

P.A. RESOURCES BERHAD (664612-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED BALANCE SHEET**AS AT 30 JUNE 2007**

(The figures have not been audited)

	As at 30.06.2007 RM'000	As at 31.12.2006 RM'000 Audited
ASSETS		
Non-current assets		
Property, plant and equipment	52,492	51,900
Current assets		
Inventories	45,934	40,312
Prepaid lease payment	826	834
Trade receivables	44,606	40,478
Other receivables, prepayments and deposits	2,519	4,340
Tax recoverable	25	-
Cash and bank balances	21,274	20,141
	<u>115,184</u>	<u>106,105</u>
Total assets	<u>167,676</u>	<u>158,005</u>
EQUITY		
Capital and reserves attributable to the Company's equity holders		
Share capital	60,720	46,000
Share premium	84	5,548
Reserves	9,172	14,420
	<u>69,976</u>	<u>65,968</u>
LIABILITIES		
Non-current liabilities		
Borrowings	4,050	5,477
Deferred taxation	4,345	3,740
	<u>8,395</u>	<u>9,217</u>
Current liabilities		
Trade payables	2,040	4,067
Dividend payables	1,010	-
Other payables and accruals	1,272	1,803
Borrowings	84,988	76,918
Taxation	(5)	31
	<u>89,306</u>	<u>82,819</u>
Total liabilities	<u>97,700</u>	<u>92,037</u>
Total equity and liabilities	<u>167,676</u>	<u>158,005</u>
Net asset per share (sen)	57.62	71.70

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2007**

	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30.06.2007 RM'000	30.06.2006 RM'000	30.06.2007 RM'000	30.06.2006 RM'000
REVENUE	45,017	40,024	85,074	72,205
COST OF SALES	(39,362)	(34,084)	(73,986)	(61,602)
GROSS PROFIT	5,655	5,940	11,088	10,603
OTHER OPERATING INCOME	89	77	123	148
SELLING EXPENSES	(309)	(194)	(629)	(455)
ADMINISTRATION EXPENSES	(898)	(692)	(1,701)	(1,400)
OTHER OPERATING EXPENSES	(249)	(256)	(508)	(496)
PROFIT FROM OPERATIONS	4,288	4,875	8,373	8,400
FINANCE COSTS	(1,113)	(862)	(2,260)	(1,836)
PROFIT BEFORE TAXATION	3,175	4,013	6,113	6,564
TAXATION	(450)	(638)	(982)	(1,052)
PROFIT AFTER TAXATION	2,725	3,375	5,131	5,512
EARNINGS PER SHARE (sen)				
Basic #	2.24	2.89	4.23	5.79
Diluted *	N/A	N/A	N/A	N/A

Adjusted for Bonus Issue, where applicable.

* Not applicable

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

P.A. RESOURCES BERHAD (664612-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2007**

(The figure have not been audited)

	Share Capital RM'000	Share Premium RM'000	<i>Non-distributable</i> Revaluation Reserves RM'000	<i>Distributable</i> Revenue Reserve RM'000	Total Equity RM'000
Balance as at 1 January 2006	23,400	-	3,522	1,110	28,032
Rights issue of 4,000,000 new ordinary shares of RM1.00 each on the basis of approximately 17 for every 100 held	4,000	-	-	-	4,000
Special Issue of 27,600,000 new shares of RM0.50 each at the issue price of RM0.70 per share	13,800	5520	-	-	19,320
Public Issue of 9,600,000 new shares of RM0.50 each at the issue price of RM0.70 per share	4,800	1920	-	-	6,720
Listing expenses written off	-	(1,892)	-	-	(1,892)
Net expenses not recognised in Income Statement	-	(1,892)	-	-	(1,892)
Net profit for the period	-	-	-	5,513	5,513
Balance as at 30 June 2006	46,000	5,548	3,522	6,623	61,693
Balance as at 1 January 2007	46,000	5,548	3,475	10,945	65,968
Net profit for the period	-	-	-	5,131	5,131
Bonus Issue	14,720	(5,348)	-	(9,372)	-
Bonus Issue expenses written off	-	(116)	-	-	(116)
Net expenses not recognised in Income Statement	-	(116)	-	-	(116)
Dividend paid/payable	-	-	-	(1,007)	(1,007)
Balance as at 30 June 2007	60,720	84	3,475	5,697	69,976

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2007**

	6 months ended	
	30.06.2007	30.06.2006
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	6,113	6,564
Adjustments for:		
Depreciation of property, plant and equipment	1,784	1,268
Interest expenses	2,216	1,789
Interest income	(123)	(148)
Operating profit before working capital changes	9,990	9,474
Increase in inventories	(5,622)	(9,527)
Increase in receivables	(2,316)	(9,395)
Decrease in payables	(2,574)	(1,597)
Cash used in operations	(522)	(11,045)
Interest received	123	148
Interest paid	(2,216)	(1,789)
Tax paid	(405)	(436)
Net cash outflow from operating activities	(3,019)	(13,122)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,377)	(7,664)
Shares issue expenses	(116)	(1,135)
Net cash outflow from investing activities	(2,493)	(8,799)
CASH FLOWS FROM FINANCING ACTIVITIES		
Hire purchase liabilities	(1,114)	(778)
Proceeds from issuance of shares	-	30,040
Net proceeds from trade bills payable	7,855	1,645
Repayment of term loans	(338)	(7,453)
Fixed deposits pledged	(1,631)	50
Net cash inflow from financing activities	4,772	23,504
NET INCREASE IN CASH AND CASH EQUIVALENTS	(740)	1,583
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	13,090	4,534
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	12,350	6,117
Represented by:		
CASH AND CASH EQUIVALENTS		
Cash in hand and at banks	12,350	6,117
Fixed deposits with licensed banks	8,924	7,800
Fixed deposits pledged	21,274	13,917
	(8,924)	(7,800)
	12,350	6,117

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

PART A - NOTES TO THE INTERIM FINANCIAL REPORT

1. BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006. These explanatory notes attached to the interim financial statements provides 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 year ended 31 December 2006.

2 Change in Accounting Policies

The significant accounting policies adopted in these interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2006 except for the adoption of revised FRS 117 Leases and FRS 124 Related Party Disclosures issued by MASB that is effective for the Group's annual financial period commencing 1 January 2007.

a) FRS 117 Leases

Prior to 1 January 2007, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation. The adoption of FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land which is now classified as an operating lease. The upfront payments made for the leasehold land represents prepaid lease payments and continue to be amortised on a straight-line basis over the lease term. A lease of land and building is apportioned into lease of land and a lease of building in proportion to the relative fair values of the leasehold interests in the land element and the building element of the lease at the inception of the lease. Upon the adoption of the revised FRS 117 at 1 January 2007, the unamortized carrying amount of leasehold land and building is retained as the surrogate carrying amount and reclassified as prepaid lease payments as allowed by the transitional provisions of FRS 117.

The adoption of the above FRS did not result in substantial changes in the accounting policies and methods of computation and the same are followed in the interim financial statements as compared with the financial statements for the year ended 31 December 2006. Accordingly, certain comparative figures for the financial year ended 31 December 2006 have been reclassified in accordance with FRS 117: Lease to reflect this application as disclosed in Note 3.

b) FRS 124: Related Party Disclosures

The adoption of FRS 124 does not result in significant changes in accounting policies of the Group.

3. Comparatives

The following comparative figures have been restated due to the adoption of the revised FRS 117 as stated in note 2 above:

As at 31 December 2006	Previously stated RM'000	Reclassified RM'000
Property, Plant and Equipment	52,734	51,900
Prepaid land lease payments	-	834

4. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report for the audited financial statements of Group for the year ended 31 December 2006 was not subject to any qualification

5. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The business of the Group was not affected materially by any seasonally or cyclical factors for the quarter under review.

6. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There are no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current quarter and financial period-to-date

7. CHANGES IN ESTIMATES

There were no material changes in the estimates used for the presentation of this interim financial statements.

8. DEBT AND EQUITY SECURITIES

Save as disclosed below, there were no issuances, cancellations, repurchases, resales and repayments of debt and equity securities, for the current quarter and financial year-to-date.

During the second quarter ended 30 June 2007, the issued and paid-up share capital was increased from 92,000,000 ordinary shares of RM0.50 each to 121,440,000 ordinary shares of RM0.50 each by the issuance of 29,440,000 new ordinary shares of RM0.50 each pursuant to the Bonus Issue on the basis of eight (8) shares for every twenty five (25) shares held on 22 June 2007. The additional 29,440,000 new shares were listed and quoted on the Second Board of Bursa Malaysia Securities Berhad on 27 June 2007.

9. DIVIDENDS PAID

No dividend was paid during the three months period ended 30 June 2007.

10. SEGMENTAL INFORMATION

(a) Primary reporting segment - Business segment

The Group operates principally in Malaysia and is organised into two main business segments:

- extrusion and fabrication
- aluminium billets and tolling

10. SEGMENTAL INFORMATION (CON'D)

<u>Six months ended 30.06.2007</u>	Extrusion and fabrication RM'000	Aluminium billets and tolling RM'000	Others RM'000	Total RM'000
Revenue				
Total sales	43,720	41,354	-	85,074
Inter-segment sales	-	-	-	-
External sales	43,720	41,354	-	85,074
Results				
Profit from operations	5,639	2,906	(172)	8,373
Finance costs				(2,260)
Taxation				(982)
Profit after taxation				5,131
Assets				
Segment assets	105,963	61,625	108	167,696
Liabilities				
Segment liabilities	63,931	32,505	1,264	97,700
Other information:				
Capital expenditure	940	587	-	1,527
Depreciation	1,530	238	-	1,768
Non-cash expenses other than depreciation	-	-	-	-
<u>Six months ended 30.06.2006</u>				
Revenue				
Total sales	36,197	36,008	-	72,205
Inter-segment sales	-	-	-	-
External sales	36,197	36,008	-	72,205
Results				
Profit from operations	5,325	3,087	(12)	8,400
Finance costs				(1,836)
Taxation				(1,052)
Profit after taxation				5,512
Assets				
Segment assets	84,439	46,892	1,072	132,403
Liabilities				
Segment liabilities	45,436	25,253	21	70,710
Other information:				
Capital expenditure	10,201	2,140	-	12,341
Depreciation	1,138	130	-	1,268
Non-cash expenses other than depreciation	-	-	-	-

10. SEGMENTAL INFORMATION (CON'D)

(b) Secondary reporting segment - Geographical segment

No geographical segment information is presented as the Group operates principally in Malaysia.

11. Valuation of Property, Plant & Equipment

The valuations of property, plant and equipment have been brought forward without any amendments from the previous audited financial statements for the year ended 31 December 2006.

12. SUBSEQUENT EVENTS

There were no material events subsequent to the end of the current quarter except for the following:

On 23 July 2007, the listing of and quotation for the entire issued and paid-up share capital of 121,440,000 ordinary shares of RM0.50 each of the Company was transferred to the Main Board of Bursa Malaysia Securities Berhad.

13. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the financial period under review.

14. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2006.

15. CAPITAL COMMITMENTS

There was no material capital commitment as at 30 June 2007.

**PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF
THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

16. PERFORMANCE REVIEW

During the three months ended 30 June 2007, the Group recorded revenue of RM45.02 million as compared to RM40.02 million for the preceding year corresponding quarter, an advancement of approximately 12%. However, Group profit before taxation decreased from RM4.01 million for the preceding year corresponding quarter to RM3.18 million for the current quarter, a drop of approximately 21%. The performance has been mainly affected by intense price competition from both local and neighbouring countries' aluminium suppliers during the quarter.

17. QUARTERLY RESULTS COMPARISON

The Group achieved revenue of RM45.02 million for the current quarter under review, RM4.96 million higher than the RM40.06 million recorded in the immediate preceding quarter. The immediate preceding quarter was a lean period interrupted with long holidays and accordingly has lower revenue.

In line with the increase in revenue, after-tax profit for the current quarter improved to RM2.73 million as compared to RM2.41 million reported in the immediate preceding quarter.

18. CURRENT YEAR PROSPECTS

Barring unforeseen circumstances, the directors expect the Group's performance to improve during the remaining quarters in the current year.

19. PROFIT FORECAST OR PROFIT GUARANTEE

No profit forecast or profit guarantee has been issued by the Group.

20. RELATED PARTY DISCLOSURES

	RM'000
(i) Purchase of extrusion die from a company in which the director / substantial shareholder is connected to an executive director of the Company	
- Transaction amount	189
- Amount outstanding (unsecured)	39
	<u>228</u>

The directors are of the opinion that the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

(ii) Compensation of key management personnel for the period ended 30 June 2007 is as follows:

	Executive Director RM'000	Non Executive Director RM'000	Other Senior Personnel RM'000	Total RM'000
Short term employment benefit	666	-	148	814
Post-employment benefit	136	-	18	154
	<u>802</u>	<u>-</u>	<u>166</u>	<u>968</u>

21. TAXATION

	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30.06.2007	30.06.2006	30.06.2007	30.06.2006
	RM'000	RM'000	RM'000	RM'000
Current taxation	180	296	377	483
Deferred taxation	270	343	605	570
	<u>450</u>	<u>638</u>	<u>982</u>	<u>1,052</u>

22. SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

There were no disposals of unquoted investments and properties during the financial period under review.

23. MARKETABLE SECURITIES

The Group did not deal in any quoted investments.

24. STATUS OF CORPORATE PROPOSALS

During the quarter under review, the Company completed its Bonus Issue of 29,440,000 new ordinary shares of

RM0.50 each. The Bonus Shares were listed on the Bursa Malaysia Securities Berhad on 27 June 2007.

On 23 July 2007, the listing of and quotation for the entire issued and paid-up share capital of 121,440,000 ordinary shares of RM0.50 each of the Company was transferred to the Main Board of Bursa Malaysia Securities Berhad.

25. GROUP BORROWINGS AND DEBT SECURITIES

The Group's borrowings as at 30 June 2007 comprise the following:-

	RM'000	RM'000
(a) Current		
Bank overdrafts (Secured)	120	
Trade bills payable (Secured)	81,926	
Hire purchase liabilities	<u>2,251</u>	84,297
Current portion of term loans		<u>691</u>
		<u>84,988</u>
(b) Non-current		
Term loans		2,189
Hire purchase liabilities		<u>1,861</u>
		<u>4,050</u>

The above banking securities of the Group are secured by way of :-

- The Group's freehold land and factory buildings;
- The Group's leasehold land and building;
- Fixed deposits of the Group.
- Corporate guarantee given by the Company; and
- Joint and several guarantee by certain directors of the Group

26. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There are no financial instruments with off balance sheet risk as at the date of the issue of this quarterly report.

27. CHANGES IN MATERIAL LITIGATIONS

There were no material litigation against the Company and its subsidiaries.

28. DIVIDEND PAYABLE

No dividend has been recommended for the current quarter.

A Final Dividend of 1.5 sen per share less 27% income tax amounting to a total of RM1,007,400 in respect of the financial year ended 31 December 2006, was declared and approved at the Second Annual General Meeting held on 28 May 2007.

The above Final Dividend was paid on 3 July 2007 to Depositors registered in the record of Depositors at the close of Business on 8 June 2007.

29. EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period.

	Current 30.06.2007	Cumulative 30.06.2007
Net profit for the period (RM'000)	2,725	5,131
Weighted average number of ordinary shares in issue ('000)	121,440	121,440
Basic earnings per share (sen)	2.24	4.23

30. AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of directors in accordance with a resolution of the directors on 27 August 2007.