

## THREE-A RESOURCES BERHAD (481558-M)

(Incorporated in Malaysia)

### Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Quarter Ended 31 March 2017

(The figures have not been audited)

	3 months ended 31 March		Cumulative quarter ended 31 March	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	103,182	107,568	103,182	107,568
Cost of sales	(78,019)	(86,093)	(78,019)	(86,093)
<b>Gross Profit</b>	<b>25,163</b>	<b>21,475</b>	<b>25,163</b>	<b>21,475</b>
Other income	150	26	150	26
Other operating expenses	(9,449)	(10,862)	(9,449)	(10,862)
Share of results of a jointly controlled entity, net of tax	(1,182)	(1,013)	(1,182)	(1,013)
<b>Profit from Operations</b>	<b>14,682</b>	<b>9,626</b>	<b>14,682</b>	<b>9,626</b>
Finance costs	(222)	(342)	(222)	(342)
<b>Profit before Tax</b>	<b>14,460</b>	<b>9,284</b>	<b>14,460</b>	<b>9,284</b>
Income tax	(4,137)	(2,592)	(4,137)	(2,592)
<b>Profit net of tax</b>	<b>10,323</b>	<b>6,692</b>	<b>10,323</b>	<b>6,692</b>
Other comprehensive income: Foreign currency translation	(39)	(1,152)	(39)	(1,152)
<b>Total comprehensive income for the year</b>	<b>10,284</b>	<b>5,540</b>	<b>10,284</b>	<b>5,540</b>
<b>Profit for the period attributable to:</b>				
Owners of the parent	10,323	6,692	10,323	6,692
Non-controlling interest	-	-	-	-
	<b>10,323</b>	<b>6,692</b>	<b>10,323</b>	<b>6,692</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	10,284	5,540	10,284	5,540
Non-controlling interest	-	-	-	-
	<b>10,284</b>	<b>5,540</b>	<b>10,284</b>	<b>5,540</b>
<b>Basic Earnings per Share (sen)</b>	<b>2.62</b>	<b>1.70</b>	<b>2.62</b>	<b>1.70</b>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016 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 March 2017  
(The figures have not been audited)**

	<u>Share Capital</u> Nominal value	<u>Non-distributable Reserve</u> Foreign currency translation reserve	<u>Non-distributable Reserve</u> Share premium	<u>Distributable Reserve</u> Retained earnings	Total reserves	Grand total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
<b>At 1 January 2016</b>	78,720	3,483	70,367	95,601	169,451	248,171
Total comprehensive income	-	(1,152)	-	6,692	5,540	5,540
<b>At 31 March 2016</b>	<u>78,720</u>	<u>2,331</u>	<u>70,367</u>	<u>102,293</u>	<u>174,991</u>	<u>253,711</u>
<b>At 1 January 2017</b>	78,720	2,911	70,367	127,437	200,715	279,435
Total comprehensive income	-	(39)	-	10,323	10,284	10,284
<b>At 31 March 2017</b>	<u>78,720</u>	<u>2,872</u>	<u>70,367</u>	<u>137,760</u>	<u>210,999</u>	<u>289,719</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 2016 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 March 2017

(The figures have not been audited)

	As at 31-Mar-17 RM'000	As at 31-Dec-16 RM'000
<b>Non-current Assets</b>		
Property, plant & equipment	161,828	161,851
Land use rights	1,489	1,503
Investment in a jointly controlled entity	5,551	6,772
	<u>168,868</u>	<u>170,126</u>
<b>Current Assets</b>		
Inventories	46,044	48,848
Trade and other receivables	90,291	91,844
Tax recoverable	52	45
Cash and bank balances	38,066	28,714
	<u>174,453</u>	<u>169,451</u>
<b>TOTAL ASSETS</b>	<u>343,321</u>	<u>339,577</u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	78,720	78,720
Reserves	210,999	200,715
<b>Total equity</b>	<u>289,719</u>	<u>279,435</u>
<b>Non-current Liabilities</b>		
Borrowings	11,686	12,237
Deferred tax liabilities	14,621	14,325
	<u>26,307</u>	<u>26,562</u>

# THREE-A RESOURCES BERHAD (481559-M)

(Incorporated in Malaysia)

## Condensed Consolidated Statement of Financial Position

As at 31 March 2017

(The figures have not been audited)

	As at 31-Mar-17 RM'000	As at 31-Dec-16 RM'000
<b>Current Liabilities</b>		
Trade and other payables	18,611	27,182
Borrowings	2,676	2,672
Current tax liabilities	6,008	3,726
	<u>27,295</u>	<u>33,580</u>
<b>TOTAL LIABILITIES</b>	<u>53,602</u>	<u>60,142</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>343,321</u>	<u>339,577</u>
Net assets value per share (sen)	<u>73.61</u>	<u>70.99</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016 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 31 March 2017 (The figures have not been audited)

	Year-To-Date 31-Mar-17 (RM'000)	Year-To-Date 31-Mar-16 (RM'000)
<b>Cash flows from operating activities</b>		
Profit before taxation	14,460	9,284
Adjustments for:		
Amortisation of land use rights	14	119
Depreciation of property, plant and equipment	1,968	1,690
Unrealised foreign exchange gain	1,801	3,310
Interest expense	222	342
Interest income	(113)	-
Share of results of joint venture	1,182	1,013
Operating profit before working capital changes	19,534	15,758
Working capital changes:		
Inventories	2,804	20,348
Trade and other receivables	(207)	(16,129)
Trade and other payables	(7,807)	1,259
Cash generated from operations	14,324	21,236
Income tax paid	(2,330)	(1,829)
<b>Net cash generated from operating activities</b>	<b>11,994</b>	<b>19,407</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,945)	(5,029)
Acquisition of prepaid lease payment for land	-	(2,251)
Interest received	113	-
<b>Net cash used in investing activities</b>	<b>(1,832)</b>	<b>(7,280)</b>

# THREE-A RESOURCES BERHAD (481559-M)

(Incorporated in Malaysia)

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**Condensed Consolidated Statement of Cash Flow**  
**For the Quarter Ended 31 March 2017**  
**(The figures have not been audited)**

	<b>Year-To-Date</b> <b>31-Mar-17</b> (RM'000)	<b>Year-To-Date</b> <b>31-Mar-16</b> (RM'000)
<b>Cash flows from financing activities</b>		
Dividends paid	-	(5,510)
Interest paid	(222)	(342)
Net repayment of bankers acceptances	-	(12,875)
Net repayments of term loans	(403)	(287)
Net repayments of hire purchase obligations	(144)	(168)
<b>Net cash used in from financing activities</b>	<u>(769)</u>	<u>(19,182)</u>
Net increase/(decrease) in cash and cash equivalents	9,393	(7,055)
Effect of exchange rate changes on cash and cash equivalents	(41)	(1,027)
Cash and cash equivalents at beginning of year	28,714	12,753
Cash and cash equivalents at end of the period	<u>38,066</u>	<u>4,671</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements)

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

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED  
31 MARCH 2017**

(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 applicable disclosure provisions 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 2016.

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 2016.

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

The audited financial statements of the Group for the year ended 31 December 2016 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.

**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	64,981
Singapore	10,467
Other countries	27,734
	<u>103,182</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.

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED  
31 MARCH 2017**

(The figures have not been audited)

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

**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 March 2017 and 31 March 2016:

	3 months ended 31 March		Cumulative quarter ended 31 March	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Sales of products to:				
Seong Chan Sauce & Foodstuff Sdn. Bhd. (A company in which certain directors have financial interests)	262	188	262	188
Three-A (Qinhuangdao) Food Industries Co., Ltd (A company in which the Group has significant influence)	-	(176)	-	(176)

**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 of the Company as at 31 March 2017 is RM13.023 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 RM15.706 million.



# THREE-A RESOURCES BERHAD (481559-M)

(Incorporated in Malaysia)

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 MARCH 2017

(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 RM103.182 million is lower than RM107.568 million recorded in the corresponding quarter in the preceding year as a result of lower sales of the Group's products.

The Group's profit before taxation increased by 55.7% or from RM9.284 million to RM14.460 million is mainly a result of higher product margins and lower foreign currency exchange losses 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. 17 to 31. 03. 17) RM'000	Previous quarter (01. 10. 16 to 31. 12. 16) RM'000
Revenue	103,182	95,037
Profit before taxation	14,460	17,378

The Group's revenue for the current quarter of RM103.182 million is 8.6% higher as compared to RM95.037 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 RM14.460 million is 16.8% lower than that recorded in the immediate preceding quarter of RM17.378 million, mainly a result of foreign currency exchange gains recorded in the immediate preceding quarter as compared to foreign currency exchange losses 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 2017.

#### 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 2017

(The figures have not been audited)

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

#### B5 Tax expenses

	Current quarter 31-Mar-17 RM'000	Cumulative quarter up to 31-Mar-17 RM'000
Income tax expense		
- current	3,840	3,840
Deferred Taxation		
- recognised in income statement	297	297
	<u>4,137</u>	<u>4,137</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 the financial year-to-date are higher than the statutory income tax rate is 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.

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED  
31 MARCH 2017**

(The figures have not been audited)

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

	Group 31-Mar-17 RM'000
Unquoted shares, at cost	29,277
Share of post-acquisition results	(26,598)
	2,679
Exchange differences	2,872
	5,551

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-17 RM'000
<b>Assets and liabilities:</b>	
Current assets	3,284
Non-current assets	32,529
Total assets	35,813
Current liabilities	30,262
Non-current liabilities	-
Total liabilities	30,262
<b>Income and expenses for the period ended</b>	
Income	2,049
Expenses	(3,231)

**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)

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## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 MARCH 2017

(The figures have not been audited)

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

#### B8 Status of Corporate Proposals

On 13 September 2016, the Company's advisor, RHB Investment Bank Berhad had on behalf of the Company announced that the Company proposes to undertake the following proposals:

- (i) proposed bonus issue of 98,400,004 new ordinary shares of RM0.20 each in the Company on the basis of one (1) Bonus Share for every four (4) existing 3A Shares held on an entitlement date to be determined later;
- (ii) proposed establishment of an employees' share option scheme of up to 10% of the issued and paid-up share capital of 3A (excluding treasury shares, if any) to eligible Directors and employees of 3A, and its subsidiaries;
- (iii) proposed increase in the authorised share capital of 3A from RM100,000,000 comprising 500,000,000 3A Shares to RM250,000,000 comprising 1,250,000,000 3A Shares; and
- (iv) proposed amendments to the memorandum and articles of association of 3A.

On 9 November 2016, RHB Investment Bank announced that the Company had, after careful deliberation, decided to abort the Proposed ESOS as the Company is evaluating alternative incentive schemes for its employees. As a result of this, the Company will not proceed with the Proposed Increase in Authorised Share Capital and the Proposed Amendments as the current authorised share capital of the Company is sufficient to accommodate the increase in the issued and paid-up share capital of the Company pursuant to the issuance of the Bonus Shares.

On 30 March 2017, RHB Investment Bank announced that Bursa Malaysia Securities Berhad had resolved to have approve the listing of 98,400,004 Bonus Shares, subject to the following conditions:

- (i) the Company and its adviser must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Bonus Issue;
- (ii) the Company and its adviser to inform Bursa Securities upon completion of the Proposed Bonus Issue;
- (iii) the Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Bonus Issue is completed;
- (iv) the Company to furnish Bursa Securities with a certified true copy of the resolutions passed by shareholders at extraordinary general meeting for the Proposed Bonus Issue that had been fixed on 11 May 2017; and
- (v) the Company and its adviser are required to make the relevant announcements pursuant to Paragraphs 6.35(2)(a) & (b) and 6.35(4) of the Listing Requirements.

On 11 May 2017, RHB Investment Bank announced that shareholders had resolved to approve the proposed bonus issue exercise.

Save for the above, there was no corporate proposals announced but not completed as at 11 May 2017.

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED  
31 MARCH 2017**

(The figures have not been audited)

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

**B9 Group borrowings and debt securities**

The total Group secured borrowings as at 31 March 2017 are as follows:-

	Short Term RM'000	Long Term RM'000	Total RM'000
Term Loans	1,971	11,052	13,023
Hire Purchase Creditors	705	634	1,339
<b>Total</b>	<b>2,676</b>	<b>11,686</b>	<b>14,362</b>

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 11 May 2017.

**B11 Changes in material litigation**

There was no material litigation pending for the current financial period to-date and up to 11 May 2017.

**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 31-Mar-17 RM'000	As at 31-Dec-16 RM'000
Total retained profits of Three-A Resources Berhad and its subsidiaries:		
- Realised	163,461	152,113
- Unrealised	12,820	12,663
	<u>176,281</u>	<u>164,776</u>
Total share of retained earnings from a jointly controlled entity:		
- Realised	(26,598)	(25,416)
- Unrealised	-	-
	<u>149,683</u>	<u>139,360</u>
Less: Consolidation adjustments	(11,923)	(11,923)

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

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED  
31 MARCH 2017**

(The figures have not been audited)

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

Total group retained profits as per consolidated accounts	<u>137,760</u>	<u>127,437</u>
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# THREE-A RESOURCES BERHAD (481559-M)

(Incorporated in Malaysia)

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 MARCH 2017

(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 31 March 2017:

(RM'000)	Current Period		Cumulative Period	
	2017	2016	2017	2016
Interest income	(113)	-	(113)	-
Depreciation and amortisation	1,982	1,809	1,982	1,809
Realised foreign exchange (gain)/loss	(1,123)	706	(1,123)	706
Unrealised foreign exchange loss	1,801	3,310	1,801	3,310

#### 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-17	31-Mar-16	31-Mar-17	31-Mar-16
Net profit (RM'000)	10,323	6,692	10,323	6,692
Weighted average number of ordinary shares in issue ('000)	393,600	393,600	393,600	393,600
EPS (sen) - Basic	2.62	1.70	2.62	1.70
- Diluted	-	-	-	-