

THREE-A RESOURCES BERHAD (481559-M)

(Incorporated in Malaysia)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Quarter Ended 31 March 2018
 (The figures have not been audited)

	3 months ended 31 March		Cumulative quarter ended 31 March	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue	102,478	103,182	102,478	103,182
Cost of sales	(86,144)	(78,019)	(86,144)	(78,019)
Gross Profit	<u>16,334</u>	<u>25,163</u>	<u>16,334</u>	<u>25,163</u>
Other income	459	150	459	150
Other operating expenses	(9,515)	(9,449)	(9,515)	(9,449)
Share of results of a jointly controlled entity, net of tax	-	(1,182)	-	(1,182)
Profit from Operations	<u>7,278</u>	<u>14,682</u>	<u>7,278</u>	<u>14,682</u>
Finance costs	(323)	(222)	(323)	(222)
Profit before Tax	<u>6,955</u>	<u>14,460</u>	<u>6,955</u>	<u>14,460</u>
Income tax	(717)	(4,137)	(717)	(4,137)
Profit net of tax	<u>6,238</u>	<u>10,323</u>	<u>6,238</u>	<u>10,323</u>
Other comprehensive income:				
- Foreign currency translation	-	(39)	-	(39)
Total comprehensive income for the year	<u><u>6,238</u></u>	<u><u>10,284</u></u>	<u><u>6,238</u></u>	<u><u>10,284</u></u>
Profit for the period attributable to:				
Owners of the parent	6,238	10,323	6,238	10,323
Non-controlling interest	-	-	-	-
	<u>6,238</u>	<u>10,323</u>	<u>6,238</u>	<u>10,323</u>
Total comprehensive income attributable to:				
Owners of the parent	6,238	10,284	6,238	10,284
Non-controlling interest	-	-	-	-
	<u>6,238</u>	<u>10,284</u>	<u>6,238</u>	<u>10,284</u>

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	3 months ended 31 March		Cumulative quarter ended 31 March	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Basic Earnings per Share (sen)	<u>1.27</u>	<u>2.62</u>	<u>1.27</u>	<u>2.62</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements)

THREE-A RESOURCES BERHAD (481559-M)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Changes in Equity
For the Quarter Ended 31 March 2018
(The figures have not been audited)

	Share Capital Nominal value (RM'000)	Non-distributable Reserve		Non-distributable Share premium Reserve (RM'000)	Distributable Reserve		Total reserves (RM'000)	Grand total (RM'000)
		Exchange translation reserve (RM'000)	Reserve		Retained earnings (RM'000)	Reserve		
At 1 January 2017	78,720	2,911	-	70,367	127,437	200,715	279,435	
Profit for the year	-	-	-	-	10,323	10,323	10,323	
Other comprehensive income	-	(39)	-	-	-	(39)	(39)	
Total comprehensive income	-	(39)	-	-	10,323	10,284	10,284	
At 31 March 2017	78,720	2,872	-	70,367	137,760	210,999	289,719	
At 1 January 2018	98,400	-	-	50,687	160,228	210,915	309,315	
Profit for the year	-	-	-	-	6,238	6,238	6,238	
Other comprehensive income	-	-	-	-	-	-	-	
Total comprehensive income	-	-	-	-	6,238	6,238	6,238	
At 31 March 2018	98,400	-	-	50,687	166,466	217,153	315,553	

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements)

THREE-A RESOURCES BERHAD (481559-M)

(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position

As at 31 March 2018

(The figures have not been audited)

	As at 31-Mar-18 RM'000	As at 31-Dec-17 RM'000
Non-current Assets		
Property, plant & equipment	184,887	183,514
Land use rights	1,433	1,447
Total Non-current Assets	186,320	184,961
Current Assets		
Inventories	53,611	45,210
Trade and other receivables	86,853	95,196
Current tax assets	1,038	35
Cash and bank balances	37,785	47,013
Total Current Assets	179,287	187,454
TOTAL ASSETS	365,607	372,415
EQUITY AND LIABILITIES		
Share capital	98,400	98,400
Reserves	217,153	210,915
Total Equity	315,553	309,315
Non-current Liabilities		
Borrowings	15,921	16,885
Deferred tax liabilities	15,539	16,271
Total Non-current Liabilities	31,460	33,156

THREE-A RESOURCES BERHAD (481559-M)

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Condensed Consolidated Statement of Financial Position

As at 31 March 2018

(The figures have not been audited)

	As at 31-Mar-18 RM'000	As at 31-Dec-17 RM'000
Current Liabilities		
Trade and other payables	15,233	25,952
Borrowings	3,361	3,133
Current tax liabilities	-	859
Total Current Liabilities	18,594	29,944
TOTAL LIABILITIES	50,054	63,100
TOTAL EQUITY AND LIABILITIES	365,607	372,415
Net assets value per share (sen)	64.14	62.87

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2017 and and the accompanying explanatory notes attached to the interim financial statements)

THREE-A RESOURCES BERHAD (481559-M)

(Incorporated in Malaysia)

Condensed Consolidated Statement of Cash Flow For the Quarter Ended 31 March 2018 (The figures have not been audited)

	Year-To-Date 31-Mar-18 (RM'000)	Year-To-Date 31-Mar-17 (RM'000)
Cash flows from operating activities		
Profit before taxation	6,955	14,460
Adjustments for:		
Amortisation of land use rights	14	14
Depreciation of property, plant and equipment	2,157	1,967
Interest expense	323	222
Interest income	(433)	(113)
Share of results of a joint venture, net of tax	-	1,182
Unrealised foreign exchange (gain)/loss	(328)	1,801
Operating profit before working capital changes	<u>8,688</u>	<u>19,533</u>
Working capital changes:		
Inventories	(8,401)	2,804
Trade and other receivables	10,004	(207)
Trade and other payables	(11,164)	(7,807)
Cash (used in)/generated from operations	<u>(873)</u>	<u>14,323</u>
Income tax refunded	33	-
Income tax paid	(4,229)	(2,330)
Net cash (used in)/generated from operating activities	<u>(5,069)</u>	<u>11,993</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,529)	(1,945)
Interest received	433	113
Net cash used in investing activities	<u>(3,096)</u>	<u>(1,832)</u>

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Condensed Consolidated Statement of Cash Flow
For the Quarter Ended 31 March 2018
(The figures have not been audited)

	Year-To-Date 31-Mar-18 (RM'000)	Year-To-Date 31-Mar-17 (RM'000)
Cash flows from financing activities		
Interest paid	(323)	(222)
Repayments of term loans	(582)	(403)
Repayments of hire purchase obligations	(154)	(144)
Net cash used in financing activities	<u>(1,059)</u>	<u>(769)</u>
Net (decrease)/increase in cash and cash equivalents	(9,224)	9,392
Effect of exchange rate changes on cash and cash equivalents	(4)	(41)
Cash and cash equivalents at beginning of year	47,013	28,714
Cash and cash equivalents at end of the period	<u>37,785</u>	<u>38,065</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements)

THREE-A RESOURCES BERHAD (481559-M)
(Incorporated in Malaysia)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED
31 MARCH 2018**

(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 2017.

The accounting policies are consistent with the recent audited financial statements for the year ended 31 December 2017 except for the adoption of the new Malaysia Financial Reporting Standards, interpretations and amendments to standards to be applied by all Entities Other Than Private Entities for the financial period beginning on or after 1 January 2018:

- MFRS 9: Financial Instruments
- MFRS 15: Revenue from Contracts with Customers

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 2017.

A2 Audit report of the preceding annual financial statements

The audited financial statements of the Group for the year ended 31 December 2017 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.

THREE-A RESOURCES BERHAD (481559-M)
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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED
31 MARCH 2018**

(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	68,817	67%
Singapore	7,913	8%
Other countries	25,748	25%
	<u>102,478</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 which have been entered into with related parties during the interim period and financial year to date ended 31 March 2018 :

	3 months ended 31 March		Cumulative quarter ended 31 March	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Sales of products to:				
Seong Chan Sauce & Foodstuff Sdn. Bhd. (A company in which certain directors have financial interests)	344	262	344	262
Three-A (Qinhuangdao) Food Industries Co., Ltd (A subsidiary of a significant corporate shareholder)	-	11	-	11

Purchases of products from:

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(The figures have not been audited)

Explanatory Notes to the Interim Financial Statements Pursuant to MFRS 134

Three-A (Qinhuangdao) Food
Industries Co., Ltd
(A subsidiary of a significant
corporate shareholder)

1,917

-

1,917

-

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 2018 is RM18.57 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 RM8.385 million.

THREE-A RESOURCES BERHAD (481559-M)

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 MARCH 2018

(The figures have not been audited)

Additional Information Required By The Bursa Malaysia Listing Requirements

B1 Review of Performance

	1st Quarter Ended 31-Mar-18 RM'000	1st Quarter Ended 31-Mar-17 RM'000	Variance %	Year to date 31-Mar-18 RM'000	Year to date 31-Mar-17 RM'000	Variance %
Revenue	102,478	103,182	-0.7%	102,478	103,182	-0.7%
Profit before taxation	6,955	14,460	-51.9%	6,955	14,460	-51.9%

The revenue of the Group for the current quarter of RM102.478 million is slightly lower than RM103.182 million recorded in the corresponding quarter in the preceding year as a result of slightly lower sales volume in terms of products quantities sold.

However, the Group's profit before taxation decreased by 51.9% to RM6.955 million from RM14.460 million and is mainly a result of lower product margins arising from surge in raw materials prices and higher net foreign currency exchange losses for the current quarter as compared to the preceding year corresponding quarter.

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-18 RM'000	4th Quarter Ended 31-Dec-17 RM'000	Variance %
Revenue	102,478	109,423	-6.3%
Profit before taxation	6,955	19,556	-64.4%

The Group's revenue for the current quarter of RM102.478 million is 6.3% lower as compared to RM109.423 million recorded in the immediate preceding quarter mainly due to lower quantities of products sold. Meanwhile, the profit before taxation for the current quarter of RM6.955 million is 64.4% lower than that recorded in the immediate preceding quarter of RM19.556 million, mainly a result of lower product margins arising from surge in raw materials prices and lower sales volume for the current quarter besides a gain on disposal of investment in a joint venture in the immediate preceding quarter.

B3 Prospects

The Group is in the midst of carrying out plans for lands acquired in the vicinity of existing factories and expects such plans to contribute positively to the Group going forward.

As raw materials prices remain volatile and the business environment remains competitive, the Group continues to be committed on efficiency initiatives through economies of scale, cost optimization and plans to increase productivity and simultaneously produce good quality products to achieve better performance.

The Group is reviewing products selling prices and alternative sources of raw materials. With the implementation of the initiatives above, the Directors anticipate to achieve a satisfactory performance for the financial year 2018.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 MARCH 2018

(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 31-Mar-18 RM'000	Cumulative quarter up to 31-Mar-18 RM'000
Income tax expense		
- current period	1,449	1,449
Deferred Taxation		
- current year	329	329
- overprovision in the prior year	(1,061)	(1,061)
	<u>717</u>	<u>717</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 interim period that is also financial year-to-date is lower than the statutory income tax rate, mainly a result of availability of tax incentives and 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 7 May 2018 for the current quarter and financial year-to-date.

B9 Group borrowings and debt securities

The total Group secured borrowings as at 31 March 2018 are as follows:-

	Short Term RM'000	Long Term RM'000	Total RM'000
Term Loans	2,649	15,921	18,570
Hire Purchase Creditors	712	-	712
Total	<u>3,361</u>	<u>15,921</u>	<u>19,282</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 7 May 2018.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 MARCH 2018

(The figures have not been audited)

Additional Information Required By The Bursa Malaysia Listing Requirements

B11 Changes in material litigation

There was no material litigation pending for the current financial period to-date and up to 7 May 2018.

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:

(RM'000)	Current Period		Cumulative Period	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Interest income	(433)	(113)	(433)	(113)
Depreciation and amortisation	2,171	1,982	2,171	1,982
Realised foreign exchange loss/(gain)	1,495	(1,123)	1,495	(1,123)
Unrealised foreign exchange (gain)/loss	(328)	1,801	(328)	1,801

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-18	31-Mar-17	31-Mar-18	31-Mar-17
Net profit (RM'000)	6,238	10,323	6,238	10,323
Weighted average number of ordinary shares in issue ('000)	492,000	492,000 *	492,000	492,000 *
EPS (sen) - Basic and Diluted	1.27	2.10	1.27	2.10

*For comparative purpose, the number of ordinary shares issued as at 31 March 2017 had been adjusted to reflect the bonus issue of 1 for 4 existing ordinary share which was completed on 26 May 2017.