

THREE-A RESOURCES BERHAD (481559-M)

(Incorporated in Malaysia)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Quarter Ended 30 September 2018 (The figures have not been audited)

	3 months ended 30 September		Cumulative quarter ended 30 September	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue	113,784	96,542	317,623	302,062
Cost of sales	(95,637)	(75,781)	(269,142)	(234,514)
Gross Profit	<u>18,147</u>	<u>20,761</u>	<u>48,481</u>	<u>67,548</u>
Other income	920	2,716	1,791	3,096
Other operating expenses	(8,368)	(8,686)	(25,058)	(27,629)
Share of results of a jointly controlled entity, net of tax	-	(832)	-	(3,156)
Profit from Operations	<u>10,699</u>	<u>13,959</u>	<u>25,214</u>	<u>39,859</u>
Finance costs	(289)	(289)	(920)	(727)
Profit before Tax	<u>10,410</u>	<u>13,670</u>	<u>24,294</u>	<u>39,132</u>
Income tax	(2,012)	(2,648)	(4,372)	(8,613)
Profit net of tax	<u>8,398</u>	<u>11,022</u>	<u>19,922</u>	<u>30,519</u>
Other comprehensive income:				
- Foreign currency translation	-	99	-	(14)
-Reclassification of exchange translation reserve to profit or loss on disposal of a joint venture	-	(2,897)	-	(2,897)
Total other comprehensive income, net of tax	-	(2,798)	-	(2,911)
Total comprehensive income for the year	<u><u>8,398</u></u>	<u><u>8,224</u></u>	<u><u>19,922</u></u>	<u><u>27,608</u></u>
Profit for the period attributable to:				
Owners of the parent	8,398	11,022	19,922	30,519
Non-controlling interest	-	-	-	-
	<u><u>8,398</u></u>	<u><u>11,022</u></u>	<u><u>19,922</u></u>	<u><u>30,519</u></u>
Total comprehensive income attributable to:				
Owners of the parent	8,398	8,224	19,922	27,608
Non-controlling interest	-	-	-	-
	<u><u>8,398</u></u>	<u><u>8,224</u></u>	<u><u>19,922</u></u>	<u><u>27,608</u></u>
Basic Earnings per Share (sen)	<u><u>1.71</u></u>	<u><u>2.24</u></u>	<u><u>4.05</u></u>	<u><u>6.20</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 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 30 September 2018
 (The figures have not been audited)

	Share Capital	Non-distributable Reserve	Non-distributable Reserve	Distributable Reserve		
	Nominal value	Exchange translation reserve	Share premium	Retained earnings	Total reserves	Grand total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
At 1 January 2017	78,720	2,911	70,367	127,437	200,715	279,435
Net Profit for the period	-	-	-	30,519	30,519	30,519
Other comprehensive income	-	(2,911)	-	-	(2,911)	(2,911)
Total comprehensive income	-	(2,911)	-	30,519	27,608	27,608
Issuance of ordinary shares pursuant to bonus issue	19,680	-	(19,680)	-	(19,680)	-
At 30 September 2017	<u>98,400</u>	<u>-</u>	<u>50,687</u>	<u>157,956</u>	<u>208,643</u>	<u>307,043</u>
At 1 January 2018	98,400	-	50,687	160,228	210,915	309,315
Net Profit for the period	-	-	-	19,922	19,922	19,922
At 30 September 2018	<u>98,400</u>	<u>-</u>	<u>50,687</u>	<u>180,150</u>	<u>230,837</u>	<u>329,237</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 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 30 September 2018 (The figures have not been audited)

	As at 30-Sep-18 RM'000	As at 31-Dec-17 RM'000
Non-current Assets		
Property, plant & equipment	190,127	183,514
Land use rights	1,405	1,447
Total Non-current Assets	191,532	184,961
Current Assets		
Inventories	57,721	45,210
Trade and other receivables	98,129	95,196
Current tax assets	2,294	35
Cash and bank balances	27,278	47,013
Total Current Assets	185,422	187,454
TOTAL ASSETS	376,954	372,415
EQUITY AND LIABILITIES		
Share capital	98,400	98,400
Reserves	230,837	210,915
Total Equity	329,237	309,315
Non-current Liabilities		
Borrowings	14,764	16,885
Deferred tax liabilities	15,125	16,271
Total Non-current Liabilities	29,889	33,156

THREE-A RESOURCES BERHAD (481559-M)

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Condensed Consolidated Statement of Financial Position

As at 30 September 2018

(The figures have not been audited)

	As at 30-Sep-18 RM'000	As at 31-Dec-17 RM'000
Current Liabilities		
Trade and other payables	14,815	25,952
Borrowings	3,013	3,133
Current tax liabilities	-	859
Total Current Liabilities	17,828	29,944
TOTAL LIABILITIES	47,717	63,100
TOTAL EQUITY AND LIABILITIES	376,954	372,415
Net assets value per share (sen)	66.92	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 30 September 2018 (The figures have not been audited)

	<u>Year-To-Date 30-Sep-18 (RM'000)</u>	<u>Year-To-Date 30-Sep-17 (RM'000)</u>
Cash flows from operating activities		
Profit before taxation	24,294	39,132
Adjustments for:		
Amortisation of land use rights	42	42
Depreciation of property, plant and equipment	6,590	6,441
Interest expense	920	727
Interest income	(927)	(557)
Share of results of a joint venture, net of tax	-	3,156
Gain on disposal of a joint venture	-	(2,471)
Unrealised foreign exchange (gain)/loss	(903)	1,874
Operating profit before working capital changes	<u>30,016</u>	<u>48,344</u>
Working capital changes:		
Inventories	(12,511)	(3,665)
Trade and other receivables	(702)	5,204
Trade and other payables	(12,473)	(5,235)
Cash generated from operations	<u>4,330</u>	<u>44,648</u>
Income tax refunded	33	-
Income tax paid	(8,662)	(10,347)
Net cash (used in)/generated from operating activities	<u>(4,299)</u>	<u>34,301</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,028)	(8,247)
Acquisition of prepaid lease payment for land	(4,175)	(17,041)
Interest received	927	557
Net cash used in investing activities	<u>(12,276)</u>	<u>(24,731)</u>

THREE-A RESOURCES BERHAD (481559-M)

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Condensed Consolidated Statement of Cash Flow
For the Quarter Ended 30 September 2018
(The figures have not been audited)

	Year-To-Date 30-Sep-18 (RM'000)	Year-To-Date 30-Sep-17 (RM'000)
Cash flows from financing activities		
Interest paid	(920)	(727)
Net (Repayments)/Drawdown of term loans	(1,768)	6,298
Repayments of hire purchase obligations	(474)	(441)
Net cash (used in)/generated from financing activities	<u>(3,162)</u>	<u>5,130</u>
Net (decrease)/increase in cash and cash equivalents	(19,737)	14,700
Effect of exchange rate changes on cash and cash equivalents	2	(22)
Cash and cash equivalents at beginning of year	47,013	28,714
Cash and cash equivalents at end of the period	<u>27,278</u>	<u>43,392</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)
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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED
30 SEPTEMBER 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
30 SEPTEMBER 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	209,442	66%
Singapore	26,662	8%
Other countries	81,519	26%
	<u>317,623</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 30 September 2018 :

	3 months ended 30 September		Cumulative quarter ended 30 September	
	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)	301	309	937	812
Three-A (Qinhuangdao) Food Industries Co., Ltd (A subsidiary of a significant corporate shareholder)	-	-	-	11
Purchases of products from:				
Three-A (Qinhuangdao) Food Industries Co., Ltd (A subsidiary of a significant corporate shareholder)	(1,173)	(980)	(4,328)	(1,517)

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(The figures have not been audited)

Explanatory Notes to the Interim Financial Statements Pursuant to MFRS 134

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 2018 is RM17.384 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 RM1.926 million.

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Additional Information Required By The Bursa Malaysia Listing Requirements

B1 Review of Performance

	3rd Quarter Ended 30-Sep-18 RM'000	3rd Quarter Ended 30-Sep-17 RM'000	Variance %	Year to date 30-Sep-18 RM'000	Year to date 30-Sep-17 RM'000	Variance %
Revenue	113,784	96,542	17.9%	317,623	302,062	5.2%
Profit before taxation	10,410	13,670	-23.8%	24,294	39,132	-37.9%

The revenue of the Group for the current quarter of RM113.784 million is 17.9% higher than RM96.542 million recorded in the corresponding quarter in the preceding year as a result of higher products selling prices and quantities sold. The Group's profit before taxation decreased by 23.8% to RM10.410 million from RM13.670 million and is mainly a result of lower product margins arising from continuing surge in raw materials prices in the current quarter and a gain from disposal of a joint venture in the preceding year corresponding quarter.

The Group recorded higher revenue of RM317.623 million for the 9 months ended 30 September 2018 as compared to RM302.062 million registered for the same period last year on higher products selling prices and quantities sold. Meanwhile, profit before taxation for this period decreased by 37.9% to RM24.294 million as compared to RM39.132 million recorded for the same period in year 2017 and is mainly a result of lower product margins arising from surge in raw materials prices besides financial results for the same period last year was boosted by a gain from disposal of a joint venture.

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-18 RM'000	2nd Quarter Ended 30-Jun-18 RM'000	Variance %
Revenue	113,784	101,361	12.3%
Profit before taxation	10,410	6,928	50.3%

The Group's revenue for the current quarter of RM113.784 million is higher as compared to RM101.361 million recorded in the immediate preceding quarter is mainly due to higher products selling prices and quantities sold. Meanwhile, the profit before taxation for the current quarter of RM10.410 million is also higher than that recorded in the immediate preceding quarter of RM6.928 million, mainly also a result of higher products selling prices and quantities sold.

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Additional Information Required By The Bursa Malaysia Listing Requirements

B3 Prospects

The Group achieved positive results in the current reporting quarter from the review of product selling prices in response to the surge in raw materials prices.

Meanwhile, raw materials prices remain volatile and the business environment of the Group remains competitive. So, the Group is also focusing on efficiency initiatives through economies of scale, cost optimization and plans to increase productivity and deliver good quality products to achieve better performance.

At the same time, expansion plans for lands acquired in the vicinity of existing factories is currently underway and the Group is optimistic 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 2018.

B4 Forecast of profit after tax

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

B5 Tax expenses

	Current quarter 30-Sep-18 RM'000	Cumulative quarter up to 30-Sep-18 RM'000
Income tax expense		
- current period	2,819	5,998
- overprovision in the prior year	(480)	(480)
Deferred Taxation		
- current year	(327)	86
- overprovision in the prior year	-	(1,232)
	<u>2,012</u>	<u>4,372</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 and 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 26 November 2018 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 30 September 2018 are as follows:-

	Short Term RM'000	Long Term RM'000	Total RM'000
Term Loans	2,620	14,764	17,384
Hire Purchase Creditors	393	-	393
Total	<u>3,013</u>	<u>14,764</u>	<u>17,777</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 26 November 2018.

B11 Changes in material litigation

There was no material litigation pending for the current financial period to-date and up to 26 November 2018.

B12 Dividend

On 26 November 2018, the Board of Directors is pleased to declare an interim single tier dividend of 2.0 sen per ordinary share amounting to RM9.840 million for the current interim period. (2017: 1.8 sen per ordinary share)

B13 Disclosure of nature of outstanding derivatives

There were no outstanding derivatives as at the end of the reporting period.

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30 SEPTEMBER 2018**
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Additional Information Required By The Bursa Malaysia Listing Requirements

B14 Additional disclosures

Profit for the period is arrived at after (crediting)/charging:

(RM'000)	Current Period		Cumulative Period	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
Interest income	(267)	(222)	(927)	(557)
Depreciation and amortisation	2,250	2,247	6,632	6,483
Gain on disposal of a joint venture	-	(2,471)	-	(2,471)
Realised foreign exchange (gain)/loss	(1,090)	645	128	480
Unrealised foreign exchange loss/(gain)	461	(132)	(903)	1,874

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-18	30-Sep-17	30-Sep-18	30-Sep-17
Net profit (RM'000)	8,398	11,022	19,922	30,519
Weighted average number of ordinary shares in issue ('000)	492,000	492,000	492,000	492,000
EPS (sen) - Basic and Diluted	1.71	2.24	4.05	6.20