

# THREE-A RESOURCES BERHAD (481559-M)

(Incorporated in Malaysia)

---

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2009

(The figures have not been audited)

### Explanatory Notes to the Interim Financial Statements Pursuant to FRS 134

#### A1 Basis of Preparation

The interim financial statements of the Group have been prepared in accordance with Financial Reporting Standards No. 134 -Interim Financial Reporting ("FRS 134") and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad.

The accounting policies and methods of computation adopted by the Group in this report are consistent with those adopted in the financial statements for the year ended 31 December 2008. 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 2008.

At the date of authorisation of these financial statements, the following new FRSS, Amendments to FRSS and Interpretations were issued but not yet effective and have not been applied by the Company:

#### FRSS, Amendments to FRSS and Interpretations

##### Effective for financial periods beginning on or after 1 July 2009:

FRS 8 Operating Segments

##### Effective for financial periods beginning on or after 1 January 2010:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements (as revised in 2009)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendment to FRS 2	Share-based Payment: Vesting Conditions and Cancellations
Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendment to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendment to FRS 7	Financial Instruments: Disclosures
Amendment to FRS 8	Operating Segments
Amendment to FRS 107	Cash Flow Statements
Amendment to FRS 108	Accounting Policies, Changes in Accounting

# THREE-A RESOURCES BERHAD (481559-M)

(Incorporated in Malaysia)

---

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2009

(The figures have not been audited)

### Explanatory Notes to the Interim Financial Statements Pursuant to FRS 134

Amendment to FRS 110	Estimates and Errors
Amendment to FRS 116	Events After the Balance Sheet Date
Amendment to FRS 117	Property, Plant and Equipment
Amendment to FRS 118	Leases
Amendment to FRS 119	Revenue
Amendment to FRS 120	Employee Benefits
	Accounting for Government Grants and Disclosure of Government Assistance
Amendment to FRS 123	Borrowing Costs
Amendment to FRS 128	Investments in Associates
Amendment to FRS 129	Financial Reporting in Hyperinflationary Economies
Amendment to FRS 131	Interests in Joint Ventures
Amendments to FRS 132	Financial Instruments: Presentation
Amendment to FRS 134	Interim Financial Reporting
Amendment to FRS 136	Impairment of Assets
Amendment to FRS 138	Intangible Assets
Amendments to FRS 139, FRS 7 and IC Interpretation 9	Financial Instruments: Recognition and Measurement, Disclosures and Reassessment of Embedded Derivatives
Improvement to FRSs 2009	Improvement to FRSs (2009)
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

# THREE-A RESOURCES BERHAD (481559-M)

(Incorporated in Malaysia)

---

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2009

(The figures have not been audited)

### Explanatory Notes to the Interim Financial Statements Pursuant to FRS 134

#### Effective for financial periods beginning on or after 1 July 2010:

FRS 1	FRS 1 First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations
FRS 127	Consolidated and Separate Financial Statements
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138	Intangible Assets
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

The above new FRSs, Amendments to FRSs and Interpretations are expected to have no significant impact on the financial statements of the Company upon their initial application except for the changes arising from the adoption of FRS 7 and FRS 139.

The Company are exempted from disclosing the possible impact to the financial statements upon the initial application of FRS 7 and FRS 139.

#### A2 **Audit report of the preceding annual financial statements**

The auditors' report on the preceding annual financial statements was 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.

# THREE-A RESOURCES BERHAD (481559-M)

(Incorporated in Malaysia)

---

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2009

(The figures have not been audited)

### Explanatory Notes to the Interim Financial Statements Pursuant to FRS 134

#### 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 except for an interim dividend declared for financial year 2009 and paid subsequent to the quarter under review as disclosed in Note B12.

#### 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	122,071
Foreign countries	56,511
	<u>178,582</u>

The Group's assets and liabilities are solely 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 except for on 11 January 2010, the Company entered into a Sale and Purchase Agreement to acquire a parcel of leasehold land for a total cash consideration of RM420,000.

# **THREE-A RESOURCES BERHAD** (481559-M)

(Incorporated in Malaysia)

---

## **QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2009**

(The figures have not been audited)

### **Explanatory Notes to the Interim Financial Statements Pursuant to FRS 134**

#### **A11 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.

#### **A12 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 as at 31 December 2009 is RM29.801 million.

#### **A13 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 RM7.070 million.

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

---

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED  
31 DECEMBER 2009**

(The figures have not been audited)

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

**B1 Review of Performance**

There is an increase of 71.5% in the turnover of the Group for the current quarter from RM32.177 million to RM55.197 million as compared to the corresponding quarter in the preceding year mainly due to better demand for the Group's products during the current quarter under review.

Meanwhile, the Group's profit before taxation is significantly higher or from RM0.234 million in the preceding year corresponding quarter to RM6.493 million for the current quarter under review as a result of higher turnover and improvement in products margin.

**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:-

	Current quarter (01. 10. 09 to 31. 12. 09) RM'000	Previous quarter (01. 07. 09 to 30. 09. 09) RM'000
Turnover	<u>55,197</u>	<u>45,136</u>
Profit before taxation	<u>6,493</u>	<u>7,055</u>

The Group's turnover in the current quarter of RM55.197 million is 22.3% higher than RM45.136 million recorded in the immediate preceding quarter.

However, the profit before taxation for the current quarter of RM6.493 million is lower by 8.0% than that recorded in the immediate preceding quarter of RM7.055 million. The reason is due to lower products margin recorded on increasing raw materials costs for the quarter under review.

**B3 Prospects**

The Group's products are expected to remain competitive. Despite the prevailing economic conditions, the Directors anticipate that the Group will achieve a satisfactory performance for financial year 2010.

**B4 Forecast of profit after tax**

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

# THREE-A RESOURCES BERHAD (481559-M)

(Incorporated in Malaysia)

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2009

(The figures have not been audited)

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

#### B5 Tax expenses

	Current quarter 31. 12. 09 RM'000	Cumulative quarter up to 31. 12. 09 RM'000
Income tax expense- current	1,035	3,857
Deferred Taxation - relating to origination and reversal of temporary differences	943	1,811
	<u>1,978</u>	<u>5,668</u>

The effective tax rate for the financial year-to-date is 23.9%, that is slightly lower than the statutory income tax rate of 25% as a result of utilisation of reinvestment allowance.

#### B6 Unquoted investments and/or properties

There were no sale or purchase of unquoted investments and properties for the current quarter and financial year-to-date except for the purchase of 3 pieces of leasehold land totaling RM1.638 million

#### 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 22 February 2010 except for on 12 November 2009, the Company completed its private placement of 61,600,000 3A shares ("Private Placement") which had been listed and quoted on the Main Board of Bursa Malaysia Securities Berhad on even date.

Status of Utilisation of Proceeds up to 31 December 2009 is as follows:-

Descriptions	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance Unutilised (RM'000)	Intended timeframe for utilisation
Working capital	25,800	21,076	4,724	Note 1
Overseas Investment	20,000	-	20,000	Note 1
Related Expenses for the Private Placement	400	126	274	
	<u>46,200</u>	<u>21,202</u>	<u>24,998</u>	

# THREE-A RESOURCES BERHAD (481559-M)

(Incorporated in Malaysia)

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2009

(The figures have not been audited)

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

Note:-

- 1 The proceeds from the Private Placement are expected to be utilised within 24 months from the date of the completion of the Private Placement on 12 November 2009.

### B9 Group borrowings and debt securities

The total Group secured borrowings as at 31 December 2009 are as follows:-

	Short Term RM'000	Long Term RM'000	Total RM'000
Overdrafts	453	-	453
Bankers' Acceptance	14,777	-	14,777
Term Loans	2,709	11,862	14,571
Hire Purchase Creditors	515	2,710	3,225
Total	<u>18,454</u>	<u>14,572</u>	<u>33,026</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 22 February 2010.

### B11 Changes in material litigation

There was no material litigation pending for the current financial period to-date and up to 22 February 2010.

### B12 Dividend

On 17 December 2009, the Company had declared an interim dividend of 8% less 25% taxation per ordinary share of RM0.20 in respect of financial year ended 31 December 2009 of which was paid on 9 January 2010.

### B13 Earnings per share

	Current Quarter 31. 12. 09	Cumulative Quari 31. 12. 09
Net profit (RM'000)	4,515	18,039
Weighted average number of ordinary shares in issue	340,808,715	316,269,608
EPS (sen) - Basic	<u>1.32</u>	<u>5.70</u>
- Diluted	<u>-</u>	<u>-</u>