

# THREE-A RESOURCES BERHAD (481559-M)

(Incorporated in Malaysia)

**Condensed Consolidated Statements of Comprehensive Income**  
**For the Quarter Ended 31 March 2011**  
 (The figures have not been audited)

	<b>3 months ended</b>		<b>Cumulative quarter ended</b>	
	<b>31 March</b>		<b>31 March</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	RM'000	RM'000	RM'000	RM'000
Revenue	65,713	61,326	65,713	61,326
Cost of sales	(58,466)	(47,599)	(58,466)	(47,599)
<b>Gross Profit</b>	<u>7,247</u>	<u>13,727</u>	<u>7,247</u>	<u>13,727</u>
Other income	267	109	267	109
Other Operating Expenses	(4,212)	(5,820)	(4,212)	(5,820)
Share of results of joint venture	(49)	-	(49)	-
<b>Profit from Operations</b>	<u>3,253</u>	<u>8,016</u>	<u>3,253</u>	<u>8,016</u>
Finance costs	(936)	(640)	(936)	(640)
<b>Profit before Tax</b>	<u>2,317</u>	<u>7,376</u>	<u>2,317</u>	<u>7,376</u>
Income tax	1,734	(1,429)	1,734	(1,429)
<b>Profit net of tax</b>	<u>4,051</u>	<u>5,947</u>	<u>4,051</u>	<u>5,947</u>
Other comprehensive income:				
Foreign currency translation	(68)	-	(68)	-
<b>Total comprehensive income for the year</b>	<u><u>3,983</u></u>	<u><u>5,947</u></u>	<u><u>3,983</u></u>	<u><u>5,947</u></u>
Total comprehensive income attributable to:				
Owners of the parent	3,983	5,947	3,983	5,947
Minority interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>3,983</u></u>	<u><u>5,947</u></u>	<u><u>3,983</u></u>	<u><u>5,947</u></u>

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## Condensed Consolidated Statements of Comprehensive Income For the Quarter Ended 31 March 2011 (The figures have not been audited)

	3 months ended 31 March		Cumulative quarter ended 31 March	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Basic Earnings per Share (sen)</b>	<u>1.01</u>	<u>1.61</u>	<u>1.01</u>	<u>1.61</u>

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements)

# THREE-A RESOURCES BERHAD (481559-M)

(Incorporated in Malaysia)

## Condensed Consolidated Statements of Financial Position

As at 31 March 2011

(The figures have not been audited)

	As at 31-Mar-11 RM'000	As at 31-Dec-10 RM'000 (restated)
<b>Non-current Assets</b>		
Property, plant & equipment	113,931	107,959
Land use rights	4,643	4,695
Investment in a jointly controlled entity	7,690	4,066
	126,264	116,720
<b>Current Assets</b>		
Inventories	60,314	53,180
Trade and other receivables	63,317	69,103
Short term investments	35,334	30,122
Tax recoverable	2,084	741
Cash and bank balances	1,979	20,425
	163,028	173,571
<b>TOTAL ASSETS</b>	289,292	290,291
<b>EQUITY AND LIABILITIES</b>		
Share capital	78,720	78,720
Reserves	115,086	111,103
	193,806	189,823
Minority interest	-	-
<b>Total equity</b>	193,806	189,823
<b>Non-current Liabilities</b>		
Borrowings	19,358	16,717
Deferred tax liabilities	6,606	8,464
	25,964	25,181

# THREE-A RESOURCES BERHAD (481559-M)

(Incorporated in Malaysia)

## Condensed Consolidated Statements of Financial Position

As at 31 March 2011

(The figures have not been audited)

	As at 31-Mar-11 RM'000	As at 31-Dec-10 RM'000 (restated)
<b>Current Liabilities</b>		
Borrowings	55,345	51,462
Trade and other payables	14,171	19,062
Dividend payable	-	4,723
Taxation	6	40
	69,522	75,287
<b>TOTAL LIABILITIES</b>	95,486	100,468
<b>TOTAL EQUITY AND LIABILITIES</b>	289,292	290,291
Net assets value per share (sen)	49.24	48.23

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements)

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

**Condensed Consolidated Statements of Changes in Equity  
For the Quarter Ended 31 March 2011  
(The figures have not been audited)**

	Share Capital	Non-distributable Reserve		Non-distributable Reserve	Distributable Reserve		Grand total
	Nominal value (RM'000)	Foreign currency translation reserve (RM'000)	Share premium (RM'000)	Share premium (RM'000)	Retained earnings (RM'000)	Total reserves (RM'000)	
<b>At 1 January 2010</b>	73,920	-	33,759	33,759	28,566	62,325	136,245
Total comprehensive income	-	-	-	-	5,947	5,947	5,947
<b>At 31 March 2010</b>	<u>73,920</u>	<u>-</u>	<u>33,759</u>	<u>33,759</u>	<u>34,513</u>	<u>68,272</u>	<u>142,192</u>
<b>At 1 January 2011</b>	78,720	7	70,367	70,367	40,729	111,103	189,823
Total comprehensive income	-	(68)	-	-	4,051	3,983	3,983
<b>At 31 March 2011</b>	<u>78,720</u>	<u>(61)</u>	<u>70,367</u>	<u>70,367</u>	<u>44,780</u>	<u>115,086</u>	<u>193,806</u>

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements)

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

**Condensed Consolidated Cash Flow Statements**  
**For the period ended 31 March 2011**  
**(The figures have not been audited)**

	<b>Year-To-Date 31-Mar-11 (RM'000)</b>	<b>Year-To-Date 31-Mar-10 (RM'000)</b>
Net cash used in operating activities	(8,960)	(8,148)
Net cash used in investing activities	(16,011)	(9,299)
Net cash generated from financing activities	4,647	9,600
Net Change in Cash & Cash Equivalents	(20,324)	(7,847)
Cash & Cash Equivalents at beginning of the year	20,425	29,736
Cash and bank balances at end of the financial period	<u>101</u>	<u>21,889</u>
<b>CASH AND CASH EQUIVALENTS COMPRISE</b>		
Cash and bank balances	1,979	22,367
Bank overdrafts	(1,878)	(478)
	<u>101</u>	<u>21,889</u>

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010 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 2011**

**(The figures have not been audited)**

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

**A1 Basis of Preparation**

The interim financial statements of the Group have been prepared in accordance with Financial Reporting Standards No. 134 -Interim Financial Reporting ("FRS 134") and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad.

The accounting policies and methods of computation adopted by the Group in this report are consistent with those adopted in the financial statements for the year ended 31 December 2010 except for the adoption of the following new and revised Financial Reporting Standards ("FRSs"), Amendments to FRSs and IC Interpretations and Technical Releases ("TR"):

- Amendments to FRS 1: First-time Adoption of Financial Reporting Standards
  - Limited Exemption from Comparative FRS 7 Disclosures for First Time Adopters
  - Additional Exemption for First Time Adopters
- Amendments to FRS 7: Improving Disclosures about Financial Instruments
- Amendments to FRS 127 Consolidated and Separate Financial Statements
- IC Interpretation 4: Determining whether an Arrangement contains a Lease

The adoption of the above FRSs, Amendments to FRSs and IC Interpretations did not have any significant impact on the financial performance and financial position of the Group.

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 2010.

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

The auditors' report on the preceding annual financial statements was 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.

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

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED  
31 MARCH 2011**

(The figures have not been audited)

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

**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 6% tax exempt in respect of financial year ended 31 December 2010 amounting to RM4.723 million was paid on 11 January 2011. (2008 : 8%)

**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	49,208
Singapore	2,948
Other countries	13,557
	<u>65,713</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 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.

**A12 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 2011 is RM70.028 million.

**A13 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 RM0.950 million.



**THREE-A RESOURCES BERHAD** (481559-M)  
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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED  
31 MARCH 2011**

(The figures have not been audited)

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

**B1 Review of Performance**

There is an increase of 7.2% in the turnover of the Group for the current quarter from RM61.326 million to RM65.713 million as compared to the corresponding quarter in the preceding year mainly due to better demand for the Group's products during the current quarter under review.

However, the Group's profit before taxation decrease by 68.6% or from RM7.376 million in the preceding year corresponding quarter to RM2.317 million for the current quarter under review as a result of the continuous increase in raw material costs.

**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. 11 to 31. 03 11) RM'000	Previous quarter (01. 10. 10 to 31. 12. 10) RM'000
Turnover	<u>65,713</u>	<u>64,818</u>
Profit before taxation	<u>2,317</u>	<u>3,618</u>

The Group's turnover in the current quarter of RM65.713 million is slightly higher than RM64.818 million recorded in the immediate preceding quarter.

Meanwhile, the profit before taxation for the current quarter of RM2.317 million is lower by 36.0% than that recorded in the immediate preceding quarter of RM3.618 million. The reason is due to impact of higher raw material costs in the current quarter as compared to the immediate preceding quarter.

**B3 Prospects**

The Group's products are expected to remain competitive. Barring unforeseen circumstances, the Directors anticipate that the Group expects to achieve a satisfactory performance for financial year 2011.

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED  
31 MARCH 2011**

(The figures have not been audited)

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

**B4 Forecast of profit after tax**

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

**B5 Tax expenses**

	Current quarter 31-Mar-11 RM'000	Cumulative quarter up to 31-Mar-11 RM'000
	<u>RM'000</u>	<u>RM'000</u>
Income tax expense		
- current	123	123
Deferred Taxation		
- recognised in income statement	(1,857)	(1,857)
	<u>(1,734)</u>	<u>(1,734)</u>

The effective tax rate for the financial year-to-date is lower than the statutory income tax rate for the current quarter and financial year-to-date is mainly due to the availability of reinvestment allowances arising from the acquisition of qualifying property, plant and equipment.

**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 the investment in a joint venture.

The Group has 50% (2009:Nil) 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)  
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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED  
31 MARCH 2011**

(The figures have not been audited)

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

	Group 31-Mar-11 RM'000
Unquoted shares, at cost	7,884
Share of post-acquisition results	(133)
	7,751
Exchange differences	(61)
	7,690
Less: Accumulated impairment losses	-
	7,690

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-11 RM'000
<b>Assets and liabilities:</b>	
Current assets	7,477
Non-current assets	557
Total assets	8,034
Current liabilities	344
Non-current liabilities	-
Total liabilities	344
<b>Income and expenses</b>	
Income	-
Expenses	(49)

**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 2011**

(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 19 May 2011 except for the following:-

- On 12 November 2009, the Company completed its private placement of 61,600,000 3A shares ("Private Placement") which had been listed and quoted on the Main Board of Bursa Malaysia Securities Berhad on even date.

Status of Utilisation of Proceeds up to 31 March 2011 is as follows:-

Descriptions	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance Unutilised (RM'000)	Intended timeframe for utilisation
Working capital	25,800	25,800	-	
Overseas Investment	20,000	7,884	12,116	Note 1
Related Expenses for the Private Placement	400	400	-	
	<u>46,200</u>	<u>34,084</u>	<u>12,116</u>	

Note:-

- The proceeds from the Private Placement are expected to be utilised within 24 months from the date of the completion of the Private Placement on 12 November 2009.

**B9 Group borrowings and debt securities**

The total Group secured borrowings as at 31 March 2011 are as follows:-

	Short Term RM'000	Long Term RM'000	Total RM'000
Bank overdraft	1,878	-	1,878
Bankers' Acceptance	49,869	-	49,869
Term Loans	2,846	15,435	18,281
Hire Purchase Creditors	752	3,923	4,675
Total	<u>55,345</u>	<u>19,358</u>	<u>74,703</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 19 May 2011.

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(Incorporated in Malaysia)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED  
31 MARCH 2011**  
(The figures have not been audited)

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

**B11 Changes in material litigation**

There was no material litigation pending for the current financial period to-date and up to 19 May 2011.

**B12 Dividend**

The Board does not recommend any dividend for the current quarter under review.

**B13 Realised and Unrealised Profits/Losses Disclosure**

	As at 31-Mar-11 RM'000	As at 31-Dec-10 RM'000
Total retained profits of Three-A Resources Berhad and its subsidiaries:		
- Realised	63,541	61,676
- Unrealised	(6,839)	(8,940)
	56,702	52,736
Total share of accumulated losses from a jointly controlled entity:		
- Realised	(133)	(84)
- Unrealised	-	-
	56,569	52,652
Less: Consolidation adjustments	(11,789)	(11,923)
Total group retained profits as per consolidated accounts	44,780	40,729

Comparative figures are not required in the first financial year of complying with the Realised and Unrealised Profits/Losses Disclosures.

**B14 Earnings per share**

	Current Quarter 31-Mar-11	Cumulative Quarter 31-Mar-11
Net profit (RM'000)	3,983	3,983
Weighted average number of ordinary shares in issue	393,600,019	393,600,019
EPS (sen) - Basic	1.01	1.01
- Diluted	-	-