paid	(378)	(628)
Repurchase of treasury shares	-	(1,078)
Repayment of term loans	(4,664)	(1,854)
Net cash used in financing activities	<u>(19,749)</u>	<u>(14,345)</u>
Net increase/(decrease) in cash and cash equivalents	28,476	(17,582)
Effect of exchange rate changes on cash and cash equivalents	5	(7)
Cash and cash equivalents at beginning of year	26,618	44,207
Cash and cash equivalents at end of the period	<u>55,099</u>	<u>26,618</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 31 DECEMBER 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.

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(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

The interim single tier dividend of 2.2 sen per ordinary share and special single tier dividend of 0.8 sen per ordinary share amounting to RM10.785 million and RM3.922 million respectively for financial year ended 31 December 2021 was paid on 15 December 2021. (2020: Interim single tier dividend of 2.2 sen)

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	292,110	57%
Singapore	50,736	10%
Other countries	172,769	33%
	<u>515,615</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 31 DECEMBER 2021

(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 31 December 2021 :

	3 months ended 31 December		Cumulative quarter ended 31 December	
	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)	302	225	931	1,028

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 December 2021 is RM8.014 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 RM5.147 million.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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Additional Information Required By The Bursa Malaysia Listing Requirements

B1 Review of Performance

	4th Quarter Ended 31-Dec-21 RM'000	4th Quarter Ended 31-Dec-20 RM'000	Variance %	Year to date Ended 31-Dec-21 RM'000	Year to date Ended 31-Dec-20 RM'000	Variance %
Revenue	142,200	114,660	24.0%	515,615	436,166	18.2%
Profit before Tax	11,985	9,495	26.2%	62,506	40,708	53.5%

The revenue of the Group for the current quarter of RM142.200 million was 24.0% higher than RM114.660 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. The Group's profit before tax increased by 26.2% to RM11.985 million from RM9.495 million and was also mainly a result of higher average selling prices and higher quantities of products sold in the current quarter under review.

The Group recorded 18.2% higher revenue of RM515.615 million for the year ended 31 December 2021 as compared to RM436.166 million recorded for the same period last year mainly on higher quantities and higher average selling prices of products sold. Profit before tax of the Group for the same period increased by 53.5% to RM62.506 million from RM40.708 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:-

	4th Quarter Ended 31-Dec-21 RM'000	3rd Quarter Ended 30-Sep-21 RM'000	Variance %
Revenue	142,200	115,315	23.3%
Profit before taxation	11,985	16,115	-25.6%

The Group's revenue for the current quarter of RM142.200 million was 23.3% higher as compared to RM115.315 million recorded in the immediate preceding quarter and was mainly due to higher quantities of products sold. Profit before taxation for the current quarter of RM11.985 million was 25.6% lower than that recorded in the immediate preceding quarter of RM16.115 million and was also mainly a result of higher main raw materials costs in the current interim quarter under review.

B3 Prospects

The Covid-19 pandemic continued to bring challenges to the Group such as the increase in volatility of raw materials costs that affected financial results of the Group in the current interim quarter under review. In response, the Group remained vigilant and continued with various measures to counter its impacts to business operations.

Besides, 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.

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Additional Information Required By The Bursa Malaysia Listing Requirements

Barring unforeseen circumstances, the Directors anticipate that the Group achieve a satisfactory performance for the financial year 2022.

B4 Forecast of profit after tax

Not applicable as no forecast was disclosed in any public document.

B5 Tax expenses

	Current quarter up to 31-Dec-21 RM'000	Cumulative quarter up to 31-Dec-21 RM'000
Income tax expense		
- current period	2,907	15,409
- overprovision in the prior year	(1,070)	(1,070)
Deferred Taxation		
- current year	125	637
- underprovision in the prior year	1,415	985
	<u>3,377</u>	<u>15,961</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 February 2022 for the current quarter and financial year-to-date.

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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 31 December 2021 are as follows:-

	Short Term RM'000	Long Term RM'000	Total RM'000
Term Loans	5,294	2,720	8,014

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 24 February 2022.

B11 Changes in material litigation

There was no material litigation pending for the current financial period to-date and up to 24 February 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	
	31-Dec-21 RM'000	31-Dec-20 RM'000	31-Dec-21 RM'000	31-Dec-20 RM'000
Interest income	(244)	(115)	(523)	(790)
Depreciation of property, plant and equipment	2,648	2,244	9,227	8,712
Depreciation of right-of-use assets	377	286	1,478	975
Impairment loss on receivables	-	-	-	570
Reversal of impairment loss on receivables	(2)	(291)	(534)	(291)
Realised foreign exchange (gain)/loss	(28)	1,411	(1,216)	1,716
Unrealised foreign exchange loss/(gain)	259	489	(918)	549

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-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Net profit (RM'000)	8,608	8,759	46,545	30,162
Weighted average number of ordinary shares in issue ('000)	490,231	490,231	490,231	489,296
EPS (sen) - Basic and Diluted	1.76	1.79	9.49	6.16