

# THREE-A RESOURCES BERHAD (481559-M)

(Incorporated in Malaysia)

## Condensed Consolidated Statement of Comprehensive Income For the Quarter Ended 30 June 2014 (The figures have not been audited)

	3 months ended 30 June		Cumulative quarter ended 30 June	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue	84,510	76,507	161,148	150,334
Cost of sales	(68,577)	(65,117)	(132,064)	(128,419)
<b>Gross Profit</b>	<u>15,933</u>	<u>11,390</u>	<u>29,084</u>	<u>21,915</u>
Other income	27	294	44	576
Other operating expenses	(5,770)	(5,636)	(11,363)	(10,551)
Share of results of a jointly controlled entity	(1,133)	(1,068)	(2,473)	(1,723)
<b>Profit from Operations</b>	<u>9,057</u>	<u>4,980</u>	<u>15,292</u>	<u>10,217</u>
Finance costs	(441)	(641)	(901)	(1,510)
<b>Profit before Tax</b>	<u>8,616</u>	<u>4,339</u>	<u>14,391</u>	<u>8,707</u>
Income tax	(3,413)	(1,892)	(5,588)	(3,529)
<b>Profit net of tax</b>	<u>5,203</u>	<u>2,447</u>	<u>8,803</u>	<u>5,178</u>
Other comprehensive income: Foreign currency translation	(112)	473	(387)	630
<b>Total comprehensive income for the year</b>	<u><u>5,091</u></u>	<u><u>2,920</u></u>	<u><u>8,416</u></u>	<u><u>5,808</u></u>
<b>Profit for the period attributable to:</b>				
Owners of the parent	5,203	2,447	8,803	5,178
Non-controlling interest	-	-	-	-
	<u>5,203</u>	<u>2,447</u>	<u>8,803</u>	<u>5,178</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	5,091	2,920	8,416	5,808
Non-controlling interest	-	-	-	-
	<u>5,091</u>	<u>2,920</u>	<u>8,416</u>	<u>5,808</u>
<b>Basic Earnings per Share (sen)</b>	<u>1.32</u>	<u>0.62</u>	<u>2.24</u>	<u>1.32</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013 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 2014

(The figures have not been audited)

	As at 30-Jun-14 RM'000	As at 31-Dec-13 RM'000
<b>Non-current Assets</b>		
Property, plant & equipment	131,544	134,359
Land use rights	6,177	6,361
Investment in a jointly controlled entity	6,487	9,347
	<u>144,208</u>	<u>150,067</u>
<b>Current Assets</b>		
Inventories	45,642	46,788
Trade and other receivables	76,836	79,202
Tax recoverable	-	2
Cash and bank balances	14,103	16,720
	<u>136,581</u>	<u>142,712</u>
<b>TOTAL ASSETS</b>	<u>280,789</u>	<u>292,779</u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	78,720	78,720
Reserves	148,727	140,311
<b>Total equity</b>	<u>227,447</u>	<u>219,031</u>
<b>Non-current Liabilities</b>		
Borrowings	16,802	19,804
Deferred tax liabilities	14,287	13,143
	<u>31,089</u>	<u>32,947</u>

# THREE-A RESOURCES BERHAD (481559-M)

(Incorporated in Malaysia)

## Condensed Consolidated Statement of Financial Position

As at 30 June 2014

(The figures have not been audited)

	As at 30-Jun-14 RM'000	As at 31-Dec-13 RM'000
<b>Current Liabilities</b>		
Borrowings	12,737	22,892
Trade and other payables	6,609	13,032
Current tax payables	2,907	154
Dividend payable	-	4,723
	<u>22,253</u>	<u>40,801</u>
<b>TOTAL LIABILITIES</b>	<u>53,342</u>	<u>73,748</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>280,789</u>	<u>292,779</u>
Net assets value per share (sen)	<u>57.79</u>	<u>55.65</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013 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 2014**  
(The figures have not been audited)

	Share Capital Nominal value (RM'000)	Non-distributable Reserve		Non-distributable Reserve Share premium (RM'000)	Distributable Reserve		Total reserves (RM'000)	Grand total (RM'000)
		Foreign currency translation reserve (RM'000)			Retained earnings (RM'000)			
<b>At 1 January 2013</b>	78,720	483		70,367	62,732		133,582	212,302
Total comprehensive income	-	630		-	5,178		5,808	5,808
<b>At 30 June 2013</b>	<u>78,720</u>	<u>1,113</u>		<u>70,367</u>	<u>67,910</u>		<u>139,390</u>	<u>218,110</u>
<b>At 1 January 2014</b>	78,720	1,619		70,367	68,325		140,311	219,031
Total comprehensive income	-	(387)		-	8,803		8,416	8,416
<b>At 30 June 2014</b>	<u>78,720</u>	<u>1,232</u>		<u>70,367</u>	<u>77,128</u>		<u>148,727</u>	<u>227,447</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 2013 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 2014 (The figures have not been audited)

	Year-To-Date 30-Jun-14 (RM'000)	Year-To-Date 30-Jun-13 (RM'000)
<b>Cash flows from operating activities</b>		
Profit before taxation	14,391	8,707
Adjustments for:		
Amortisation of land use rights	185	185
Depreciation of property, plant and equipment	3,434	3,356
Unrealised foreign exchange loss/(gain)	596	(924)
Interest expense	901	1,510
Interest income	(44)	(74)
Share of results of joint venture	2,473	1,723
Operating profit before working capital changes	21,936	14,483
Working capital changes:		
Inventories	1,146	15,751
Receivables	(2,775)	5,053
Prepayment	4,429	(289)
Payables	(6,294)	(2,990)
Cash generated from operations	18,442	32,008
Interest paid	(901)	(1,510)
Income tax paid	(1,689)	(1,094)
<b>Net cash generated from operating activities</b>	<b>15,852</b>	<b>29,404</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(620)	(9,043)
Interest received	44	74
<b>Net cash used in investing activities</b>	<b>(576)</b>	<b>(8,969)</b>

# THREE-A RESOURCES BERHAD (481559-M)

(Incorporated in Malaysia)

## Condensed Consolidated Statement of Cash Flow For the Quarter Ended 30 June 2014 (The figures have not been audited)

	Year-To-Date 30-Jun-14 (RM'000)	Year-To-Date 30-Jun-13 (RM'000)
<b>Cash flows from financing activities</b>		
Dividends paid	(4,723)	(4,723)
Net repayment of bankers acceptances	(10,007)	(29,073)
Net (repayments)/drawdown of term loans	(2,570)	1,815
Net (repayments)/drawdown of hire purchase obligations	(506)	169
<b>Net cash used in financing activities</b>	<u>(17,806)</u>	<u>(31,812)</u>
Net decrease in cash and cash equivalents	(2,530)	(11,377)
Effect of exchange rate changes on cash and cash equivalents	(13)	153
Cash and cash equivalents at beginning of year	16,646	17,397
Cash and cash equivalents at end of the period	<u>14,103</u>	<u>6,173</u>
<b>CASH AND CASH EQUIVALENTS COMPRISE</b>		
Cash at banks and on hand	14,103	6,931
Bank overdrafts	-	(758)
Cash and cash equivalents	<u>14,103</u>	<u>6,173</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013 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 JUNE 2014**

(The figures have not been audited)

**Explanatory Notes to the Interim Financial Statements Pursuant to MFRS 134**

**A1 Basis of Preparation**

These 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 Paragraph 9.22 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 2013.

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 2013.

**Adoption of New and Revised Financial Reporting Standards**

The accounting policies and presentation adopted by the Group for the quarterly financial statements are consistent with those adopted in the Group's consolidated audited financial statements for the financial year ended 31 December 2013, except for the adoption of the following:

<b>MFRSs/ Amendments/ Interpretations</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to MFRS 10, Consolidated Financial Statements: Investment Entities	1 January 2014
Amendments to MFRS 12, Disclosure of Interest in Other Entities: Investment Entities	1 January 2014
Amendments to MFRS 127, Separate Financial Statements: Investment Entities	1 January 2014
Amendments to MFRS 132, Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136, Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139, Financial Instruments: Recognition and Measurement Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21: Levies	1 January 2014

There is no material impact upon adoption of the above Standards during the financial year.

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

The audited financial statements of the Group for the year ended 31 December 2013 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.

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED  
30 JUNE 2014**

(The figures have not been audited)

**Explanatory Notes to the Interim Financial Statements Pursuant to MFRS 134**

**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	116,209
Singapore	10,429
Other countries	34,510
	161,148

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 a related party in which certain directors have financial interests during the interim period and financial year todate ended 30 June 2014 and 30 June 2013:

	3 months ended 30 June		Cumulative quarter ended 30 June	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Sales to Seong Chan Sauce & Foodstuff Sdn. Bhd.	210	246	356	476

**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 as at 30 June 2014 is RM26.035 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 RM3.424 million.



# THREE-A RESOURCES BERHAD (481559-M)

(Incorporated in Malaysia)

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 30 JUNE 2014

(The figures have not been audited)

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

#### B1 Review of Performance

The turnover of the Group for the current quarter of RM84.510 million is 10.5% higher than RM76.507 million recorded in the corresponding quarter in the preceding year as a result of the increase in the demand of the Group's products.

The Group's profit before taxation increased by 98.6% or from RM4.339 million to RM8.616 million is mainly due to higher turnover, better product margins and lower finance costs for the current quarter under review as compared to the preceding year corresponding quarter.

#### 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. 04. 14 to 30. 06. 14) RM'000	Previous quarter (01. 01. 14 to 31. 03. 14) RM'000
Turnover	<u>84,510</u>	<u>76,638</u>
Profit before taxation	<u>8,616</u>	<u>5,775</u>

The Group's turnover for the current quarter of RM84.510 million is 10.3% higher as compared to RM76.638 million recorded in the immediate preceding quarter due to higher demand of the Group's products.

Meanwhile, the profit before taxation for the current quarter of RM8.616 million is 49.2% higher than that recorded in the immediate preceding quarter of RM5.775 million, mainly a result of better products margins and higher turnover for the current quarter.

#### B3 Prospects

The Group's products are expected to remain competitive. Barring unforeseen circumstances, the Directors anticipate that the Group to achieve a satisfactory performance for financial year 2014.

#### 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  
30 JUNE 2014**

(The figures have not been audited)

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

**B5 Tax expenses**

	Current quarter 30-Jun-14 RM'000	Cumulative quarter up to 30-Jun-14 RM'000
Income tax expense		
- current	2,588	4,335
- underprovision in prior years	109	109
Deferred Taxation		
- recognised in income statement	716	1,144
	3,413	5,588

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 both the current interim period and financial year-to-date are 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 or purchase of unquoted investments and properties for the current quarter and financial year-to-date except for share of results from the investment in a joint venture.

The Group has 50% (2013:50%) equity interest in a jointly-controlled entity, Three-A (Qinhuangdao) Food Industries Co. Ltd that is held through a subsidiary. This joint venture is incorporated in the People's Republic of China on 9 August 2010 and is in the business of manufacturing, processing, and trading of Hydrolyzed Vegetable Protein (HVP) (in Liquid and Powder form) and all related by-products.

The Group recognises its interest in joint venture using the equity method. Under the equity method, the investment in joint venture is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the joint venture.

After the application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its joint venture. The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired.

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED  
30 JUNE 2014**

(The figures have not been audited)

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

	Group 30-Jun-14 RM'000
Unquoted shares, at cost	14,039
Share of post-acquisition results	(8,784)
	5,255
Exchange differences	1,232
	6,487

The aggregate amounts of each of the current assets, non-current assets, current liabilities, non-current liabilities, income and expenses related to the Group's interests in the jointly-controlled entity are as follows:

	Group 30-Jun-14 RM'000
<b>Assets and liabilities:</b>	
Current assets	3,323
Non-current assets	26,162
Total assets	29,485
Current liabilities	22,998
Non-current liabilities	-
Total liabilities	22,998
<b>Income and expenses for the period ended</b>	
Income	1,418
Expenses	(3,891)

**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.

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

---

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED  
30 JUNE 2014**

(The figures have not been audited)

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

**B8 Status of Corporate Proposals**

There were no corporate proposals announced but not completed as at 14 August 2014 for the current quarter and financial year-to-date.

**B9 Group borrowings and debt securities**

The total Group secured borrowings as at 30 June 2014 are as follows:-

	Short Term RM'000	Long Term RM'000	Total RM'000
Bankers' Acceptance	7,147	-	7,147
Term Loans	4,550	14,338	18,888
Hire Purchase Creditors	1,040	2,464	3,504
Total	<u>12,737</u>	<u>16,802</u>	<u>29,539</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 14 August 2014.

**B11 Changes in material litigation**

There was no material litigation pending for the current financial period to-date and up to 14 August 2014.

**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.

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED  
30 JUNE 2014**

(The figures have not been audited)

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

**B14 Realised and unrealised profits/losses disclosure**

	As at 30-Jun-14 RM'000	As at 31-Dec-13 RM'000
Total retained profits of Three-A Resources Berhad and its subsidiaries:		
- Realised	77,398	71,732
- Unrealised	14,125	12,690
	91,523	84,422
Total share of retained earnings from a jointly controlled entity:		
- Realised	(2,840)	(4,658)
- Unrealised	367	383
	89,050	80,147
Less: Consolidation adjustments	(11,922)	(11,822)
Total group retained profits as per consolidated accounts	77,128	68,325

**B15 Additional disclosures**

For the quarter ended 30 June 2014  
(RM'000)

	Current Period		Cumulative Period	
	2014	2013	2014	2013
Interest income	(27)	(31)	(44)	(74)
Depreciation and amortisation	1,814	1,828	3,619	3,541
Realised foreign exchange (gain)/loss	(514)	421	(584)	422
Unrealised foreign exchange loss/(gain)	434	(684)	596	(924)

**B16 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-14	30-Jun-13	30-Jun-14	30-Jun-13
Net profit (RM'000)	5,203	2,447	8,803	5,178
Weighted average number of ordinary shares in issue ('000)	393,600	393,600	393,600	393,600
EPS (sen) - Basic	1.32	0.62	2.24	1.32
- Diluted	-	-	-	-