

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 2019
 (The figures have not been audited)

	3 months ended 31 March		Cumulative quarter ended 31 March	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	102,503	102,478	102,503	102,478
Cost of sales	(83,168)	(86,144)	(83,168)	(86,144)
Gross Profit	<u>19,335</u>	<u>16,334</u>	<u>19,335</u>	<u>16,334</u>
Other income	77	459	77	459
Other operating expenses	(9,014)	(9,515)	(9,014)	(9,515)
Profit from Operations	<u>10,398</u>	<u>7,278</u>	<u>10,398</u>	<u>7,278</u>
Finance costs	(275)	(323)	(275)	(323)
Profit before Tax	<u>10,123</u>	<u>6,955</u>	<u>10,123</u>	<u>6,955</u>
Income tax	(2,643)	(717)	(2,643)	(717)
Profit net of tax	<u>7,480</u>	<u>6,238</u>	<u>7,480</u>	<u>6,238</u>
Total other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the year	<u><u>7,480</u></u>	<u><u>6,238</u></u>	<u><u>7,480</u></u>	<u><u>6,238</u></u>
Profit for the period attributable to:				
Owners of the parent	7,480	6,238	7,480	6,238
Non-controlling interest	-	-	-	-
	<u>7,480</u>	<u>6,238</u>	<u>7,480</u>	<u>6,238</u>
Total comprehensive income attributable to:				
Owners of the parent	7,480	6,238	7,480	6,238
Non-controlling interest	-	-	-	-
	<u>7,480</u>	<u>6,238</u>	<u>7,480</u>	<u>6,238</u>
Basic Earnings per Share (sen)	<u>1.52</u>	<u>1.27</u>	<u>1.52</u>	<u>1.27</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018 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 2019 (The figures have not been audited)

	<u>Share Capital</u> Nominal value	<u>Non-distributable Reserve</u> Share premium	<u>Distributable Reserve</u> Retained earnings	Grand total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
At 1 January 2018	98,400	50,687	160,228	309,315
Net Profit for the period	-	-	6,238	6,238
At 31 March 2018	<u>98,400</u>	<u>50,687</u>	<u>166,466</u>	<u>315,553</u>
At 1 January 2019	98,400	50,687	179,508	328,595
Net Profit for the period	-	-	7,480	7,480
At 31 March 2019	<u>98,400</u>	<u>50,687</u>	<u>186,988</u>	<u>336,075</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 2018 and the accompanying explanatory notes attached to the interim financial statements)

THREE-A RESOURCES BERHAD (481559-M)

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Condensed Consolidated Statement of Financial Position

As at 31 March 2019

(The figures have not been audited)

	As at 31-Mar-19 RM'000	As at 31-Dec-18 RM'000
Non-current Assets		
Property, plant & equipment	190,166	190,018
Land use rights	1,376	1,391
Total Non-current Assets	191,542	191,409
Current Assets		
Inventories	71,650	80,064
Trade and other receivables	102,010	110,020
Current tax assets	4,657	3,951
Cash and bank balances	16,553	9,058
Total Current Assets	194,870	203,093
TOTAL ASSETS	386,412	394,502
EQUITY AND LIABILITIES		
Share capital	98,400	98,400
Reserves	237,675	230,195
Total Equity	336,075	328,595
Non-current Liabilities		
Borrowings	13,877	14,462
Deferred tax liabilities	15,393	14,556
Total Non-current Liabilities	29,270	29,018

THREE-A RESOURCES BERHAD (481559-M)

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Condensed Consolidated Statement of Financial Position

As at 31 March 2019

(The figures have not been audited)

	As at 31-Mar-19 RM'000	As at 31-Dec-18 RM'000
Current Liabilities		
Trade and other payables	14,769	31,337
Borrowings	6,298	5,552
Total Current Liabilities	21,067	36,889
TOTAL LIABILITIES	50,337	65,907
TOTAL EQUITY AND LIABILITIES	386,412	394,502
Net assets value per share (sen)	68.31	66.79

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements)

THREE-A RESOURCES BERHAD (481559-M)
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Condensed Consolidated Statement of Cash Flow
For the Quarter Ended 31 March 2019
(The figures have not been audited)

	Year-To-Date 31-Mar-19 (RM'000)	Year-To-Date 31-Mar-18 (RM'000)
Cash flows from operating activities		
Profit before taxation	10,123	6,955
Adjustments for:		
Amortisation of land use rights	14	14
Depreciation of property, plant and equipment	2,265	2,157
Interest expense	275	323
Interest income	(26)	(433)
Unrealised foreign exchange (gain)/loss	(181)	(328)
Operating profit before working capital changes	<u>12,470</u>	<u>8,688</u>
Working capital changes:		
Inventories	8,414	(8,401)
Trade and other receivables	8,135	10,004
Trade and other payables	(15,790)	(11,164)
Cash generated from/(used in) operations	<u>13,229</u>	<u>(873)</u>
Income tax refunded	28	33
Income tax paid	(3,317)	(4,229)
Net cash generated from/(used in) operating activities	<u>9,940</u>	<u>(5,069)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,414)	(3,529)
Interest received	26	433
Net cash used in investing activities	<u>(2,388)</u>	<u>(3,096)</u>

THREE-A RESOURCES BERHAD (481559-M)
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Condensed Consolidated Statement of Cash Flow
For the Quarter Ended 31 March 2019
(The figures have not been audited)

	Year-To-Date 31-Mar-19 (RM'000)	Year-To-Date 31-Mar-18 (RM'000)
Cash flows from financing activities		
Interest paid	(275)	(323)
Net Drawdown of bankers acceptances	944	-
Net Repayments of term loans	(630)	(582)
Repayments of hire purchase obligations	(153)	(154)
Net cash used in financing activities	<u>(114)</u>	<u>(1,059)</u>
Net increase/(decrease) in cash and cash equivalents	7,438	(9,224)
Effect of exchange rate changes on cash and cash equivalents	57	(4)
Cash and cash equivalents at beginning of year	9,058	47,013
Cash and cash equivalents at end of the period	<u>16,553</u>	<u>37,785</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018 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 2019**

(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 2018.

The accounting policies are consistent with the recent audited financial statements for the year ended 31 December 2018.

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 2018.

A2 Audit report of the preceding annual financial statements

The audited financial statements of the Group for the year ended 31 December 2018 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.

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	65,860	64%
Singapore	9,784	10%
Other countries	26,859	26%
	<u>102,503</u>	

The Group's assets and liabilities are mainly located in Malaysia.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED
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Explanatory Notes to the Interim Financial Statements Pursuant to MFRS 134

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 2019 :

	3 months ended 31 March		Cumulative quarter ended 31 March	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Sales of products to:				
Seong Chan Sauce & Foodstuff Sdn. Bhd. (A company in which certain directors have financial interests)	308	344	308	344
Purchases of products from:				
Qinhuangdao Gold Delicious Food Industries Co., Ltd (A subsidiary of a significant corporate shareholder)	524	1,917	524	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 2019 is RM20.173 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 RM9.6 million.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED
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Additional Information Required By The Bursa Malaysia Listing Requirements

B1 Review of Performance

	1st Quarter & Year to date Ended 31-Mar-19 RM'000	1st Quarter & Year to date Ended 31-Mar-18 RM'000	Variance %
Revenue	102,503	102,478	0.0%
Profit before Tax	10,123	6,955	45.5%

The revenue of the Group for the current quarter of RM102.503 million is marginally higher than RM102.478 million recorded in the corresponding quarter in the preceding year. Meanwhile, the Group's profit before tax increased by 45.5% to RM10.123 million from RM6.955 million and is mainly a result of higher average products selling prices in the current interim 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-19 RM'000	4th Quarter Ended 31-Dec-18 RM'000	Variance %
Revenue	102,503	120,354	-14.8%
Profit before taxation	10,123	9,910	2.1%

The Group's revenue for the current quarter of RM102.503 million is 14.8% lower as compared to RM120.354 million recorded in the immediate preceding quarter and is mainly due to lower quantities of products sold. However, profit before taxation for the current quarter of RM10.123 million is slightly higher than that recorded in the immediate preceding quarter of RM9.910 million and is mainly a result of lower raw materials prices during the current quarter under review as compared to the immediate preceding quarter.

B3 Prospects

The business environment of the Group remains competitive and raw materials prices remain high. The Group continues to focus on efficiency initiatives through economies of scale, cost optimization and plans to increase productivity and deliver good quality products to achieve better performance.

Concurrently, 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 2019.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED
31 MARCH 2019**

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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 up to 31-Mar-19 RM'000	Current quarter up to 31-Mar-18 RM'000
Income tax expense		
- current period	1,806	1,449
Deferred Taxation		
- current year	835	329
- under/(over)provision in prior year	2	(1,061)
	<u>2,643</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 and also financial year-to-date is higher than the statutory income tax rate, mainly due to 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 15 May 2019 for the current quarter and financial year-to-date.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED
31 MARCH 2019**

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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 March 2019 are as follows:-

	Short Term RM'000	Long Term RM'000	Total RM'000
Term Loans	2,307	13,877	16,184
Bankers Acceptances	3,989	-	3,989
Hire Purchase Creditors	2	-	2
Total	6,298	13,877	20,175

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 15 May 2019.

B11 Changes in material litigation

There was no material litigation pending for the current financial period to-date and up to 15 May 2019.

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-19	31-Mar-18	31-Mar-19	31-Mar-18
Interest income	(26)	(433)	(26)	(433)
Depreciation and amortisation	2,279	2,171	2,279	2,171
Realised foreign exchange loss	533	1,495	533	1,495
Unrealised foreign exchange gain	(181)	(328)	(181)	(328)

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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	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Net profit (RM'000)	7,480	6,238	7,480	6,238
Weighted average number of ordinary shares in issue ('000)	492,000	492,000	492,000	492,000
EPS (sen) - Basic and Diluted	<u>1.52</u>	<u>1.27</u>	<u>1.52</u>	<u>1.27</u>