

THREE-A RESOURCES BERHAD (481559-M)

(Incorporated in Malaysia)

Condensed Consolidated Statement of Comprehensive Income
For the Quarter Ended 30 June 2016
 (The figures have not been audited)

	3 months ended 30 June		Cumulative quarter ended 30 June	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	96,887	92,749	204,455	167,342
Cost of sales	(75,734)	(75,379)	(161,827)	(137,302)
Gross Profit	<u>21,153</u>	<u>17,370</u>	<u>42,628</u>	<u>30,040</u>
Other income	21	720	47	1,694
Other operating expenses	(6,010)	(6,421)	(16,872)	(12,320)
Share of results of a jointly controlled entity	(1,924)	(1,508)	(2,937)	(3,120)
Profit from Operations	<u>13,240</u>	<u>10,161</u>	<u>22,866</u>	<u>16,294</u>
Finance costs	(296)	(201)	(638)	(402)
Profit before Tax	<u>12,944</u>	<u>9,960</u>	<u>22,228</u>	<u>15,892</u>
Income tax	(3,806)	(2,965)	(6,398)	(5,382)
Profit net of tax	<u>9,138</u>	<u>6,995</u>	<u>15,830</u>	<u>10,510</u>
Other comprehensive income: Foreign currency translation	42	40	(1,110)	253
Total comprehensive income for the year	<u><u>9,180</u></u>	<u><u>7,035</u></u>	<u><u>14,720</u></u>	<u><u>10,763</u></u>
Profit for the period attributable to:				
Owners of the parent	9,138	6,995	15,830	10,510
Non-controlling interest	-	-	-	-
	<u><u>9,138</u></u>	<u><u>6,995</u></u>	<u><u>15,830</u></u>	<u><u>10,510</u></u>
Total comprehensive income attributable to:				
Owners of the parent	9,180	7,035	14,720	10,763
Non-controlling interest	-	-	-	-
	<u><u>9,180</u></u>	<u><u>7,035</u></u>	<u><u>14,720</u></u>	<u><u>10,763</u></u>
Basic Earnings per Share (sen)	<u><u>2.32</u></u>	<u><u>1.78</u></u>	<u><u>4.02</u></u>	<u><u>2.67</u></u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015 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 2016
 (The figures have not been audited)

	<u>Share Capital</u>	<u>Non-distributable Reserve</u>	<u>Non-distributable Reserve</u>	<u>Distributable Reserve</u>		
	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)
At 1 January 2015	78,720	1,709	70,367	81,029	153,105	231,825
Total comprehensive income	-	253	-	10,510	10,763	10,763
At 30 June 2015	<u>78,720</u>	<u>1,962</u>	<u>70,367</u>	<u>91,539</u>	<u>163,868</u>	<u>242,588</u>
At 1 January 2016	78,720	3,483	70,367	95,601	169,451	248,171
Total comprehensive income	-	(1,110)	-	15,830	14,720	14,720
At 30 June 2016	<u>78,720</u>	<u>2,373</u>	<u>70,367</u>	<u>111,431</u>	<u>184,171</u>	<u>262,891</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 2015 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 2016
(The figures have not been audited)

	As at 30-Jun-16 RM'000	As at 31-Dec-15 RM'000
Non-current Assets		
Property, plant & equipment	144,629	136,388
Land use rights	7,634	5,622
Investment in a jointly controlled entity	9,175	13,221
	161,438	155,231
Current Assets		
Inventories	52,862	61,675
Trade and other receivables	101,422	89,405
Tax recoverable	71	55
Cash and bank balances	11,219	12,753
	165,574	163,888
TOTAL ASSETS	327,012	319,119
EQUITY AND LIABILITIES		
Share capital	78,720	78,720
Reserves	184,171	169,451
Total equity	262,891	248,171
Non-current Liabilities		
Borrowings	5,889	7,688
Deferred tax liabilities	14,210	14,406
	20,099	22,094

THREE-A RESOURCES BERHAD (481559-M)

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Condensed Consolidated Statement of Financial Position

As at 30 June 2016

(The figures have not been audited)

	As at 30-Jun-16 RM'000	As at 31-Dec-15 RM'000
Current Liabilities		
Trade and other payables	19,702	12,075
Dividend payable	-	5,510
Borrowings	17,647	27,882
Current tax liabilities	6,673	3,387
	44,022	48,854
TOTAL LIABILITIES	64,121	70,948
TOTAL EQUITY AND LIABILITIES	327,012	319,119
Net assets value per share (sen)	66.79	63.05

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015 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 Flow For the Quarter Ended 30 June 2016 (The figures have not been audited)

	Year-To-Date 30-Jun-16 (RM'000)	Year-To-Date 30-Jun-15 (RM'000)
Cash flows from operating activities		
Profit before taxation	22,228	15,892
Adjustments for:		
Amortisation of land use rights	239	185
Depreciation of property, plant and equipment	3,449	3,416
Unrealised foreign exchange loss/(gain)	908	(163)
Interest expense	638	402
Interest income	(1)	(97)
Loss on disposal of Property, Plant and Equipment	5	1
Share of results of joint venture	2,937	3,120
Operating profit before working capital changes	30,403	22,756
Working capital changes:		
Inventories	8,814	(1,366)
Trade and other receivables	(11,934)	(8,145)
Trade and other payables	7,627	(5,943)
Cash generated from operations	34,910	7,302
Income tax paid	(3,325)	(1,391)
Net cash generated from operating activities	31,585	5,911
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,694)	(5,515)
Acquisition of prepaid lease payment for land	(2,251)	-
Proceeds from disposal of Property, Plant and Equipment	-	4
Interest received	1	97
Net cash used in investing activities	(13,944)	(5,414)

THREE-A RESOURCES BERHAD (481559-M)
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Condensed Consolidated Statement of Cash Flow
For the Quarter Ended 30 June 2016
(The figures have not been audited)

	Year-To-Date 30-Jun-16 (RM'000)	Year-To-Date 30-Jun-15 (RM'000)
Cash flows from financing activities		
Dividends paid	(5,510)	(5,510)
Interest paid	(638)	(402)
Net (repayment)/drawdown of bankers acceptances	(11,140)	3,054
Repayments of term loans	(569)	(1,277)
Repayments of hire purchase obligations	(326)	(520)
Net cash used in financing activities	<u>(18,183)</u>	<u>(4,655)</u>
Net decrease in cash and cash equivalents	(542)	(4,158)
Effect of exchange rate changes on cash and cash equivalents	(992)	29
Cash and cash equivalents at beginning of year	12,753	17,058
Cash and cash equivalents at end of the period	<u>11,219</u>	<u>12,929</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015 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
30 JUNE 2016**

(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 2015.

The Group has adopted all the new and revised MFRSs and IC Interpretations that are relevant and effective for accounting period beginning on or after 1 January 2016 except for the following which were in issue but not yet effective and not early adopted by the Group as listed below:

		<u>Annual periods effective</u>
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Lease	1 January 2019
Amendments to MFRS 10 and MFRS 128 S	Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture	To be determined
Amendments to MFRS 107	Disclosure Initiative	1 January 2017
Amendments to MFRS 112	Recognition of Deferred Tax Assets Under Unrealised Losses	1 January 2017

The directors anticipate that the adoption of the abovementioned standards, when they become effective, are not expected to have material impact on the financial statements of the Group in the period of initial application.

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 2015.

A2 Audit report of the preceding annual financial statements

The audited financial statements of the Group for the year ended 31 December 2015 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.

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(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	138,783
Singapore	14,526
Other countries	51,146
	204,455

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 30 June 2016 and 30 June 2015:

	3 months ended 30 June		Cumulative quarter ended 30 June	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Sales of products to:				
Seong Chan Sauce & Foodstuff Sdn. Bhd. (A company in which certain directors have financial interests)	260	188	448	449
Three-A (Qinhuangdao) Food Industries Co., Ltd (A company in which the Group has significant influence)	-	-	(176)	381

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 2016 is RM21.862 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 RM9.079 million.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 30 JUNE 2016

(The figures have not been audited)

Additional Information Required By The Bursa Malaysia Listing Requirements

B1 Review of Performance

The revenue of the Group for the current quarter of RM96.887 million is 4.5% higher than RM92.749 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 increased by 30.0% or from RM9.960 million to RM12.944 million is mainly a result of higher turnover and product margins as well as foreign currency exchange gains 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. 16 to 30. 06. 16) RM'000	Previous quarter (01. 01. 16 to 31. 03. 16) RM'000
Revenue	<u>96,887</u>	<u>107,568</u>
Profit before taxation	<u>12,944</u>	<u>9,284</u>

The Group's revenue for the current quarter of RM96.887 million is 9.9% lower as compared to RM107.568 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 RM12.944 million is 39.4% higher than that recorded in the immediate preceding quarter of RM9.284 million, mainly a result of higher products margins and foreign currency exchange gain in the current quarter while there was foreign currency exchange losses in the immediate preceding 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.

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Additional Information Required By The Bursa Malaysia Listing Requirements

B5 Tax expenses

	Current quarter 30-Jun-16 RM'000	Cumulative quarter up to 30-Jun-16 RM'000
Income tax expense		
- current	3,456	6,593
Deferred Taxation		
- recognised in income statement	350	(195)
	<u>3,806</u>	<u>6,398</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.

The Group has 50% (2015:50%) 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.

	Group 30-Jun-16 RM'000
Unquoted shares, at cost	29,277
Share of post-acquisition results	<u>(22,475)</u>
	6,802
Exchange differences	<u>2,373</u>
	<u>9,175</u>

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Additional Information Required By The Bursa Malaysia Listing Requirements

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-16 RM'000
Assets and liabilities:	
Current assets	3,057
Non-current assets	28,752
Total assets	<u>31,809</u>
Current liabilities	22,634
Non-current liabilities	-
Total liabilities	<u>22,634</u>
Income and expenses for the period ended	
Income	2,134
Expenses	(5,071)

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 18 August 2016 for the current quarter and financial year-to-date.

B9 Group borrowings and debt securities

The total Group secured borrowings as at 30 June 2016 are as follows:-

	Short Term RM'000	Long Term RM'000	Total RM'000
Bankers' Acceptance	14,934	-	14,934
Term Loans	2,113	4,815	6,928
Hire Purchase Creditors	600	1,074	1,674
Total	<u>17,647</u>	<u>5,889</u>	<u>23,536</u>

All the abovementioned borrowings were denominated in Ringgit Malaysia.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED
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Additional Information Required By The Bursa Malaysia Listing Requirements

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 18 August 2016.

B11 Changes in material litigation

There was no material litigation pending for the current financial period to-date and up to 18 August 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.

B14 Realised and unrealised profits/losses disclosure

	As at 30-Jun-16 RM'000	As at 31-Dec-15 RM'000
Total retained profits of Three-A Resources Berhad and its subsidiaries:		
- Realised	132,527	113,413
- Unrealised	13,302	13,650
	<u>145,829</u>	<u>127,063</u>
Total share of retained earnings from a jointly controlled entity:		
- Realised	(22,475)	(19,539)
- Unrealised	-	-
	<u>123,354</u>	<u>107,524</u>
Less: Consolidation adjustments	(11,923)	(11,923)
Total group retained profits as per consolidated accounts	<u><u>111,431</u></u>	<u><u>95,601</u></u>

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 30 JUNE 2016

(The figures have not been audited)

Additional Information Required By The Bursa Malaysia Listing Requirements

B15 Additional disclosures

For the quarter and cumulative period ended 30 June 2016:

(RM'000)	Current Period		Cumulative Period	
	2016	2015	2016	2015
Interest income	(1)	(72)	(1)	(97)
Depreciation and amortisation	1,879	1,820	3,688	3,601
Realised foreign exchange loss/(gain)	1,472	(400)	2,178	(1,293)
Unrealised foreign exchange (gain)/loss	(2,401)	(146)	908	(163)

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-16	30-Jun-15	30-Jun-16	30-Jun-15
Net profit (RM'000)	9,138	6,995	15,830	10,510
Weighted average number of ordinary shares in issue ('000)	393,600	393,600	393,600	393,600
EPS (sen) - Basic	2.32	1.78	4.02	2.67
- Diluted	-	-	-	-