

THREE-A RESOURCES BERHAD (481559-M)

(Incorporated in Malaysia)

Condensed Consolidated Statement of Comprehensive Income For the Quarter Ended 31 December 2015 (The figures have not been audited)

	3 months ended 31 December		Cumulative quarter ended 31 December	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue	93,924	77,299	352,400	311,410
Cost of sales	(77,917)	(62,833)	(292,394)	(255,438)
Gross Profit	<u>16,007</u>	<u>14,466</u>	<u>60,006</u>	<u>55,972</u>
Other income	37	1,074	5,999	1,617
Other operating expenses	(8,529)	(6,554)	(27,370)	(23,821)
Share of results of a jointly controlled entity	(2,869)	(1,650)	(7,326)	(5,901)
Profit from Operations	<u>4,646</u>	<u>7,336</u>	<u>31,309</u>	<u>27,867</u>
Finance costs	(305)	(310)	(959)	(1,602)
Profit before Tax	<u>4,341</u>	<u>7,026</u>	<u>30,350</u>	<u>26,265</u>
Income tax	(1,270)	(2,296)	(10,266)	(8,051)
Profit net of tax	<u>3,071</u>	<u>4,730</u>	<u>20,084</u>	<u>18,214</u>
Other comprehensive income: Foreign currency translation	(726)	267	1,773	90
Total comprehensive income for the year	<u><u>2,345</u></u>	<u><u>4,997</u></u>	<u><u>21,857</u></u>	<u><u>18,304</u></u>
Profit for the period attributable to:				
Owners of the parent	3,071	4,730	20,084	18,214
Non-controlling interest	-	-	-	-
	<u>3,071</u>	<u>4,730</u>	<u>20,084</u>	<u>18,214</u>
Total comprehensive income attributable to:				
Owners of the parent	2,345	4,997	21,857	18,304
Non-controlling interest	-	-	-	-
	<u>2,345</u>	<u>4,997</u>	<u>21,857</u>	<u>18,304</u>
Basic Earnings per Share (sen)	<u>0.78</u>	<u>1.20</u>	<u>5.10</u>	<u>4.63</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2014 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 31 December 2015**
(The figures have not been audited)

	Share Capital	Non-distributable Reserve		Non-distributable Reserve	Distributable Reserve		Grand total (RM'000)
	Nominal value (RM'000)	Foreign currency translation reserve (RM'000)	Share premium (RM'000)	Retained earnings (RM'000)	Total reserves (RM'000)		
At 1 January 2014	78,720	1,619	70,367	68,325	140,311	219,031	
Total comprehensive income	-	90	-	18,214	18,304	18,304	
Transactions with owners	-	-	-	(5,510)	(5,510)	(5,510)	
Dividend	-	-	-	-	-	-	
At 31 December 2014	<u>78,720</u>	<u>1,709</u>	<u>70,367</u>	<u>81,029</u>	<u>153,105</u>	<u>231,825</u>	
At 1 January 2015	78,720	1,709	70,367	81,029	153,105	231,825	
Total comprehensive income	-	1,773	-	20,084	21,857	21,857	
Transactions with owners	-	-	-	(5,510)	(5,510)	(5,510)	
Dividend	-	-	-	-	-	-	
At 31 December 2015	<u>78,720</u>	<u>3,482</u>	<u>70,367</u>	<u>95,603</u>	<u>169,452</u>	<u>248,172</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 2014 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 2015

(The figures have not been audited)

	As at 31-Dec-15 RM'000	As at 31-Dec-14 RM'000
Non-current Assets		
Property, plant & equipment	136,389	130,147
Land use rights	5,622	5,992
Investment in a jointly controlled entity	13,221	3,536
	<u>155,232</u>	<u>139,675</u>
Current Assets		
Inventories	61,675	54,278
Trade and other receivables	89,404	68,592
Tax recoverable	55	46
Cash and bank balances	12,753	17,058
	<u>163,887</u>	<u>139,974</u>
TOTAL ASSETS	<u>319,119</u>	<u>279,649</u>
EQUITY AND LIABILITIES		
Share capital	78,720	78,720
Reserves	169,452	153,105
Total equity	<u>248,172</u>	<u>231,825</u>
Non-current Liabilities		
Borrowings	7,525	9,491
Deferred tax liabilities	14,450	14,525
	<u>21,975</u>	<u>24,016</u>

THREE-A RESOURCES BERHAD (481559-M)

(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position

As at 31 December 2015

(The figures have not been audited)

	As at 31-Dec-15 RM'000	As at 31-Dec-14 RM'000
Current Liabilities		
Trade and other payables	12,076	14,346
Dividend payable	5,510	5,510
Borrowings	28,045	2,992
Current tax liabilities	3,341	960
	48,972	23,808
TOTAL LIABILITIES	70,947	47,824
TOTAL EQUITY AND LIABILITIES	319,119	279,649
Net assets value per share (sen)	63.05	58.90

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2014 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 Flows For the Quarter Ended 31 December 2015 (The figures have not been audited)

	Year-To-Date 31-Dec-15 (RM'000)	Year-To-Date 31-Dec-14 (RM'000)
Cash flows from operating activities		
Profit before taxation	30,350	26,265
Adjustments for:		
Amortisation of land use rights	370	369
Depreciation of property, plant and equipment	6,905	6,963
Unrealised foreign exchange gain	(32)	(332)
Interest expense	959	1,602
Interest income	(99)	(272)
Loss on disposal of property, plant and equipment	1	40
Share of results of joint venture	7,326	5,901
Operating profit before working capital changes	45,780	40,536
Working capital changes:		
Inventories	(7,398)	(7,490)
Trade and other receivables	(21,588)	10,976
Trade and other payables	(2,241)	1,137
Cash generated from operations	14,553	45,159
Income tax paid	(7,998)	(5,907)
Net cash generated from operating activities	6,555	39,252
Cash flows from investing activities		
Investment in a jointly controlled entity	(15,238)	-
Purchase of property, plant and equipment	(13,151)	(2,518)
Proceeds from disposal of property, plant and equipment	4	20
Interest received	99	272
Net cash used in investing activities	(28,286)	(2,226)

THREE-A RESOURCES BERHAD (481559-M)

(Incorporated in Malaysia)

Condensed Consolidated Statement of Cash Flows For the Quarter Ended 31 December 2015 (The figures have not been audited)

	Year-To-Date 31-Dec-15 (RM'000)	Year-To-Date 31-Dec-14 (RM'000)
Cash flows from financing activities		
Dividends paid	(5,510)	(4,723)
Interest paid	(959)	(1,602)
Net drawdown/(repayment) of bankers acceptances	26,073	(17,154)
Net repayments of term loans	(2,004)	(11,956)
Net repayments of hire purchase obligations	(982)	(1,029)
Net cash generated from/(used in) financing activities	16,618	(36,464)
Net (decrease)/increase in cash and cash equivalents	(5,113)	562
Effect of exchange rate changes on cash and cash equivalents	808	(150)
Cash and cash equivalents at beginning of year	17,058	16,646
Cash and cash equivalents at end of the period	12,753	17,058

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 31 December 2014 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 31 DECEMBER 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 consolidated financial statement, and should be read in conjunction with the Group's annual 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.

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

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 31 DECEMBER 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	235,638
Singapore	28,332
Other countries	88,430
	<u>352,400</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 31 December 2015 and 31 December 2014:

	3 months ended		Cumulative quarter ended	
	31 December		31 December	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Sales of products to:				
Seong Chan Sauce & Foodstuff Sdn. Bhd. (A company in which certain directors have financial interests)	221	234	956	832
Three-A (Qinhuangdao) Food Industries Co., Ltd (A company in which the Group has significant influence)	167	134	696	329

A12 Changes in the composition of the Group

THREE-A RESOURCES BERHAD (481559-M)

(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2015

(The figures have not been audited)

Explanatory Notes to the Interim Financial Statements Pursuant to MFRS 134

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 2015 is RM33.570 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 RM17.945 million.

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED
31 DECEMBER 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 RM93.924 million is 21.5% higher than RM77.299 million recorded in the corresponding quarter in the preceding year as a result of higher sales of the Group's products.

The Group's profit before taxation decreased by 38.2% or from RM7.026 million to RM4.341 million is mainly a result of lower product margins, higher share of losses of a jointly controlled entity and foreign currency exchange loss 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. 15 to 31. 12. 15) RM'000	Previous quarter (01. 07. 15 to 30. 09. 15) RM'000
Turnover	<u>93,924</u>	<u>91,134</u>
Profit before taxation	<u>4,341</u>	<u>10,117</u>

The Group's turnover for the current quarter of RM93.924 million is 3.06% higher as compared to RM91.134 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 RM4.341 million is 57.0% lower than that recorded in the immediate preceding quarter of RM10.117 million, mainly a result of higher share of losses of a jointly controlled entity and foreign currency exchange loss 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 2016.

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 2015**

(The figures have not been audited)

Additional Information Required By The Bursa Malaysia Listing Requirements

B5 Tax expenses

	Current quarter 31-Dec-15 RM'000	Cumulative quarter up to 31-Dec-15 RM'000
Income tax expense		
- current	2,334	9,654
- underprovision in prior years	-	687
Deferred Taxation		
- recognised in income statement	(1,064)	(75)
	<u>1,270</u>	<u>10,266</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 and underprovision of tax expenses in prior years.

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 an equity investment amounting to RM15.238 million and share of results from the investment in a jointly controlled entity, Three-A (Qinhuangdao) Food Industries Co. Ltd.

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.

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(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2015

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Additional Information Required By The Bursa Malaysia Listing Requirements

	Group 31-Dec-15 RM'000
Unquoted shares, at cost	29,277
Share of post-acquisition results	<u>(19,539)</u>
	9,738
Exchange differences	<u>3,483</u>
	<u><u>13,221</u></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-15 RM'000
Assets and liabilities:	
Current assets	4,767
Non-current assets	<u>31,665</u>
Total assets	<u>36,432</u>
Current liabilities	23,211
Non-current liabilities	<u>-</u>
Total liabilities	<u>23,211</u>
Income and expenses for the period ended	
Income	23,978
Expenses	(31,304)

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 DECEMBER 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 24 February 2016 for the current quarter and financial year-to-date.

B9 Group borrowings and debt securities

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

	Short Term RM'000	Long Term RM'000	Total RM'000
Bankers' Acceptance	26,073	-	26,073
Term Loans	1,335	6,162	7,497
Hire Purchase Creditors	637	1,363	2,000
Total	<u>28,045</u>	<u>7,525</u>	<u>35,570</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 24 February 2016.

B11 Changes in material litigation

There was no material litigation pending for the current financial period to-date and up to 24 February 2016.

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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(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 DECEMBER 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-Dec-15 RM'000	As at 31-Dec-14 RM'000
Total retained profits of Three-A Resources Berhad and its subsidiaries:		
- Realised	100,369	85,052
- Unrealised	14,482	13,801
	<u>114,851</u>	<u>98,853</u>
Total share of retained earnings from a jointly controlled entity:		
- Realised	(7,326)	(5,901)
- Unrealised	-	-
	<u>107,525</u>	<u>92,952</u>
Less: Consolidation adjustments	(11,922)	(11,923)
Total group retained profits as per consolidated accounts	<u>95,603</u>	<u>81,029</u>

B15 Additional disclosures

For the quarter and cumulative period ended 31 December 2015

(RM'000)	Current Period		Cumulative Period	
	2015	2014	2015	2014
Interest income	(1)	(132)	(99)	(272)
Depreciation and amortisation	1,842	1,878	7,275	7,332
Realised foreign exchange gain	(944)	(592)	(4,670)	(996)
Unrealised foreign exchange loss/(gain)	1,905	(345)	(32)	(332)

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(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 DECEMBER 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-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
Net profit (RM'000)	3,071	4,730	20,084	18,214
Weighted average number of ordinary shares in issue ('000)	393,600	393,600	393,600	393,600
EPS (sen) - Basic	0.78	1.20	5.10	4.63
- Diluted	-	-	-	-