

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 2019 (The figures have not been audited)

	3 months ended 30 September		Cumulative quarter ended 30 September	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	111,463	113,784	321,843	317,623
Cost of sales	<u>(93,426)</u>	<u>(95,637)</u>	<u>(267,250)</u>	<u>(269,142)</u>
Gross Profit	18,037	18,147	54,593	48,481
Other income	859	920	1,278	1,791
Other operating expenses	<u>(9,765)</u>	<u>(8,368)</u>	<u>(27,697)</u>	<u>(25,058)</u>
Profit from Operations	9,131	10,699	28,174	25,214
Finance costs	<u>(204)</u>	<u>(289)</u>	<u>(711)</u>	<u>(920)</u>
Profit before Tax	8,927	10,410	27,463	24,294
Income tax	(3,241)	(2,012)	(8,031)	(4,372)
Profit net of tax	<u>5,686</u>	<u>8,398</u>	<u>19,432</u>	<u>19,922</u>
Total other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the year	<u><u>5,686</u></u>	<u><u>8,398</u></u>	<u><u>19,432</u></u>	<u><u>19,922</u></u>
Profit for the period attributable to:				
Owners of the parent	5,686	8,398	19,432	19,922
Non-controlling interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>5,686</u></u>	<u><u>8,398</u></u>	<u><u>19,432</u></u>	<u><u>19,922</u></u>
Total comprehensive income attributable to:				
Owners of the parent	5,686	8,398	19,432	19,922
Non-controlling interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>5,686</u></u>	<u><u>8,398</u></u>	<u><u>19,432</u></u>	<u><u>19,922</u></u>
Basic Earnings per Share (sen)	<u>1.16</u>	<u>1.71</u>	<u>3.95</u>	<u>4.05</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 30 September 2019
(The figures have not been audited)

	Share Capital	Non-distributable Reserve	Distributable Reserve	Grand total
	Nominal value	Share premium	Retained earnings	
	(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	-	-	19,922	19,922
At 30 September 2018	<u>98,400</u>	<u>50,687</u>	<u>180,150</u>	<u>329,237</u>
At 1 January 2019	98,400	50,687	179,508	328,595
Net Profit for the period	-	-	19,432	19,432
Transfer pursuant to Companies Act 2016	50,687	(50,687)	-	-
At 30 September 2019	<u>149,087</u>	<u>-</u>	<u>198,940</u>	<u>348,027</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)

(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position

As at 30 September 2019

(The figures have not been audited)

	As at 30-Sep-19 RM'000	As at 31-Dec-18 RM'000
Non-current Assets		
Property, plant & equipment	191,641	190,018
Land use rights	1,348	1,391
Total Non-current Assets	192,989	191,409
Current Assets		
Inventories	46,895	80,064
Trade and other receivables	104,835	110,020
Current tax assets	1,833	3,951
Cash and bank balances	49,457	9,058
Total Current Assets	203,020	203,093
TOTAL ASSETS	396,009	394,502
EQUITY AND LIABILITIES		
Share capital	149,087	98,400
Reserves	198,940	230,195
Total Equity	348,027	328,595
Non-current Liabilities		
Loans and borrowings	13,048	14,462
Deferred tax liabilities	14,711	14,556
Total Non-current Liabilities	27,759	29,018

THREE-A RESOURCES BERHAD (481559-M)

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Condensed Consolidated Statement of Financial Position
As at 30 September 2019
(The figures have not been audited)

	As at 30-Sep-19 RM'000	As at 31-Dec-18 RM'000
Current Liabilities		
Trade and other payables	18,178	31,337
Loans and borrowings	2,045	5,552
Total Current Liabilities	20,223	36,889
TOTAL LIABILITIES	47,982	65,907
TOTAL EQUITY AND LIABILITIES	396,009	394,502
Net assets value per share (sen)	70.74	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 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 2019 (The figures have not been audited)

	Year-To-Date 30-Sep-19 (RM'000)	Year-To-Date 30-Sep-18 (RM'000)
Cash flows from operating activities		
Profit before taxation	27,463	24,294
Adjustments for:		
Amortisation of land use rights	42	42
Depreciation of property, plant and equipment	6,819	6,590
Net impairment loss on receivables	2,233	-
Interest expense	711	920
Interest income	(607)	(927)
Gain on disposal of property, plant and equipment	(3)	-
Unrealised foreign exchange (gain)/loss	(363)	(903)
Operating profit before working capital changes	36,295	30,016
Working capital changes:		
Inventories	33,169	(12,511)
Trade and other receivables	3,273	(702)
Trade and other payables	(13,763)	(12,473)
Cash generated from/(used in) operations	58,974	4,330
Income tax refunded	28	33
Income tax paid	(5,181)	(8,662)
Net cash generated from/(used in) operating activities	53,821	(4,299)
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,454)	(9,028)
Acquisition of prepaid lease payment for land	-	(4,175)
Proceeds from disposal of property, plant and equipment	14	-
Interest received	607	927
Net cash used in investing activities	(7,833)	(12,276)

THREE-A RESOURCES BERHAD (481559-M)

(Incorporated in Malaysia)

Condensed Consolidated Statement of Cash Flow
For the Quarter Ended 30 September 2019
(The figures have not been audited)

	Year-To-Date 30-Sep-19 (RM'000)	Year-To-Date 30-Sep-18 (RM'000)
Cash flows from financing activities		
Interest paid	(711)	(920)
Repayment of bankers acceptances	(3,045)	-
Net Repayments of term loans	(1,722)	(1,768)
Repayments of hire purchase obligations	(154)	(474)
Net cash used in financing activities	<u>(5,632)</u>	<u>(3,162)</u>
Net increase/(decrease) in cash and cash equivalents	40,356	(19,737)
Effect of exchange rate changes on cash and cash equivalents	43	2
Cash and cash equivalents at beginning of year	9,058	47,013
Cash and cash equivalents at end of the period	<u>49,457</u>	<u>27,278</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
30 SEPTEMBER 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	197,544	61%
Singapore	30,377	10%
Other countries	93,922	29%
	<u>321,843</u>	

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED
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(The figures have not been audited)

Explanatory Notes to the Interim Financial Statements Pursuant to MFRS 134

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 2019 :

	3 months ended 30 September		Cumulative quarter ended 30 September	
	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)	300	301	933	937
Purchases of products from:				
Qinhuangdao Gold Delicious Food Industries Co., Ltd (A subsidiary of a significant corporate shareholder)	201	1,173	1,194	4,328

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 2019 is RM15.093 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 RM13.5 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

	3rd Quarter Ended 30-Sep-19 RM'000	3rd Quarter Ended 30-Sep-18 RM'000	Variance %	Year to date Ended 30-Sep-19 RM'000	Year to date Ended 30-Sep-18 RM'000	Variance %
Revenue	111,463	113,784	-2.0%	321,843	317,623	1.3%
Profit before Tax	8,927	10,410	-14.2%	27,463	24,294	13.0%

The revenue of the Group for the current quarter of RM111.463 million was 2.0% lower than RM113.784 million recorded in the corresponding quarter in the preceding year mainly due to lower average selling prices and quantities of products sold. Meanwhile, the Group's profit before tax decreased by 14.2% to RM8.927 million from RM10.410 million and was also mainly a result of lower average selling prices of products sold and impairment loss on receivables in the current interim quarter under review.

The Group recorded 1.3% higher revenue of RM321.843 million for the nine months ended 30 September 2019 as compared to RM317.623 million recorded last year on higher average selling prices and quantities of products sold. In addition, profit before taxation for the same period increased by 13.0% to RM27.463 million from RM24.294 million recorded for the same period last year and was also mainly a result of higher average selling prices 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:-

	3rd Quarter Ended 30-Sep-19 RM'000	2nd Quarter Ended 30-Jun-19 RM'000	Variance %
Revenue	111,463	107,877	3.3%
Profit before taxation	8,927	8,415	6.1%

The Group's revenue for the current quarter of RM111.463 million was 3.3% higher as compared to RM107.877 million recorded in the immediate preceding quarter mainly due to higher quantities of products sold. Meanwhile, profit before taxation for the current quarter of RM8.927 million was 6.1% higher than that recorded in the immediate preceding quarter of RM8.415 million and was also mainly a result of higher quantities of products sold and lower raw materials costs in the current quarter under review.

B3 Prospects

The general business environment of the Group remains competitive and major raw materials prices persist at elevated levels. Therefore, the Group remained focus on efficiency initiatives through economies of scale, cost optimization and plans to increase productivity and deliver good quality products to achieve better performance.

Expansion plans for lands acquired in the vicinity of existing factories are still 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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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 quarter up to 30-Sep-19 RM'000	Cumulative quarter up to 30-Sep-19 RM'000
Income tax expense		
- current period	1,954	6,644
- underprovision in the prior year	1,232	1,232
Deferred Taxation		
- current year	367	465
- overprovision in the prior year	(312)	(310)
	<u>3,241</u>	<u>8,031</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 19 November 2019 for the current quarter and financial year-to-date.

B9 Group borrowings and debt securities

The total Group secured borrowings as at 30 September 2019 are as follows:-

	Short Term RM'000	Long Term RM'000	Total RM'000
Term Loans	<u>2,045</u>	<u>13,048</u>	<u>15,093</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 19 November 2019.

B11 Changes in material litigation

There was no material litigation pending for the current financial period to-date and up to 19 November 2019.

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Additional Information Required By The Bursa Malaysia Listing Requirements

B12 Dividend

On 19 November 2019, 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. (2018: 2.0 sen per ordinary share)

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	
	30-Sep-19	30-Sep-18	30-Sep-19	30-Sep-18
Interest income	(345)	(267)	(607)	(927)
Depreciation and amortisation	2,300	2,250	6,861	6,632
Net impairment loss on receivables	1,175	-	2,233	-
Realised foreign exchange (gain)/loss	(190)	(1,090)	(180)	128
Unrealised foreign exchange loss/(gain)	(266)	461	(363)	(903)

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-19	30-Sep-18	30-Sep-19	30-Sep-18
Net profit (RM'000)	5,686	8,398	19,432	19,922
Weighted average number of ordinary shares in issue ('000)	492,000	492,000	492,000	492,000
EPS (sen) - Basic and Diluted	1.16	1.71	3.95	4.05