

# THREE-A RESOURCES BERHAD (481559-M)

(Incorporated in Malaysia)

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

	3 months ended 31 December		Cumulative quarter ended 31 December	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Revenue	65,166	64,818	268,806	248,940
Cost of sales	(53,789)	(56,463)	(231,493)	(206,130)
<b>Gross Profit</b>	<u>11,377</u>	<u>8,355</u>	<u>37,313</u>	<u>42,810</u>
Other income	764	618	1,785	1,056
Other operating expenses	(5,952)	(4,499)	(20,257)	(19,880)
Share of results of joint venture	(76)	(84)	(388)	(84)
<b>Profit from Operations</b>	<u>6,114</u>	<u>4,390</u>	<u>18,453</u>	<u>23,902</u>
Finance costs	(397)	(772)	(3,101)	(2,997)
<b>Profit before Tax</b>	<u>5,717</u>	<u>3,618</u>	<u>15,352</u>	<u>20,905</u>
Income tax	(1,043)	43	(97)	(4,018)
<b>Profit net of tax</b>	<u>4,674</u>	<u>3,661</u>	<u>15,255</u>	<u>16,887</u>
Other comprehensive income: Foreign currency translation	71	7	632	7
<b>Total comprehensive income for the year</b>	<u><u>4,745</u></u>	<u><u>3,668</u></u>	<u><u>15,887</u></u>	<u><u>16,894</u></u>
Total comprehensive income attributable to:				
Owners of the parent	4,745	3,668	15,887	16,894
Minority interest	-	-	-	-
	<u><u>4,745</u></u>	<u><u>3,668</u></u>	<u><u>15,887</u></u>	<u><u>16,894</u></u>

# THREE-A RESOURCES BERHAD (481559-M)

(Incorporated in Malaysia)

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## Condensed Consolidated Statements of Comprehensive Income

For the Quarter Ended 31 December 2011

(The figures have not been audited)

	3 months ended 31 December		Cumulative quarter ended 31 December	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
<b>Basic Earnings per Share (sen)</b>	<u>1.21</u>	<u>0.93</u>	<u>4.04</u>	<u>4.44</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 December 2011

(The figures have not been audited)

	As at 31-Dec-11 RM'000	As at 31-Dec-10 RM'000
<b>Non-current Assets</b>		
Property, plant & equipment	124,184	107,959
Land use rights	4,484	4,695
Investment in a jointly controlled entity	8,052	4,066
	136,720	116,720
<b>Current Assets</b>		
Inventories	55,125	53,180
Trade and other receivables	69,978	69,103
Short term investments	-	30,122
Tax recoverable	2,897	741
Fixed deposit with licensed financial institutions	12,025	-
Cash and bank balances	8,346	20,425
	148,371	173,571
<b>TOTAL ASSETS</b>	285,091	290,291
<b>EQUITY AND LIABILITIES</b>		
Share capital	78,720	78,720
Reserves	122,267	111,103
	200,987	189,823
Minority interest	-	-
<b>Total equity</b>	200,987	189,823
<b>Non-current Liabilities</b>		
Borrowings	25,447	16,717
Deferred tax liabilities	8,000	8,464
	33,447	25,181

# THREE-A RESOURCES BERHAD (481559-M)

(Incorporated in Malaysia)

## Condensed Consolidated Statements of Financial Position

As at 31 December 2011

(The figures have not been audited)

	As at 31-Dec-11 RM'000	As at 31-Dec-10 RM'000
<b>Current Liabilities</b>		
Borrowings	27,647	51,462
Trade and other payables	18,287	19,062
Dividend payable	4,723	4,723
Taxation	-	40
	50,657	75,287
<b>TOTAL LIABILITIES</b>	84,104	100,468
<b>TOTAL EQUITY AND LIABILITIES</b>	285,091	290,291
Net assets value per share (sen)	51.06	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 December 2011**  
(The figures have not been audited)

	Share Capital Nominal value (RM'000)	Non-distributable Reserve		Non-distributable Share premium (RM'000)	Distributable Reserve		Total reserves (RM'000)	Grand total (RM'000)
		Foreign currency translation reserve (RM'000)			Retained earnings (RM'000)			
<b>At 1 January 2010</b>	73,920	-	-	33,759	28,566	62,325	136,245	
Total comprehensive income	-	-	-	-	16,894	16,894	16,894	
Issuance of ordinary shares pursuant to private placement	4,800	-	-	36,720	-	36,720	41,520	
Transactions costs arising from issuance of ordinary shares	-	-	-	(112)	-	(112)	(112)	
Dividend declared	-	-	-	-	(4,723)	(4,723)	(4,723)	
<b>At 31 December 2010</b>	<u>78,720</u>	<u>0</u>	<u>0</u>	<u>70,367</u>	<u>40,736</u>	<u>111,103</u>	<u>189,823</u>	
<b>At 1 January 2011</b>	78,720	7	632	70,367	40,729	111,103	189,823	
Total comprehensive income	-	-	-	-	15,255	15,887	15,887	
Dividend declared	-	-	-	-	(4,723)	(4,723)	(4,723)	
<b>At 31 December 2011</b>	<u>78,720</u>	<u>639</u>	<u>639</u>	<u>70,367</u>	<u>51,261</u>	<u>122,267</u>	<u>200,987</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 31 December 2011 (The figures have not been audited)

	Year-To-Date 31-Dec-11 (RM'000)	Year-To-Date 31-Dec-10 (RM'000)
<b>Cash flows from operating activities</b>		
Profit before taxation	15,352	20,905
Adjustments for:		
Amortisation of land use rights	207	207
Depreciation of property, plant and equipment	5,791	4,625
Allowance of impairment of doubtful debts written back	(16)	(290)
Unrealised foreign exchange loss	637	1,026
Dividend income from short term investments	(232)	(122)
Gain on realisation of short term investments	(337)	-
Share of results of joint venture	388	84
Loss on disposal of property, plant and equipment	149	-
Interest expense	3,101	2,479
Interest income	(107)	(644)
Operating profit before working capital changes	24,933	28,269
Working capital changes:		
Inventories	(1,945)	(25,315)
Receivables	(1,853)	(13,616)
Payables	(775)	5,686
Cash generated/(used in) from operations	20,361	(4,976)
Interest paid	(3,101)	(2,479)
Income tax paid	(2,757)	(5,119)
<b>Net cash generated from/ (used in) operating activities</b>	<b>14,502</b>	<b>(12,574)</b>
<b>Cash flows from investing activities</b>		
Investment in a joint venture	(3,826)	(4,143)
Purchase of property, plant and equipment	(17,831)	(31,826)
Acquisition of land use rights	-	(3,000)
Disposal/(Purchase) of short term investment	30,691	(30,000)
Proceeds from disposal of property, plant and equipment	100	-
Interest received	107	644
<b>Net cash generated from/(used in) investing activities</b>	<b>9,241</b>	<b>(68,325)</b>

# THREE-A RESOURCES BERHAD(481559-M)

(Incorporated in Malaysia)

## Condensed Consolidated Cash Flow Statements For the Quarter Ended 31 December 2011 (The figures have not been audited)

	Year-To-Date 31-Dec-11 (RM'000)	Year-To-Date 31-Dec-10 (RM'000)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of ordinary shares	-	41,520
Expenses incurred on issuance of ordinary shares	-	(112)
Dividends paid	(4,723)	(4,435)
Net Drawdown/(Repayment) of bankers acceptances	(26,499)	33,025
Net Drawdown/(Repayment) of term loans	6,341	2,335
Payments of hire purchase obligations	(1,257)	(196)
<b>Net cash (used in)/generated from financing activities</b>	<b>(26,138)</b>	<b>72,137</b>
Net decrease in cash and cash equivalents	(2,394)	(8,762)
Effect of exchange rate changes on cash and cash equivalents	442	(549)
Cash and cash equivalents at beginning of year	20,425	29,736
Cash and cash equivalents at end of year	18,473	20,425
<b>CASH AND CASH EQUIVALENTS COMPRISE</b>		
Cash at banks and on hand	8,346	20,425
Fixed deposits with licensed banks	12,025	-
Cash at banks and on hand	20,371	20,425
Bank overdrafts	(1,899)	-
Cash and cash equivalents	18,472	20,425

(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)

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## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 DECEMBER 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.

#### MFRS Framework issued but not yet effective

On 19 November 2011, MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework") in conjunction with the MASB's plan to converge with International Financial Reporting Standards ("IFRS") in 2012.

The MFRS Framework comprises Standards as issued by the International Accounting Standards Board ("IASB") that are effective on 1 January 2012 and new/revised Standards that will be effective after 1 January 2012.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual financial periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer. As such, the Group will prepare its first financial statements using the MFRS Framework for the year ending 31 March 2013. In presenting its first MFRS financial statements, the Company may be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework.



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## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2011

(The figures have not been audited)

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

The Group is currently in the process of determining the financial impact arising from the adoption of the MFRS Framework.

The interim financial report should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to this interim financial report.

#### 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 31 DECEMBER 2011

(The figures have not been audited)

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

During the financial year, the Group has conducted a review of the useful lives of its property, plant and equipment which resulted in changes in the expected useful lives of its motor vehicles.

The useful lives of its motor vehicles which the Group previously estimated to be 10 years have been revised to range from 7 to 15 years. The Group is of the view that the revised estimated useful lives of its motor vehicles reflect more accurately the wear and tear of the assets, having considered the physical condition and the maintenance of the assets.

The revisions were accounted for prospectively as a change in accounting estimates and as a result, the depreciation charges of the Group for the current financial year have been decreased by RM0.155 million.

#### 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	194,588
Singapore	24,112
Other countries	50,106
	<u>268,806</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,

# THREE-A RESOURCES BERHAD (481559-M)

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## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2011

(The figures have not been audited)

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

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 December 2011 is RM53.093 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 RM1.218 million.

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

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

(The figures have not been audited)

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

**B1 Review of Performance**

There is a slight increase in the turnover of the Group for the current quarter from RM64.818 million to RM65.166 million as compared to the corresponding quarter in the preceding year mainly due to slightly higher demand for the Group's products during the current quarter under review.

Meanwhile, the Group's profit before taxation increased by 58.0% or from RM3.618 million to RM5.717 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. 10. 11 to 31. 12 11) RM'000	Previous quarter (01. 07. 11 to 30. 09 11) RM'000
Turnover	<u>65,166</u>	<u>64,940</u>
Profit before taxation	<u>5,717</u>	<u>4,526</u>

The Group's turnover in the current quarter of RM65.166 million is slightly higher as compared to RM64.940 million recorded in the immediate preceding quarter. Meanwhile, the profit before taxation for the current quarter of RM5.717 million is higher by 26.3% than that recorded in the immediate preceding quarter of RM4.526 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 2012.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED  
31 DECEMBER 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-Dec-11 RM'000	Cumulative quarter up to 31-Dec-11 RM'000
	<u>                    </u>	<u>                    </u>
Income tax expense		
- current	234	561
Deferred Taxation		
- recognised in income statement	809	(464)
	<u>                    </u>	<u>                    </u>
	<u>1,043</u>	<u>97</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.

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

(The figures have not been audited)

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

	Group 31-Dec-11 RM'000
Unquoted shares, at cost	7,884
Share of post-acquisition results	(472)
	<u>7,412</u>
Exchange differences	640
	<u><u>8,052</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-11 RM'000
<b>Assets and liabilities:</b>	
Current assets	11,015
Non-current assets	9,488
Total assets	20,503
Current liabilities	12,452
Non-current liabilities	-
Total liabilities	12,452
<b>Income and expenses for the period ended</b>	
Income	-
Expenses	(388)

**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 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 24 February 2012 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 December 2011 is as follows:-

<u>Descriptions</u>	<u>Proposed Utilisation (RM'000)</u>	<u>Actual Utilisation (RM'000)</u>	<u>Balance Unutilised (RM'000)</u>	<u>Intended timeframe for utilisation</u>
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 until 12 May 2012.

**B9 Group borrowings and debt securities**

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

	<u>Short Term RM'000</u>	<u>Long Term RM'000</u>	<u>Total RM'000</u>
Bank Overdrafts	1,899	-	1,899
Bankers' Acceptance	21,303	-	21,303
Term Loans	3,379	21,852	25,231
Hire Purchase Creditors	1,066	3,595	4,661
Total	<u>27,647</u>	<u>25,447</u>	<u>53,094</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  
31 DECEMBER 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 27 February 2012.

**B11 Changes in material litigation**

There was no material litigation pending for the current financial period to-date and up to 27 February 2012.

**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-Dec-11 RM'000	As at 31-Dec-10 RM'000
Total retained profits of Three-A Resources Berhad and its subsidiaries:		
- Realised	70,791	61,676
- Unrealised	(7,613)	(8,940)
	<u>63,178</u>	<u>52,736</u>
Total share of accumulated loss from a jointly controlled entity:		
- Realised	(472)	(84)
- Unrealised	-	-
	<u>62,706</u>	<u>52,652</u>
Less: Consolidation adjustments	(11,445)	(11,923)
Total group retained profits as per consolidated accounts	<u><u>51,261</u></u>	<u><u>40,729</u></u>

**B14 Earnings per share**

	Current Quarter 31-Dec-11	Cumulative Quarter 31-Dec-11
Net profit (RM'000)	4,745	15,887
Weighted average number of ordinary shares in issue	393,600,019	393,600,019
EPS (sen) - Basic	<u>1.21</u>	<u>4.04</u>
- Diluted	<u>-</u>	<u>-</u>