

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED
31 MARCH 2015**

(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 2014.

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 2014.

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 2014.

MFRSs and amendments to MFRSs that are applicable to the Group but not yet effective

Malaysian Accounting Standards Board had issued the following new standards and amendments to standards which are effective for the financial period beginning on or after 1 January 2016. The Group did not early adopt these new standards, amendments and improvements to published standards.

MFRS 9	Financial Instruments (effective from 1 January 2018)
MFRS 15	Revenue from Contracts with customers (effective from 1 January 2017)
Amendments to MFRS 101	Disclosure Initiative (effective from 1 January 2016)
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation (effective from 1 January 2016)
Annual Improvements to MFRSs	2012-2014 Cycle (effective from 1 January 2016)

A2 Audit report of the preceding annual financial statements

The audited financial statements of the Group for the year ended 31 December 2014 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

The interim dividend of 7% tax exempt in respect of financial year ended 31 December 2014 amounting to RM5.510 million was paid on 5 January 2015. (2013 : 6%)

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED
31 MARCH 2015**

(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	50,154
Singapore	6,741
Other countries	17,698
	74,593

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 todate ended 31 March 2015 and 31 March 2014:

	3 months ended 31 December		Cumulative quarter ended 31 December	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Sales of products to:				
Seong Chan Sauce & Foodstuff Sdn. Bhd. (A company in which certain directors have financial interests)	261	146	261	146
Three-A (Qinhuangdao) Food Industries Co., Ltd (A company in which the Group has significant influence)	146	-	146	-

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 March 2015 is RM8.868 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 RM3.676 million.

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED
31 MARCH 2015**

(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 RM74.593 million is 2.7% lower than RM76.638 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 2.7% or from RM5.775 million to RM5.932 million is mainly due to foreign exchange 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. 01. 15 to 31. 03. 15) RM'000	Previous quarter (01. 10. 14 to 31. 12. 14) RM'000
Turnover	<u>74,593</u>	<u>77,299</u>
Profit before taxation	<u>5,932</u>	<u>6,947</u>

The Group's turnover for the current quarter of RM74.593 million is 3.5% lower as compared to RM77.299 million recorded in the immediate preceding quarter mainly due to lower sales of the Group's products.

Meanwhile, the profit before taxation for the current quarter of RM5.932 million is 14.6% lower than that recorded in the immediate preceding quarter of RM6.947 million, mainly a result of lower turnover as well as product margins 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 the financial year 2015.

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 MARCH 2015**

(The figures have not been audited)

Additional Information Required By The Bursa Malaysia Listing Requirements

B5 Tax expenses

	Current quarter 31-Mar-15 RM'000	Cumulative quarter up to 31-Mar-15 RM'000
Income tax expense		
- current	1,833	1,833
Deferred Taxation		
- recognised in income statement	584	584
	<u>2,417</u>	<u>2,417</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% (2014:50%) 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
31 MARCH 2015**

(The figures have not been audited)

Additional Information Required By The Bursa Malaysia Listing Requirements

	Group 31-Mar-15 RM'000
Unquoted shares, at cost	14,039
Share of post-acquisition results	<u>(13,824)</u>
	215
Exchange differences	<u>1,923</u>
	<u>2,138</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-Mar-15 RM'000
Assets and liabilities:	
Current assets	5,483
Non-current assets	28,758
Total assets	<u>34,241</u>
Current liabilities	32,103
Non-current liabilities	-
Total liabilities	<u>32,103</u>
Income and expenses for the period ended	
Income	1,386
Expenses	(2,998)

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
31 MARCH 2015**

(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 6 May 2015 for the current quarter and financial year-to-date.

B9 Group borrowings and debt securities

The total Group secured borrowings as at 31 March 2015 are as follows:-

	Short Term RM'000	Long Term RM'000	Total RM'000
Term Loans	1,824	7,044	8,868
Hire Purchase Creditors	887	1,831	2,718
Total	<u>2,711</u>	<u>8,875</u>	<u>11,586</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 6 May 2015.

B11 Changes in material litigation

There was no material litigation pending for the current financial period to-date and up to 6 May 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.

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED
31 MARCH 2015**

(The figures have not been audited)

Additional Information Required By The Bursa Malaysia Listing Requirements

B14 Realised and unrealised profits/losses disclosure

	As at 31-Mar-15 RM'000	As at 31-Dec-14 RM'000
Total retained profits of Three-A Resources Berhad and its subsidiaries:		
- Realised	82,953	85,052
- Unrealised	15,126	13,801
	98,079	98,853
Total share of retained earnings from a jointly controlled entity:		
- Realised	(1,612)	(5,901)
- Unrealised	-	-
	96,467	92,952
Less: Consolidation adjustments	(11,923)	(11,923)
Total group retained profits as per consolidated accounts	84,544	81,029

B15 Additional disclosures

For the quarter ended 31 March 2015
(RM'000)

	Current Period		Cumulative Period	
	2015	2014	2015	2014
Interest income	(25)	(17)	(25)	(17)
Depreciation and amortisation	1,781	1,805	1,781	1,805
Realised foreign exchange gain	(893)	(70)	(893)	(70)
Unrealised foreign exchange (gain)/loss	(17)	162	(17)	162

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED
31 MARCH 2015**

(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-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
Net profit (RM'000)	3,515	3,600	3,515	3,600
Weighted average number of ordinary shares in issue ('000)	393,600	393,600	393,600	393,600
EPS (sen) - Basic	0.89	0.91	0.89	0.91
- Diluted	-	-	-	-