

THREE-A RESOURCES BERHAD (481559-M)

(Incorporated in Malaysia)

Condensed Consolidated Statement of Comprehensive Income For the Quarter Ended 31 December 2014 (The figures have not been audited)

	3 months ended 31 December		Cumulative quarter ended 31 December	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue	77,299	77,807	311,410	302,910
Cost of sales	(62,833)	(64,465)	(255,438)	(256,428)
Gross Profit	<u>14,466</u>	<u>13,342</u>	<u>55,972</u>	<u>46,482</u>
Other income	1,034	80	1,577	666
Other operating expenses	(6,592)	(6,837)	(23,859)	(23,959)
Share of results of a jointly controlled entity	(1,650)	(1,239)	(5,901)	(4,275)
Profit from Operations	<u>7,258</u>	<u>5,346</u>	<u>27,789</u>	<u>18,914</u>
Finance costs	(311)	(605)	(1,603)	(2,794)
Profit before Tax	<u>6,947</u>	<u>4,741</u>	<u>26,186</u>	<u>16,120</u>
Income tax	(2,301)	(1,380)	(8,056)	(5,804)
Profit net of tax	<u>4,646</u>	<u>3,361</u>	<u>18,130</u>	<u>10,316</u>
Other comprehensive income:				
Foreign currency translation	268	170	91	1,136
Total comprehensive income for the year	<u><u>4,914</u></u>	<u><u>3,531</u></u>	<u><u>18,221</u></u>	<u><u>11,452</u></u>
Profit for the period attributable to:				
Owners of the parent	4,646	3,361	18,130	10,316
Non-controlling interest	-	-	-	-
	<u>4,646</u>	<u>3,361</u>	<u>18,130</u>	<u>10,316</u>
Total comprehensive income attributable to:				
Owners of the parent	4,914	3,531	18,221	11,452
Non-controlling interest	-	-	-	-
	<u>4,914</u>	<u>3,531</u>	<u>18,221</u>	<u>11,452</u>
Basic Earnings per Share (sen)	<u>1.18</u>	<u>0.85</u>	<u>4.61</u>	<u>2.62</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 31 December 2014

(The figures have not been audited)

	As at 31-Dec-14 RM'000	As at 31-Dec-13 RM'000
Non-current Assets		
Property, plant & equipment	130,147	134,359
Land use rights	5,992	6,361
Investment in a jointly controlled entity	3,536	9,347
	<u>139,675</u>	<u>150,067</u>
Current Assets		
Inventories	54,277	46,788
Trade and other receivables	69,875	79,202
Tax recoverable	48	2
Cash and bank balances	17,058	16,720
	<u>141,258</u>	<u>142,712</u>
TOTAL ASSETS	<u>280,933</u>	<u>292,779</u>
EQUITY AND LIABILITIES		
Share capital	78,720	78,720
Reserves	153,022	140,311
Total equity	<u>231,742</u>	<u>219,031</u>
Non-current Liabilities		
Borrowings	9,333	19,804
Deferred tax liabilities	14,496	13,143
	<u>23,829</u>	<u>32,947</u>

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Condensed Consolidated Statement of Financial Position
As at 31 December 2014
(The figures have not been audited)

	As at 31-Dec-14 RM'000	As at 31-Dec-13 RM'000
Current Liabilities		
Borrowings	3,150	22,892
Trade and other payables	15,742	13,032
Current tax payables	960	154
Dividend payable	5,510	4,723
	25,362	40,801
TOTAL LIABILITIES	49,191	73,748
TOTAL EQUITY AND LIABILITIES	280,933	292,779
Net assets value per share (sen)	58.88	55.65

(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 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 Changes in Equity
For the Quarter Ended 31 December 2014
(The figures have not been audited)

	Share Capital		Non-distributable Reserve		Non-distributable Reserve		Distributable Reserve		Grand total
	Nominal value	Foreign currency translation reserve	Share premium	Retained earnings	Total reserves	Grand total			
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	
At 1 January 2013	78,720	483	70,367	62,732	133,582	212,302			
Total comprehensive income	-	1,136	-	10,316	11,452	11,452			
Transactions with owners	-	-	-	(4,723)	(4,723)	(4,723)			
Dividends	-	-	-	-	-	-			
At 31 December 2013	<u>78,720</u>	<u>1,619</u>	<u>70,367</u>	<u>68,325</u>	<u>140,311</u>	<u>219,031</u>			
At 1 January 2014	78,720	1,619	70,367	68,325	140,311	219,031			
Total comprehensive income	-	91	-	18,130	18,221	18,221			
Transactions with owners	-	-	-	(5,510)	(5,510)	(5,510)			
Dividends	-	-	-	-	-	-			
At 31 December 2014	<u>78,720</u>	<u>1,710</u>	<u>70,367</u>	<u>80,945</u>	<u>153,022</u>	<u>231,742</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)

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Condensed Consolidated Statement of Cash Flow For the Quarter Ended 31 December 2014 (The figures have not been audited)

	Year-To-Date 31-Dec-14 (RM'000)	Year-To-Date 31-Dec-13 (RM'000)
Cash flows from operating activities		
Profit before taxation	26,186	16,120
Adjustments for:		
Amortisation of land use rights	370	370
Depreciation of property, plant and equipment	6,963	6,820
Allowance for impairment of trade receivables	-	940
Unrealised foreign exchange gain	(332)	(453)
Interest expense	1,602	2,794
Interest income	(272)	(76)
Loss/(Gain) on disposal of Property, Plant and Equipment	40	(18)
Share of results of joint venture	5,901	4,275
Operating profit before working capital changes	40,458	30,772
Working capital changes:		
Inventories	(7,490)	17,082
Trade and other receivables	9,545	1,829
Trade and other payables	2,839	(386)
Cash generated from operations	45,352	49,297
Income tax paid	(5,943)	(3,895)
Net cash generated from operating activities	39,409	45,402
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,811)	(5,406)
Purchase of land use rights	-	(4,000)
Proceeds from disposal of Property, Plant and Equipment	20	-
Interest received	272	76
Net cash used in investing activities	(2,519)	(9,330)

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Condensed Consolidated Statement of Cash Flow
For the Quarter Ended 31 December 2014
(The figures have not been audited)

	Year-To-Date 31-Dec-14 (RM'000)	Year-To-Date 31-Dec-13 (RM'000)
Cash flows from financing activities		
Dividends paid	(4,723)	(4,723)
Interest paid	(1,602)	(2,794)
Net repayment of bankers acceptances	(17,154)	(28,311)
Net repayments of term loans	(11,957)	(534)
Net repayments of hire purchase obligations	(1,029)	(406)
Net cash used in financing activities	<u>(36,465)</u>	<u>(36,768)</u>
Net increase/(decrease) in cash and cash equivalents	425	(696)
Effect of exchange rate changes on cash and cash equivalents	(13)	(55)
Cash and cash equivalents at beginning of year	16,646	17,397
Cash and cash equivalents at end of the period	<u>17,058</u>	<u>16,646</u>
CASH AND CASH EQUIVALENTS COMPRISE		
Cash at banks and on hand	17,058	16,720
Bank overdrafts	-	(74)
Cash and cash equivalents	<u>17,058</u>	<u>16,646</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)

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 DECEMBER 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:

MFRSs/ Amendments/ Interpretations	Effective for annual periods beginning on or after
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

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(The figures have not been audited)

Explanatory Notes to the Interim Financial Statements Pursuant to MFRS 134

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	221,319
Singapore	24,902
Other countries	65,189
	311,410

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 31 December 2014 and 31 December 2013:

	3 months ended 31 December		Cumulative quarter ended 31 December	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Sales of products to:				
Seong Chan Sauce & Foodstuff Sdn. Bhd.	234	265	832	1,018
Three-A (Qinhuangdao) Food Industries Co., Ltd	134	-	329	-

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 31 December 2014 is RM9.502 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 RM2.619 million.

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(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 RM77.299 million is slightly lower than RM77.807 million recorded in the corresponding quarter in the preceding year as a result of marginally lower sales of the Group's products.

The Group's profit before taxation increased by 46.5% or from RM4.741 million to RM6.947 million is mainly due to lower cost of materials, higher operational efficiency, unrealised foreign exchange currency gain 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. 10. 14 to 31. 12. 14) RM'000	Previous quarter (01. 07. 14 to 30. 09. 14) RM'000
Turnover	<u>77,299</u>	<u>72,963</u>
Profit before taxation	<u>6,947</u>	<u>4,848</u>

The Group's turnover for the current quarter of RM77.299 million is 5.9% higher as compared to RM72.963 million recorded in the immediate preceding quarter mainly due to higher sales of the Group's products.

Meanwhile, the profit before taxation for the current quarter of RM6.947 million is 43.3% higher than that recorded in the immediate preceding quarter of RM4.848 million, mainly a result of higher turnover and product margins besides unrealised foreign exchange currency gain 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 forthcoming financial year 2015.

B4 Forecast of profit after tax

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

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(The figures have not been audited)

Additional Information Required By The Bursa Malaysia Listing Requirements

B5 Tax expenses

	Current quarter 31-Dec-14 RM'000	Cumulative quarter up to 31-Dec-14 RM'000
Income tax expense		
- current	2,091	7,710
- overprovision in prior years	(107)	(1,008)
Deferred Taxation		
- recognised in income statement	317	1,354
	<u>2,301</u>	<u>8,056</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 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.

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(The figures have not been audited)

Additional Information Required By The Bursa Malaysia Listing Requirements

	Group 31-Dec-14 RM'000
Unquoted shares, at cost	14,039
Share of post-acquisition results	(12,212)
	<u>1,827</u>
Exchange differences	1,709
	<u>3,536</u>

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 31-Dec-14 RM'000
Assets and liabilities:	
Current assets	4,902
Non-current assets	27,506
Total assets	<u>32,408</u>
Current liabilities	28,872
Non-current liabilities	-
Total liabilities	<u>28,872</u>
Income and expenses for the period ended	
Income	6,008
Expenses	(11,909)

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.

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(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 16 February 2015 for the current quarter and financial year-to-date.

B9 Group borrowings and debt securities

The total Group secured borrowings as at 31 December 2014 are as follows:-

	Short Term RM'000	Long Term RM'000	Total RM'000
Term Loans	2,170	7,332	9,502
Hire Purchase Creditors	980	2,001	2,981
Total	<u>3,150</u>	<u>9,333</u>	<u>12,483</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 16 February 2015.

B11 Changes in material litigation

There was no material litigation pending for the current financial period to-date and up to 16 February 2015.

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.

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Additional Information Required By The Bursa Malaysia Listing Requirements

B14 Realised and unrealised profits/losses disclosure

	As at 31-Dec-14 RM'000	As at 31-Dec-13 RM'000
Total retained profits of Three-A Resources Berhad and its subsidiaries:		
- Realised	83,940	71,732
- Unrealised	14,829	12,690
	98,769	84,422
Total share of retained earnings from a jointly controlled entity:		
- Realised	(5,901)	(4,658)
- Unrealised	-	383
	92,868	80,147
Less: Consolidation adjustments	(11,923)	(11,822)
Total group retained profits as per consolidated accounts	80,945	68,325

B15 Additional disclosures

For the quarter ended 31 December 2014
(RM'000)

	Current Period		Cumulative Period	
	2014	2013	2014	2013
Interest income	(132)	-	(272)	(76)
Depreciation and amortisation	1,878	1,776	7,333	7,190
Realised foreign exchange gain	(592)	(262)	(996)	(112)
Unrealised foreign exchange gain	(345)	(57)	(332)	(453)

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(The figures have not been audited)

Additional Information Required By The Bursa Malaysia Listing Requirements

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	
	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13
Net profit (RM'000)	4,646	3,360	18,130	10,316
Weighted average number of ordinary shares in issue ('000)	393,600	393,600	393,600	393,600
EPS (sen) - Basic	1.18	0.85	4.61	2.62
- Diluted	-	-	-	-