

THREE-A RESOURCES BERHAD (481559-M)

(Incorporated in Malaysia)

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

	3 months ended 30 June		Cumulative quarter ended 30 June	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Revenue	72,987	57,056	138,700	118,382
Cost of sales	(64,539)	(45,846)	(123,005)	(93,445)
Gross Profit	<u>8,448</u>	<u>11,210</u>	<u>15,695</u>	<u>24,937</u>
Other Income	352	285	619	394
Other Operating Expenses	(4,925)	(4,186)	(9,137)	(10,006)
Share of results of joint venture	(96)	-	(145)	-
Profit from Operations	<u>3,779</u>	<u>7,309</u>	<u>7,032</u>	<u>15,325</u>
Finance costs	(988)	(726)	(1,924)	(1,366)
Profit before Tax	<u>2,791</u>	<u>6,583</u>	<u>5,108</u>	<u>13,959</u>
Income tax	1,413	(1,960)	3,147	(3,389)
Profit net of tax	<u>4,204</u>	<u>4,623</u>	<u>8,255</u>	<u>10,570</u>
Other comprehensive income: Foreign currency translation	95	-	27	-
Total comprehensive Income for the year	<u><u>4,299</u></u>	<u><u>4,623</u></u>	<u><u>8,282</u></u>	<u><u>10,570</u></u>
Total comprehensive income attributable to:				
Owners of the parent	4,299	4,623	8,282	10,570
Minority interest	-	-	-	-
	<u><u>4,299</u></u>	<u><u>4,623</u></u>	<u><u>8,282</u></u>	<u><u>10,570</u></u>

THREE-A RESOURCES BERHAD (481559-M)

(Incorporated in Malaysia)

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

	3 months ended 30 June		Cumulative quarter ended 30 June	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Basic Earnings per Share (sen)	<u>1.09</u>	<u>1.25</u>	<u>2.10</u>	<u>2.86</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 June 2011

(The figures have not been audited)

	As at 30-Jun-11 RM'000	As at 31-Dec-10 RM'000
Non-current Assets		
Property, plant & equipment	119,896	107,959
Land use rights	4,591	4,695
Investment in a jointly controlled entity	7,689	4,066
	132,176	116,720
Current Assets		
Inventories	40,742	53,180
Trade and other receivables	74,382	69,103
Short term investments	15,178	30,122
Tax recoverable	3,187	741
Cash and bank balances	6,700	20,425
	140,189	173,571
TOTAL ASSETS	272,365	290,291
EQUITY AND LIABILITIES		
Share capital	78,720	78,720
Reserves	119,385	111,103
	198,105	189,823
Minority interest	-	-
Total equity	198,105	189,823
Non-current Liabilities		
Borrowings	18,369	16,717
Deferred tax liabilities	5,105	8,464
	23,474	25,181

THREE-A RESOURCES BERHAD (481559-M)

(Incorporated in Malaysia)

Condensed Consolidated Statements of Financial Position

As at 30 June 2011

(The figures have not been audited)

	As at 30-Jun-11 RM'000	As at 31-Dec-10 RM'000
Current Liabilities		
Borrowings	41,764	51,462
Trade and other payables	9,022	19,062
Dividend payable	-	4,723
Taxation	-	40
	50,786	75,287
TOTAL LIABILITIES	74,260	100,468
TOTAL EQUITY AND LIABILITIES	272,365	290,291
Net assets value per share (sen)	50.33	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 2011 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 June 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)	Retained earnings (RM'000)	Total reserves (RM'000)	
At 1 January 2010	73,920	-	33,759	-	28,566	62,325	136,245	
Total comprehensive income	-	-	-	10,570	-	10,570	10,570	
Transactions costs arising from issuance of ordinary shares	-	-	(11)	-	-	(11)	(11)	
At 30 June 2010	<u>73,920</u>	<u>-</u>	<u>33,748</u>	<u>39,136</u>	<u>72,884</u>	<u>146,804</u>		
At 1 January 2011	78,720	7	70,367	40,729	111,103	189,823		
Total comprehensive income	-	27	-	8,255	8,282	8,282		
At 30 June 2011	<u>78,720</u>	<u>34</u>	<u>70,367</u>	<u>48,984</u>	<u>119,385</u>	<u>198,105</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 June 2011
(The figures have not been audited)

	Year-To-Date 30-Jun-11 (RM'000)	Year-To-Date 30-Jun-10 (RM'000)
	<hr/>	<hr/>
Net cash used in operating activities	(2,592)	(14,267)
Net cash used in investing activities	(3,088)	(14,906)
Net cash (used in)/ generated from financing activities	<hr/> (8,045)	<hr/> 27,844
Net Change in Cash & Cash Equivalents	(13,725)	(1,329)
Cash & Cash Equivalents at beginning of the year	20,425	29,736
Cash and bank balances at end of the financial period	<hr/> <hr/> 6,700	<hr/> <hr/> 28,407

(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)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED
30 JUNE 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 JUNE 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	104,098
Singapore	6,622
Other countries	27,980
	<u>138,700</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 June 2011 is RM55.759 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 RM3.461 million.

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED
30 JUNE 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 27.9% in the turnover of the Group for the current quarter from RM57.056 million to RM72.987 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 decreased by 57.6% or from RM6.583 million in the preceding year corresponding quarter to RM2.791 million for the current quarter under review as a result of higher 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. 04. 11 to 30. 06 11) RM'000	Previous quarter (01. 01. 11 to 31. 03 11) RM'000
Turnover	<u>72,987</u>	<u>65,713</u>
Profit before taxation	<u>2,791</u>	<u>2,317</u>

The Group's turnover in the current quarter of RM72.987 million is higher by 11.1% as compared to RM65.713 million recorded in the immediate preceding quarter due to better demand from customers. Meanwhile, the profit before taxation for the current quarter of RM2.791 million is higher by 20.5% than that recorded in the immediate preceding quarter of RM2.317 million. The reason is due to higher turnover recorded and improvement in raw material costs 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 JUNE 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-Jun-11 RM'000	Cumulative quarter up to 30-Jun-11 RM'000
	<u> </u>	<u> </u>
Income tax expense		
- current	88	211
Deferred Taxation		
- recognised in income statement	(1,501)	(3,358)
	<u>(1,413)</u>	<u>(3,147)</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)
(Incorporated in Malaysia)

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

(The figures have not been audited)

Additional Information Required By The Bursa Malaysia Listing Requirements

	Group 30-Jun-11 RM'000
Unquoted shares, at cost	7,884
Share of post-acquisition results	(229)
	<u>7,655</u>
Exchange differences	34
	<u>7,689</u>
Less: Accumulated impairment losses	-
	<u><u>7,689</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 30-Jun-11 RM'000
Assets and liabilities:	
Current assets	7,257
Non-current assets	1,099
Total assets	8,356
Current liabilities	668
Non-current liabilities	-
Total liabilities	668
Income and expenses for the period ended	
Income	-
Expenses	(145)

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 JUNE 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 August 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 June 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.

B9 Group borrowings and debt securities

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

	<u>Short Term RM'000</u>	<u>Long Term RM'000</u>	<u>Total RM'000</u>
Bankers' Acceptance	38,118	-	38,118
Term Loans	2,847	14,794	17,641
Hire Purchase Creditors	799	3,575	4,374
Total	<u>41,764</u>	<u>18,369</u>	<u>60,133</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 24 August 2011.

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED
30 JUNE 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 24 August 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-Jun-11 RM'000	As at 31-Dec-10 RM'000
Total retained profits of Three-A Resources Berhad and its subsidiaries:		
- Realised	66,079	61,676
- Unrealised	(5,172)	(8,940)
	60,907	52,736
Total share of accumulated losses from a jointly controlled entity:		
- Realised	(229)	(84)
- Unrealised	-	-
	60,678	52,652
Less: Consolidation adjustments	(11,694)	(11,923)
Total group retained profits as per consolidated accounts	48,984	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-Jun-11	Cumulative Quarter 30-Jun-11
Net profit (RM'000)	4,299	8,282
Weighted average number of ordinary shares in issue	393,600,019	393,600,019
EPS (sen) - Basic	1.09	2.10
- Diluted	-	-