

# THREE-A RESOURCES BERHAD (481559-M)

(Incorporated in Malaysia)

**Condensed Consolidated Statements of Comprehensive Income  
For the Quarter Ended 30 September 2011  
(The figures have not been audited)**

	<b>3 months ended 30 September</b>		<b>Cumulative quarter ended 30 September</b>	
	<b>2011</b> RM'000	<b>2010</b> RM'000	<b>2011</b> RM'000	<b>2010</b> RM'000
Revenue	64,940	65,740	203,640	184,122
Cost of sales	(54,699)	(56,222)	(177,704)	(149,667)
<b>Gross Profit</b>	<u>10,241</u>	<u>9,518</u>	<u>25,936</u>	<u>34,455</u>
Other income	402	45	1,021	438
Other operating expenses	(5,169)	(5,376)	(14,306)	(15,381)
Share of results of joint venture	(167)	-	(312)	-
<b>Profit from Operations</b>	<u>5,307</u>	<u>4,187</u>	<u>12,339</u>	<u>19,512</u>
Finance costs	(781)	(859)	(2,705)	(2,225)
<b>Profit before Tax</b>	<u>4,526</u>	<u>3,328</u>	<u>9,634</u>	<u>17,287</u>
Income tax	(2,201)	(672)	946	(4,061)
<b>Profit net of tax</b>	<u>2,325</u>	<u>2,656</u>	<u>10,580</u>	<u>13,226</u>
Other comprehensive income:				
Foreign currency translation	534	-	561	-
<b>Total comprehensive income for the year</b>	<u><u>2,859</u></u>	<u><u>2,656</u></u>	<u><u>11,141</u></u>	<u><u>13,226</u></u>
Total comprehensive income attributable to:				
Owners of the parent	2,859	2,656	11,141	13,226
Minority interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>2,859</u></u>	<u><u>2,656</u></u>	<u><u>11,141</u></u>	<u><u>13,226</u></u>

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	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	RM'000	RM'000	RM'000	RM'000
<b>Basic Earnings per Share (sen)</b>	<u>0.73</u>	<u>0.68</u>	<u>2.83</u>	<u>3.53</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 30 September 2011 (The figures have not been audited)

	As at 30-Sep-11 RM'000	As at 31-Dec-10 RM'000
<b>Non-current Assets</b>		
Property, plant & equipment	121,608	107,959
Land use rights	4,539	4,695
Investment in a jointly controlled entity	8,056	4,066
	<u>134,203</u>	<u>116,720</u>
<b>Current Assets</b>		
Inventories	40,586	53,180
Trade and other receivables	74,616	69,103
Short term investments	15,294	30,122
Tax recoverable	3,108	741
Cash and bank balances	3,124	20,425
	<u>136,728</u>	<u>173,571</u>
<b>TOTAL ASSETS</b>	<u>270,931</u>	<u>290,291</u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	78,720	78,720
Reserves	122,244	111,103
	<u>200,964</u>	<u>189,823</u>
Minority interest	-	-
<b>Total equity</b>	<u>200,964</u>	<u>189,823</u>
<b>Non-current Liabilities</b>		
Borrowings	23,502	16,717
Deferred tax liabilities	7,191	8,464
	<u>30,693</u>	<u>25,181</u>

# THREE-A RESOURCES BERHAD (481559-M)

(Incorporated in Malaysia)

## Condensed Consolidated Statements of Financial Position

As at 30 September 2011

(The figures have not been audited)

	As at 30-Sep-11 RM'000	As at 31-Dec-10 RM'000
<b>Current Liabilities</b>		
Borrowings	24,824	51,462
Trade and other payables	14,450	19,062
Dividend payable	-	4,723
Taxation	-	40
	<u>39,274</u>	<u>75,287</u>
<b>TOTAL LIABILITIES</b>	<u>69,967</u>	<u>100,468</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>270,931</u>	<u>290,291</u>
Net assets value per share (sen)	<u>51.06</u>	<u>48.23</u>

(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)

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# THREE-A RESOURCES BERHAD (481559-M)

(Incorporated in Malaysia)

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As at 30 September 2011

(The figures have not been audited)

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Net assets value per share (sen)	<u>51.06</u>	<u>48.23</u>

(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 30 September 2011**  
(The figures have not been audited)

	Share Capital	Non-distributable Reserve	Non-distributable Share premium	Distributable Reserve	Grand total
	Nominal value (RM'000)	Foreign currency translation reserve (RM'000)	Reserve (RM'000)	Retained earnings (RM'000)	
<b>At 1 January 2010</b>	73,920	-	33,759	28,566	136,245
Issuance of ordinary shares pursuant to private placement	4,800	-	36,720	-	41,520
Transactions costs arising from issuance of ordinary shares	-	-	(112)	-	(112)
Net profit for the period	-	-	-	13,226	13,226
<b>At 30 September 2010</b>	<u>78,720</u>	<u>-</u>	<u>70,367</u>	<u>41,792</u>	<u>190,879</u>
<b>At 1 January 2011</b>	78,720	7	70,367	40,729	189,823
Total comprehensive income	-	561	-	10,580	11,141
<b>At 30 September 2011</b>	<u>78,720</u>	<u>568</u>	<u>70,367</u>	<u>51,309</u>	<u>200,964</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 Quarter Ended 30 September 2011  
(The figures have not been audited)**

	<b>Year-To-Date 30-Sep-11 (RM'000)</b>	<b>Year-To-Date 30-Sep-10 (RM'000)</b>
Profit before taxation	9,634	17,287
Adjustments for non cash items:	7,176	5,715
Operating profit before working capital changes	16,810	23,002
Working capital changes:		
Inventories	12,594	(8,583)
Receivables	(5,265)	(8,369)
Payables	(9,433)	(14,443)
Cash generated from/(used in) operations	14,706	(8,393)
Interest paid	(2,705)	(2,225)
Income tax paid	(2,637)	(3,014)
Net cash generated from/ (used in) operating activities	9,364	(13,632)
<b>Cash flows from investing activities</b>		
Investment in a joint venture	(3,990)	(2,384)
Purchase of property, plant and equipment	(17,652)	(22,828)
Proceeds from disposal of short term investment	14,829	-
Net cash used in investing activities	(6,813)	(25,212)



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

**Condensed Consolidated Cash Flow Statements**  
**For the Quarter Ended 30 September 2011**  
**(The figures have not been audited)**

	<b>Year-To-Date 30-Sep-11 (RM'000)</b>	<b>Year-To-Date 30-Sep-10 (RM'000)</b>
continue...		
<b>Cash flows from financing activities</b>		
Proceeds from issuance of ordinary shares	-	41,520
Expenses incurred on issuance of ordinary shares	-	(112)
Drawdown/(Repayment) of bankers acceptances	(26,623)	14,015
Drawdown of term loans	6,102	3,602
Repayments of term loans	(1,884)	(102)
Drawdown/(Repayments) of hire purchase obligations	3,484	-
Payments of hire purchase obligations	(931)	(1,764)
Net cash (used in)/generated from financing activities	<u>(19,852)</u>	<u>57,159</u>
Net (decrease)/increase in cash and cash equivalents	(17,301)	18,315
Cash and cash equivalents at beginning of year	<u>20,425</u>	<u>29,736</u>
Cash and cash equivalents at end of year (Note 10)	<u><u>3,124</u></u>	<u><u>48,051</u></u>
<b>CASH AND CASH EQUIVALENTS COMPRISE</b>		
Cash and bank balances	3,124	51,283
Bank overdrafts	-	(3,232)
	<u><u>3,124</u></u>	<u><u>48,051</u></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 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 30 SEPTEMBER 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)

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 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

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	147,844
Singapore	10,223
Other countries	45,573
	<u>203,640</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 30 September 2011 is RM44.286 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 RM1.089 million.

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

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED  
30 SEPTEMBER 2011**

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

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

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# THREE-A RESOURCES BERHAD (481559-M)

(Incorporated in Malaysia)

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## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2011

(The figures have not been audited)

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

(The figures have not been audited)

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

**B1 Review of Performance**

There is a slight drop in the turnover of the Group for the current quarter from RM65.740 million to RM64.940 million as compared to the corresponding quarter in the preceding year mainly due to slightly lower demand for the Group's products during the current quarter under review.

Meanwhile, the Group's profit before taxation increased by 36.0% or from RM3.328 million to RM4.526 million as a result of lower raw material costs recorded for the current quarter under review compared to 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 (01.07.11 to 30.09.11) RM'000	Previous quarter (01.04.11 to 30.06.11) RM'000
Turnover	<u>64,940</u>	<u>72,987</u>
Profit before taxation	<u>4,526</u>	<u>2,791</u>

The Group's turnover in the current quarter of RM64.940 million is lower by 11.03% as compared to RM72.987 million recorded in the immediate preceding quarter due to lower demand from customers. Meanwhile, the profit before taxation for the current quarter of RM4.526 million is higher by 62.2% than that recorded in the immediate preceding quarter of RM2.791 million. The main reason is due to improvement in raw material costs as well as production efficiency for 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  
30 SEPTEMBER 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 30-Sep-11 RM'000	Cumulative quarter up to 30-Sep-11 RM'000
	<u>                    </u>	<u>                    </u>
Income tax expense		
- current	116	327
Deferred Taxation		
- recognised in income statement	2,085	(1,273)
	<u>                    </u>	<u>                    </u>
	<u>2,201</u>	<u>(946)</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 share of results from 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  
30 SEPTEMBER 2011**

(The figures have not been audited)

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

	Group 30-Sep-11 RM'000
Unquoted shares, at cost	7,884
Share of post-acquisition results	(396)
	<u>7,488</u>
Exchange differences	568
	<u>8,056</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 30-Sep-11 RM'000
<b>Assets and liabilities:</b>	
Current assets	14,161
Non-current assets	4,626
Total assets	18,787
Current liabilities	10,731
Non-current liabilities	-
Total liabilities	10,731
<b>Income and expenses for the period ended</b>	
Income	-
Expenses	(312)

**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  
30 SEPTEMBER 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 16 November 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 30 September 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. As announced, the Board of Directors of the Group has resolved and approved to extend the timeframe for the utilization of the balance of proceeds arising from the Private Placement for another six months until 12 May 2012.

**B9 Group borrowings and debt securities**

The total Group secured borrowings as at 30 September 2011 are as follows:-

	Short Term RM'000	Long Term RM'000	Total RM'000
Bankers' Acceptance	21,179	-	21,179
Term Loans	2,846	20,261	23,107
Hire Purchase Creditors	799	3,241	4,040
Total	<u>24,824</u>	<u>23,502</u>	<u>48,326</u>

All the abovementioned borrowings were denominated in Ringgit Malaysia.

**B10 Off Balance Sheet financial instruments**

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED  
30 SEPTEMBER 2011**

(The figures have not been audited)

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

The Group had not entered into any contracts involving off balance sheet financial instruments with off balance sheet risk as at 16 November 2011.

**B11 Changes in material litigation**

There was no material litigation pending for the current financial period to-date and up to 16 November 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 30-Sep-11 RM'000	As at 31-Dec-10 RM'000
Total retained profits of Three-A Resources Berhad and its subsidiaries:		
- Realised	69,483	61,676
- Unrealised	(6,251)	(8,940)
	63,232	52,736
Total share of accumulated losses from a jointly controlled entity:		
- Realised	(396)	(84)
- Unrealised	-	-
	62,836	52,652
Less: Consolidation adjustments	(11,527)	(11,923)
Total group retained profits as per consolidated accounts	51,309	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 30-Sep-11	Cumulative Quarter 30-Sep-11
Net profit (RM'000)	2,859	11,141
Weighted average number of ordinary shares in issue	393,600,019	393,600,019

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

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED  
30 SEPTEMBER 2011**

(The figures have not been audited)

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

EPS (sen) - Basic	0.73	2.83
- Diluted	-	-