

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 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 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.

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 the 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. 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 successfully transferred to the Main Board of Bursa Malaysia Securities Berhad.

P.A. RESOURCES BERHAD (664612-X)
(Incorporated in Malaysia)

9. DIVIDENDS PAID

There was no dividend paid during the financial quarter ended 31 December 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>Twelve months ended</u> <u>31.12.2007</u>	Extrusion and fabrication RM'000	Aluminium billets and tolling RM'000	Others RM'000	Total RM'000
Revenue				
Total sales	93,933	85,457	-	179,390
Inter-segment sales	-	-	-	-
External sales	<u>93,933</u>	<u>85,457</u>	<u>-</u>	<u>179,390</u>
Results				
Profit from operations	12,436	6,254	(299)	18,392
Finance costs				(4,771)
Taxation				(2,171)
Profit after taxation				<u>11,450</u>
Assets				
Segment assets	112,497	71,437	119	184,053
Liabilities				
Segment liabilities	64,850	42,797	1,960	109,607
Other information:				
Capital expenditure	6,410	5,494	-	11,904
Depreciation	3,173	492	-	3,665
Non-cash expenses other than depreciation	-	-	-	-

P.A. RESOURCES BERHAD (664612-X)
(Incorporated in Malaysia)

10. SEGMENTAL INFORMATION (CON'D)

<u>Twelve months ended</u> <u>31.12.2006</u>	Extrusion and fabrication RM'000	Aluminium billets and tolling RM'000	Others RM'000	Total RM'000
Revenue				
Total sales	76,294	78,873	29	155,196
Inter-segment sales	-	-	-	-
External sales	<u>76,294</u>	<u>78,873</u>	<u>29</u>	<u>155,196</u>
Results				
Profit from operations	10,477	6,952	(124)	17,305
Finance costs				(4,003)
Taxation				(2,135)
Profit after taxation				<u>11,167</u>
Assets				
Segment assets	99,589	58,312	103	<u>158,004</u>
Liabilities				
Segment liabilities	60,406	31,505	125	<u>92,036</u>
Other information:				
Capital expenditure	12,835	4,112	-	16,947
Depreciation	2,570	339	-	2,909
Non-cash expenses other than depreciation	16	-	-	16

(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 except for the adjustment arising from the adoption of FRS 117: Lease as stated in note 3.

12. SUBSEQUENT EVENTS

There were no material events subsequent to the end of the current quarter.

13. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter and financial period other than mentioned below:

- a. On 20 December 2007, P.A. Resources (Australia) Pty Ltd ["PAA"], a wholly owned subsidiary of the Company was incorporated in Melbourne, Australia with an authorised share capital of AUD\$100,000 and paid up of 1 share with the par value of AUD\$100.

PAA's principal business is in marketing, sales and distribution of aluminium products and commenced operations in the first quarter of 2008.

- b. On 28 December 2007, P.A. (Labuan) Ltd ["PAL"], a wholly owned subsidiary of the Company was incorporated in Federal Territory of Labuan, Malaysia with an authorised share capital of USD\$10,000 and paid up of 1 share with the par value of USD\$1.

PAL is principally an investment company and is expected to commence operation in the first quarter of 2008

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 31 December 2007.

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 RM51.3 million, an increase of 17.4% compared to RM43.7 million for the preceding year corresponding quarter. As a result of the improved revenue, Group profit before taxation increased from RM3.3 million for the preceding year corresponding quarter to RM4.1 million for the current quarter, an improvement of approximately 24.2%.

17. QUARTERLY RESULTS COMPARISON

The Group achieved revenue of RM51.3 million for the current quarter under review, an improvement from the RM43.0 million recorded in the immediate preceding quarter, an advancement of approximately 19.3%. Group profit before taxation increased to RM4.1 million for the current quarter as compared to RM3.4 million recorded in the immediate preceding quarter, an improvement of approximately 20.6%.

18. CURRENT YEAR PROSPECTS

Barring unforeseen circumstances, the directors expect the revenue from both the local and overseas market to continue to improve and contribute positively to the Group's performances.

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.

P.A. RESOURCES BERHAD (664612-X)
(Incorporated in Malaysia)

20. RELATED PARTY DISCLOSURES (CON'D)

- (ii) Compensation of key management personnel for the period ended 31 December 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	1,044	-	264	1,308
- Provision	174	102	41	317
(b) Post-employment benefit				
- Amount paid	130	-	34	164
- Provision	21	-	5	26
(c) Benefit In kind	28	-	2	30
	<u>1,397</u>	<u>102</u>	<u>346</u>	<u>1,845</u>

21. TAXATION

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
	RM'000	RM'000	RM'000	RM'000
Current taxation	280	(129)	865	606
Deferred taxation	332	660	1,306	1,529
	<u>612</u>	<u>531</u>	<u>2,171</u>	<u>2,135</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

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.

The Proposed Private Placement is now pending implementation.

25. GROUP BORROWINGS AND DEBT SECURITIES

The Group's borrowings as at 31 December 2007 comprise the following:-

	RM'000	RM'000
(a) Current		
Trade bills payable (Secured)	91,829	
Hire purchase liabilities	<u>2,204</u>	94,033
Current portion of term loans		<u>722</u>
		<u>94,755</u>
(b) Non-current		
Term loans		1,806
Hire purchase liabilities		<u>794</u>
		<u>2,600</u>

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

The directors had declared an interim dividend of 2.0 sen per share less 26% income tax amounting to a total of RM1,797,312 in respect of the financial year ending 31 December 2007. Other features of the interim dividend are as follows:

- Entitlement date: 7 January 2008
- Payment date: 18 January 2008

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 31.12.2007	Cumulative 31.12.2007
Net profit for the period (RM'000)	3,535	11,450
Weighted average number of ordinary shares in issue ('000)	121,440	121,440
Basic earnings per share (sen)	2.88	9.43

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 February 2008.