

P.A. RESOURCES BERHAD (Company No. 664612-X)
(Incorporated in Malaysia)

P.A. RESOURCES BERHAD

Unaudited Interim Financial Statements

For Quarter Ended 30 September 2007

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2007
(The figures have not been audited)

	As at 30.09.2007 RM'000	As at 31.12.2006 RM'000 Audited
ASSETS		
Non-current assets		
Property, plant and equipment	52,373	51,900
Current assets		
Inventories	48,270	40,312
Prepaid lease payment	823	834
Trade receivables	46,151	40,478
Other receivables, prepayments and deposits	2,633	4,340
Cash and bank balances	24,400	20,141
	<u>122,277</u>	<u>106,105</u>
Total assets	<u>174,650</u>	<u>158,005</u>
EQUITY		
Capital and reserves attributable to the Company's equity holders		
Share capital	60,720	46,000
Share premium	32	5,548
Reserves	11,989	14,420
	<u>72,741</u>	<u>65,968</u>
LIABILITIES		
Non-current liabilities		
Borrowings	3,278	5,477
Deferred taxation	4,715	3,740
	<u>7,993</u>	<u>9,217</u>
Current liabilities		
Trade payables	2,282	4,067
Other payables and accruals	1,773	1,803
Borrowings	89,837	76,918
Taxation	24	31
	<u>93,916</u>	<u>82,819</u>
Total liabilities	<u>101,909</u>	<u>92,037</u>
Total equity and liabilities	<u>174,650</u>	<u>158,005</u>
Net asset per share (sen)	59.90	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 SEPTEMBER 2007**

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.09.2007 RM'000	30.09.2006 RM'000	30.09.2007 RM'000	30.09.2006 RM'000
REVENUE	43,001	39,229	128,075	111,434
COST OF SALES	(37,034)	(33,612)	(111,021)	(95,214)
GROSS PROFIT	5,967	5,617	17,054	16,220
OTHER OPERATING INCOME	75	42	197	189
SELLING EXPENSES	(313)	(218)	(942)	(673)
ADMINISTRATION EXPENSES	(841)	(716)	(2,541)	(2,118)
OTHER OPERATING EXPENSES	(271)	(271)	(779)	(765)
PROFIT FROM OPERATIONS	4,617	4,454	12,989	12,853
FINANCE COSTS	(1,223)	(1,021)	(3,482)	(2,856)
PROFIT BEFORE TAXATION	3,394	3,433	9,507	9,997
TAXATION	(577)	(552)	(1,559)	(1,603)
PROFIT AFTER TAXATION	2,817	2,881	7,948	8,394
EARNINGS PER SHARE (sen)				
Basic #	2.32	2.37	6.54	8.08
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 SEPTEMBER 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	-	-	-	8,394	8,394
Dividend	-	-	-	(1,380)	(1,380)
Balance as at 30 September 2006	46,000	5,548	3,522	8,124	63,194
Balance as at 1 January 2007	46,000	5,548	3,475	10,945	65,968
Net profit for the period	-	-	-	7,948	7,948
Bonus Issue	14,720	(5,348)	-	(9,372)	-
Bonus Issue expenses written off	-	(168)	-	-	(168)
Net expenses not recognised in Income Statement	-	(168)	-	-	(168)
Dividend paid/payable	-	-	-	(1,007)	(1,007)
Balance as at 30 September 2007	60,720	32	3,475	8,514	72,741

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 SEPTEMBER 2007**

	9 months ended	
	30.09.2007	30.09.2006
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	9,507	9,997
Adjustments for:		
Depreciation of property, plant and equipment	2,744	2,074
Interest expenses	3,418	2,783
Interest income	(197)	(189)
Operating profit before working capital changes	15,472	14,665
Increase in inventories	(7,957)	(16,640)
Increase in receivables	(3,923)	(11,227)
Decrease in payables	(1,814)	(1,376)
Cash generated/(used) from operations	1,778	(14,578)
Interest received	197	189
Interest paid	(3,418)	(2,783)
Tax paid	(624)	(729)
Net cash outflow from operating activities	(2,067)	(17,901)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,217)	(10,711)
Shares issue expenses	(168)	(1,135)
Net cash outflow from investing activities	(3,385)	(11,846)
CASH FLOWS FROM FINANCING ACTIVITIES		
Hire purchase liabilities	(1,672)	(1,313)
Proceeds from issuance of shares	-	30,040
Net proceeds from trade bills payable	12,903	9,722
Repayment of term loans	(512)	(7,556)
Fixed deposits pledged	(1,838)	630
Final dividend paid	(1,007)	-
Net cash inflow from financing activities	7,874	31,523
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,422	1,776
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	13,090	4,534
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	15,512	6,310
Represented by:		
CASH AND CASH EQUIVALENTS		
Cash in hand and at banks	15,261	6,310
Fixed deposits with licensed banks	9,139	6,953
	24,400	13,263
Fixed deposits pledged	(8,888)	(6,953)
	15,512	6,310

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 payment made for the leasehold land represents prepaid lease payment and is amortised on the 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	As previously stated RM'000	As restated 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 was no material changes in the estimates used for the presentation of this interim financial statement.

8. DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resales and repayments of debt and equity securities, for the current quarter and financial year-to-date other than 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

A Final Dividend of 1.5 sen per share less 27% income tax amounting to RM1,007,400 in respect of the financial year ended 31 December 2006 was paid on 3 July 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

<u>Nine months ended</u> <u>30.09.2007</u>	Extrusion and fabrication RM'000	Aluminium billets and tolling RM'000	Others RM'000	Total RM'000
Revenue				
Total sales	66,271	61,804	-	128,075
Inter-segment sales	-	-	-	-
External sales	<u>66,271</u>	<u>61,804</u>	<u>-</u>	<u>128,075</u>
Results				
Profit from operations	8,789	4,434	(234)	12,989
Finance costs				(3,482)
Taxation				(1,559)
Profit after taxation				<u>7,948</u>
Assets				
Segment assets	109,409	65,120	121	174,650
Liabilities				
Segment liabilities	65,219	36,472	218	101,909
Other information:				
Capital expenditure	2,025	1,192	-	3,217
Depreciation	2,381	363	-	2,744
Non-cash expenses other than depreciation	-	-	-	-

10. SEGMENTAL INFORMATION (CON'D)

<u>Nine months ended</u> <u>30.09.2006</u>	Extrusion and fabrication RM'000	Aluminium billets and tolling RM'000	Others RM'000	Total RM'000
Revenue				
Total sales	55,747	55,687	-	111,434
Inter-segment sales	-	-	-	-
External sales	<u>55,747</u>	<u>55,687</u>	<u>-</u>	<u>111,434</u>
Results				
Profit from operations	8,156	4,722	(25)	12,853
Finance costs				(2,856)
Taxation				(1,603)
Profit after taxation				<u>8,394</u>
Assets				
Segment assets	88,652	51,883	2,017	142,552
Liabilities				
Segment liabilities	47,061	30,888	1,409	79,358
Other information:				
Capital expenditure	11,609	3,938	-	15,547
Depreciation	1,877	219	-	2,096
Non-cash expenses other than depreciation	-	-	-	-

(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 as mentioned in paragraph 24.

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

Capital commitment not provided in the interim financial statements as at 30 September 2007 is as follows:

Approved and contracted for	RM'000 <u>4,057</u>
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PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

16. PERFORMANCE REVIEW

For the quarter under review, the Group reported a revenue of RM43.00 million, an increase of 10% compared to RM39.23 million for the preceding year corresponding quarter. However, Group profit before taxation was slightly lower at RM3.39 million for the current quarter, as compared to RM3.43 million recorded in the preceding year corresponding quarter. The performance has been mainly affected by intense price competition.

17. QUARTERLY RESULTS COMPARISON

The Group achieved revenue of RM43.00 million for the current quarter under review, RM2.02 million lower than the RM45.02 million recorded in the immediate preceding quarter. After-tax profit for the current quarter, however, increased to RM2.8 million, as compared to RM2.7 million recorded 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

(i) Purchase of extrusion die from a company in which the director / substantial shareholder is connected to an executive director of the Company	RM'000
- Transaction amount	95
- Amount outstanding (unsecured)	-

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.

20. RELATED PARTY DISCLOSURES (CON'D)

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

	Executive Director RM'000	Non Executive Director RM'000	Other Senior Personel RM'000	Total RM'000
(a) Short term employment benefit				
- Amount paid	783	-	198	981
- Provision	196	77	23	296
(b) Post-employment benefit				
- Amount paid	98	-	25	123
- Provision	23	-	3	26
(c) Benefit In kind	21	-	2	23
	<u>1,121</u>	<u>77</u>	<u>251</u>	<u>1,449</u>

21. TAXATION

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.09.2007 RM'000	30.09.2006 RM'000	30.09.2007 RM'000	30.09.2006 RM'000
Current taxation	207	253	584	735
Deferred taxation	370	299	975	868
	<u>577</u>	<u>552</u>	<u>1,559</u>	<u>1,603</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

- (i) During the quarter under review, 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 on 23 July 2007.
- (ii) On 27 August 2007, the Board of P.A. Resources Berhad (“PA”) announced that the Company proposes to implement a private placement of up to 12,144,000 new ordinary share of RM0.50 each in PA (“Placement Shares”), representing not more than ten percent (10%) of its present issued and paid-up share capital of the Company, to investor to be identified later (“Proposed Private Placement”)

The Company has obtained the shareholders’ approval at its Annual General Meeting held on 28 May 2007, to allot and issue new PA Shares from time to time and upon such terms and conditions and for such purpose as the Board may deem fit provided the aggregate number of PA Shares to be issued shall not exceed ten percent (10%) of the issued and paid-up share capital of the Company pursuant to Section 132D of the Companies Act, 1965.

The approval from the SC was obtained vide its letter dated 4 September, 2007 and the Ministry of International Trade and Industry has given its approval vide its letter dated 1 October 2007. Bursa Malaysia Securities Berhad had vide its letter dated 9 October, 2007, granted its approval-in-principle for the listing of the Placement Shares.

25. GROUP BORROWINGS AND DEBT SECURITIES

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

	RM'000	RM'000
(a) Current		
Trade bills payable (Secured)	86,855	
Hire purchase liabilities	<u>2,276</u>	89,131
Current portion of term loans		<u>706</u>
		<u>89,837</u>
(b) Non-current		
Term loans		2,000
Hire purchase liabilities		<u>1,278</u>
		<u>3,278</u>

25. GROUP BORROWINGS AND DEBT SECURITIES (CON'D)

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

- (a) The Group's freehold land and factory buildings;
- (b) The Group's leasehold land and building;
- (c) Fixed deposits of the Group;
- (d) Corporate guarantee given by the Company; and
- (e) Joint and several guarantees 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

No dividend has been recommended for the current quarter.

29. EARNINGS PER SHARE

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

	Current 30.09.2007	Cumulative 30.09.2007
Net profit for the period (RM'000)	2,817	7,948
Weighted average number of ordinary shares in issue ('000)	121,440	121,440
Basic earnings per share (sen)	2.32	6.54

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 26 November 2007.