

# 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 June 2018 (The figures have not been audited)

	3 months ended 30 June		Cumulative quarter ended 30 June	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue	101,361	102,338	203,839	205,520
Cost of sales	(87,361)	(80,714)	(173,505)	(158,733)
<b>Gross Profit</b>	<u>14,000</u>	<u>21,624</u>	<u>30,334</u>	<u>46,787</u>
Other income	411	230	870	380
Other operating expenses	(7,175)	(9,494)	(16,690)	(18,943)
Share of results of a jointly controlled entity, net of tax	-	(1,142)	-	(2,324)
<b>Profit from Operations</b>	<u>7,236</u>	<u>11,218</u>	<u>14,514</u>	<u>25,900</u>
Finance costs	(308)	(216)	(631)	(438)
<b>Profit before Tax</b>	<u>6,928</u>	<u>11,002</u>	<u>13,883</u>	<u>25,462</u>
Income tax	(1,643)	(1,828)	(2,360)	(5,965)
<b>Profit net of tax</b>	<u>5,285</u>	<u>9,174</u>	<u>11,523</u>	<u>19,497</u>
Other comprehensive income: - Foreign currency translation	-	(74)	-	(113)
<b>Total comprehensive income for the year</b>	<u><u>5,285</u></u>	<u><u>9,100</u></u>	<u><u>11,523</u></u>	<u><u>19,384</u></u>
<b>Profit for the period attributable to:</b>				
Owners of the parent	5,285	9,174	11,523	19,497
Non-controlling interest	-	-	-	-
	<u><u>5,285</u></u>	<u><u>9,174</u></u>	<u><u>11,523</u></u>	<u><u>19,497</u></u>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	5,285	9,100	11,523	19,384
Non-controlling interest	-	-	-	-
	<u><u>5,285</u></u>	<u><u>9,100</u></u>	<u><u>11,523</u></u>	<u><u>19,384</u></u>
<b>Basic Earnings per Share (sen)</b>	<u><u>1.07</u></u>	<u><u>1.86</u></u>	<u><u>2.34</u></u>	<u><u>3.96</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 June 2018  
(The figures have not been audited)

	Share Capital	Non-distributable Reserve	Non-distributable Reserve	Distributable Reserve	Total reserves	Grand total
	Nominal value	Exchange translation reserve	Share premium	Retained earnings		
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
<b>At 1 January 2017</b>	78,720	2,911	70,367	127,437	200,715	279,435
Net Profit for the period	-	-	-	19,497	19,497	19,497
Other comprehensive income	-	(113)	-	-	(113)	(113)
Total comprehensive income	-	(113)	-	19,497	19,384	19,384
<b>At 30 June 2017</b>	<u>78,720</u>	<u>2,798</u>	<u>70,367</u>	<u>146,934</u>	<u>220,099</u>	<u>298,819</u>
<b>At 1 January 2018</b>	98,400	-	50,687	160,228	210,915	309,315
Net Profit for the period	-	-	-	11,523	11,523	11,523
<b>At 30 June 2018</b>	<u>98,400</u>	<u>-</u>	<u>50,687</u>	<u>171,751</u>	<u>222,438</u>	<u>320,838</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 June 2018

(The figures have not been audited)

	As at 30-Jun-18 RM'000	As at 31-Dec-17 RM'000
<b>Non-current Assets</b>		
Property, plant & equipment	186,227	183,514
Land use rights	1,419	1,447
<b>Total Non-current Assets</b>	<b>187,646</b>	<b>184,961</b>
<b>Current Assets</b>		
Inventories	58,450	45,210
Trade and other receivables	96,199	95,196
Current tax assets	1,969	35
Cash and bank balances	21,173	47,013
<b>Total Current Assets</b>	<b>177,791</b>	<b>187,454</b>
<b>TOTAL ASSETS</b>	<b>365,437</b>	<b>372,415</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	98,400	98,400
Reserves	222,438	210,915
<b>Total Equity</b>	<b>320,838</b>	<b>309,315</b>
<b>Non-current Liabilities</b>		
Borrowings	15,344	16,885
Deferred tax liabilities	15,452	16,271
<b>Total Non-current Liabilities</b>	<b>30,796</b>	<b>33,156</b>

# THREE-A RESOURCES BERHAD (481559-M)

(Incorporated in Malaysia)

## Condensed Consolidated Statement of Financial Position

As at 30 June 2018

(The figures have not been audited)

	As at 30-Jun-18 RM'000	As at 31-Dec-17 RM'000
<b>Current Liabilities</b>		
Trade and other payables	10,600	25,952
Borrowings	3,203	3,133
Current tax liabilities	-	859
<b>Total Current Liabilities</b>	<b>13,803</b>	<b>29,944</b>
<b>TOTAL LIABILITIES</b>	<b>44,599</b>	<b>63,100</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>365,437</b>	<b>372,415</b>
Net assets value per share (sen)	65.21	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 June 2018 (The figures have not been audited)

	Year-To-Date 30-Jun-18 (RM'000)	Year-To-Date 30-Jun-17 (RM'000)
<b>Cash flows from operating activities</b>		
Profit before taxation	13,883	25,462
Adjustments for:		
Amortisation of land use rights	28	28
Depreciation of property, plant and equipment	4,354	4,208
Interest expense	631	438
Interest income	(660)	(335)
Share of results of a joint venture, net of tax	-	2,324
Unrealised foreign exchange (gain)/loss	(1,364)	2,006
Operating profit before working capital changes	<u>16,872</u>	<u>34,131</u>
Working capital changes:		
Inventories	(13,240)	(6,124)
Trade and other receivables	1,675	(11,501)
Trade and other payables	(15,797)	(7,125)
Cash (used in)/generated from operations	<u>(10,490)</u>	<u>9,381</u>
Income tax refunded	33	-
Income tax paid	(6,891)	(4,651)
<b>Net cash (used in)/generated from operating activities</b>	<u>(17,348)</u>	<u>4,730</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(7,067)	(14,216)
Interest received	660	335
<b>Net cash used in investing activities</b>	<u>(6,407)</u>	<u>(13,881)</u>

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

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

	<b>Year-To-Date 30-Jun-18 (RM'000)</b>	<b>Year-To-Date 30-Jun-17 (RM'000)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(631)	(438)
Net (Repayments)/Drawdown of term loans	(1,158)	6,790
Repayments of hire purchase obligations	(313)	(291)
<b>Net cash (used in)/generated from financing activities</b>	<b>(2,102)</b>	<b>6,061</b>
Net decrease in cash and cash equivalents	(25,857)	(3,091)
Effect of exchange rate changes on cash and cash equivalents	17	(28)
Cash and cash equivalents at beginning of year	47,013	28,714
Cash and cash equivalents at end of the period	<b>21,173</b>	<b>25,595</b>

(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)

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED  
30 JUNE 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)  
(Incorporated in Malaysia)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED  
30 JUNE 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	133,504	65%
Singapore	18,139	9%
Other countries	52,196	26%
	<u>203,839</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 June 2018 :

	3 months ended 30 June		Cumulative quarter ended 30 June	
	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)	292	241	635	504
Three-A (Qinhuangdao) Food Industries Co., Ltd (A subsidiary of a significant corporate shareholder)	-	11	-	11
Purchases of products from:				
Three-A (Qinhuangdao) Food Industries Co., Ltd (A subsidiary of a significant corporate shareholder)	(1,238)	(537)	(3,156)	(537)



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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED  
30 JUNE 2018**

(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 June 2018 is RM17.993 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 RM1.758 million.

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

(The figures have not been audited)

**Additional Information Required By The Bursa Malaysia Listing Requirements**

**B1 Review of Performance**

	2nd Quarter Ended 30-Jun-18 RM'000	2nd Quarter Ended 30-Jun-17 RM'000	Variance %	Year to date 30-Jun-18 RM'000	Year to date 30-Jun-17 RM'000	Variance %
Revenue	101,361	102,338	-1.0%	203,839	205,520	-0.8%
Profit before taxation	6,928	11,002	-37.0%	13,883	25,462	-45.5%

The revenue of the Group for the current quarter of RM101,361 million is lower than RM102,338 million recorded in the corresponding quarter in the preceding year as a result of lower sales volume in terms of products quantities sold. The Group's profit before taxation also decreased by 37.0% to RM6,928 million from RM11,002 million and is mainly a result of lower product margins arising from surge in raw materials prices for the current quarter as compared to the preceding year corresponding quarter.

The Group recorded slightly lower sales revenue of RM203,839 million for the 6 months ended 30 June 2018 as compared to RM205,520 million registered for the same period last year on lower quantities of products sold. Meanwhile, profit before taxation for this period decreased by 45.5% to RM13,883 million as compared to RM25,462 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.

**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:-

	2nd Quarter Ended 30-Jun-18 RM'000	1st Quarter Ended 31-Mar-18 RM'000	Variance %
Revenue	101,361	102,478	-1.1%
Profit before taxation	6,928	6,955	-0.4%

The Group's revenue for the current quarter of RM101,361 million is slightly lower as compared to RM102,478 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 RM6,928 million is also slightly lower than that recorded in the immediate preceding quarter of RM6,955 million, mainly also a result of lower sales volume too.

**B3 Prospects**

Raw materials prices remain volatile and the business environment of the Group remains competitive. Therefore, besides reviewing product selling prices, the Group is placing more emphasis on efficiency initiative: through economies of scale, cost optimization and plans to increase productivity and simultaneously produce good quality products to achieve better performance.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED  
30 JUNE 2018**

(The figures have not been audited)

**Additional Information Required By The Bursa Malaysia Listing Requirements**

Meanwhile, 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-Jun-18 RM'000	Cumulative quarter up to 30-Jun-18 RM'000
Income tax expense		
- current period	1,730	3,179
Deferred Taxation		
- current year	84	413
- overprovision in the prior year	(171)	(1,232)
	<u>1,643</u>	<u>2,360</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 August 2018 for the current quarter and financial year-to-date.

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

(The figures have not been audited)

**Additional Information Required By The Bursa Malaysia Listing Requirements**

**B9 Group borrowings and debt securities**

The total Group secured borrowings as at 30 June 2018 are as follows:-

	Short Term RM'000	Long Term RM'000	Total RM'000
Term Loans	2,649	15,344	17,993
Hire Purchase Creditors	554	-	554
<b>Total</b>	<b>3,203</b>	<b>15,344</b>	<b>18,547</b>

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 August 2018.

**B11 Changes in material litigation**

There was no material litigation pending for the current financial period to-date and up to 7 August 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	
	30-Jun-18	30-Jun-17	30-Jun-18	30-Jun-17
Interest income	(227)	(222)	(660)	(335)
Depreciation and amortisation	2,211	2,254	4,382	4,236
Realised foreign exchange (gain)/loss	(277)	958	1,218	(165)
Unrealised foreign exchange (gain)/loss	(1,037)	205	(1,364)	2,006

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

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED  
30 JUNE 2018**

(The figures have not been audited)

**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	
	30-Jun-18	30-Jun-17	30-Jun-18	30-Jun-17
Net profit (RM'000)	5,285	9,174	11,523	19,497
Weighted average number of ordinary shares in issue ('000)	492,000	492,000	492,000	492,000
EPS (sen) - Basic and Diluted	<u>1.07</u>	<u>1.86</u>	<u>2.34</u>	<u>3.96</u>