

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

P.A. RESOURCES BERHAD

Unaudited Interim Financial Statements

For Quarter Ended 31 March 2008

P.A. RESOURCES BERHAD (664612-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2008**

(The figures have not been audited)

	As at 31-Mar-08 RM'000	As at 31-Dec-07 RM'000 Audited
ASSETS		
Non-current assets		
Property, plant and equipment	64,545	60,303
Prepaid land lease payments	815	819
	<u>65,360</u>	<u>61,122</u>
Current assets		
Inventories	52,174	48,761
Trade receivables	49,421	48,571
Other receivables, prepayments and deposits	1,136	6,168
Cash and bank balances	19,297	21,940
	<u>122,028</u>	<u>125,440</u>
Total assets	<u><u>187,388</u></u>	<u><u>186,562</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	60,720	60,720
Share premium	32	32
Reserves	17,296	14,292
Total equity	<u>78,048</u>	<u>75,044</u>
LIABILITIES		
Non-current liabilities		
Borrowings	1,993	2,640
Deferred taxation	4,885	4,563
	<u>6,878</u>	<u>7,203</u>
Current liabilities		
Trade payables	1,338	3,738
Other payables and accruals	3,810	3,883
Dividend payable	-	1,797
Borrowings	97,122	94,716
Taxation	192	181
	<u>102,462</u>	<u>104,315</u>
Total liabilities	<u>109,340</u>	<u>111,518</u>
Total equity and liabilities	<u><u>187,388</u></u>	<u><u>186,562</u></u>
Net asset per share (sen)	64.27	61.80

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2008**

(The figures have not been audited)

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31-Mar-08 RM'000	31-Mar-07 RM'000	31-Mar-08 RM'000	31-Mar-07 RM'000
REVENUE	46,521	40,057	46,521	40,057
COST OF SALES	(40,219)	(34,629)	(40,219)	(34,629)
GROSS PROFIT	6,302	5,428	6,302	5,428
OTHER OPERATING INCOME	94	34	94	34
SELLING EXPENSES	(336)	(320)	(336)	(320)
ADMINISTRATION EXPENSES	(989)	(802)	(989)	(802)
OTHER OPERATING EXPENSES	(246)	(255)	(246)	(255)
PROFIT FROM OPERATIONS	4,825	4,085	4,825	4,085
FINANCE COSTS	(1,266)	(1,147)	(1,266)	(1,147)
PROFIT BEFORE TAXATION	3,559	2,938	3,559	2,938
TAXATION	(555)	(532)	(555)	(532)
PROFIT AFTER TAXATION	3,004	2,406	3,004	2,406
EARNINGS PER SHARE (sen)				
Basic #	2.47	1.98	2.47	1.98
Diluted *	N/A	N/A	N/A	N/A

Adjusted for Bonus Issue

* Not applicable

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2007 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 31 MARCH 2008**

(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 2007	46,000	5,548	3,475	10,945	65,968
Net profit for the period	-	-	-	2,406	2,406
Balance as at 31 March 2007	46,000	5,548	3,475	13,351	68,374
Balance as at 1 January 2008	60,720	32	3,614	10,678	75,044
Net profit for the period	-	-	-	3,004	3,004
Balance as at 31 March 2008	60,720	32	3,614	13,682	78,048

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

P.A. RESOURCES BERHAD (664612-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2008**

(The figures have not been audited)

	3 months ended	
	31-Mar-08	31-Mar-07
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,559	2,938
Adjustments for:		
Allowance for doubtful debts	-	-
Depreciation of property, plant and equipment	1,039	886
Interest expenses	1,220	1,121
Interest income	(94)	(34)
Operating profit before working capital changes	5,724	4,911
Increase in inventories	(3,413)	(2,170)
Decrease in receivables	4,163	1,668
Decrease in payables	(2,473)	(3,242)
Cash generated from operations	4,001	1,167
Interest received	94	34
Interest paid	(1,220)	(1,121)
Income tax paid	(204)	(186)
Net cash generated from / (used in) operating activities	2,671	(106)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(5,276)	(480)
Net cash used in investing activities	(5,276)	(480)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short term borrowings	320	5,561
Payment of term loans	(182)	(168)
Payment of hire purchase liabilities	(563)	(577)
Increase in fixed deposits pledged	(93)	(244)
Dividend paid	(1,797)	-
Net cash (used in) / generated from financing activities	(2,315)	4,572
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(4,920)	3,986
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	12,852	13,090
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	7,932	17,076
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Deposits, cash in hand and at banks	19,297	24,369
Overdrafts	(2,185)	-
Fixed deposits pledged	(9,180)	(7,293)
	7,932	17,076

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE INTERIM FINANCIAL REPORT

(The figures have not been audited)

PART A – EXPLANATORY NOTES PURSUANT TO FRS 134

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 of the Group for the year ended 31 December 2007. These explanatory notes attached to the interim financial report provides an explanation of the events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2007.

2. CHANGES IN ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted in the financial statements for the financial year ended 31 December 2007 except for the adoption of the following new/revised Financial Reporting Standards (FRS) effective for financial period beginning 1 January 2008:

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 134	Interim Financial Reporting
FRS 137	Provision, Contingent Liabilities and Contingent Assets
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates – net investment in foreign operation

The adoption of the above mentioned FRSs do not have any significant financial impact on the financial statements of the Group upon their initial application.

3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report for the audited financial statements of the Group for the year ended 31 December 2007 was not subject to any qualification.

4. 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.

5. 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.

6. CHANGES IN ESTIMATES

There was no material changes in the estimates used for the presentation of this interim financial statement.

7. DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resales and repayments of debt and equity securities, for the current quarter and financial period ended 31 March 2008.

8. DIVIDENDS PAID

An Interim Dividend of 2.0 sen per share on 121,440,000 ordinary shares less tax amounting to RM1,797,312 in respect of the financial year ended 31 December 2007 was declared on 26 November 2006 and paid on 18 January 2008.

9. 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>Three months ended</u> <u>31-Mar-2008</u>	Extrusion and fabrication RM'000	Aluminium billets and tolling RM'000	Others RM'000	Total RM'000
Revenue				
Total sales	25,142	21,379	-	46,521
Inter-segment sales	-	-	-	-
External sales	<u>25,142</u>	<u>21,379</u>	<u>-</u>	<u>46,521</u>
Results				
Profit from operations	3,235	1,733	(143)	4,825
Finance costs				(1,266)
Taxation				(555)
Profit after taxation				<u><u>3,004</u></u>
Assets				
Segment assets	116,543	70,736	109	187,388
Liabilities				
Segment liabilities	(64,602)	(44,469)	(269)	(109,340)
Other information:				
Capital expenditure	4,270	1,007	-	5,277
Depreciation	902	137	-	1,039
Non-cash expenses other than depreciation	-	-	-	-

9. SEGMENTAL INFORMATION (CON'D)

<u>Three months ended</u> <u>31-Mar-2007</u>	Extrusion and fabrication RM'000	Aluminium billets and tolling RM'000	Others RM'000	Total RM'000
Revenue				
Total sales	20,116	19,941	-	40,057
Inter-segment sales	-	-	-	-
External sales	<u>20,116</u>	<u>19,941</u>	<u>-</u>	<u>40,057</u>
Results				
Profit from operations	2,679	1,438	(32)	4,085
Finance costs				(1,147)
Taxation				(532)
Profit after taxation				<u>2,406</u>
Assets				
Segment assets	100,258	58,524	14,631	173,413
Liabilities				
Segment liabilities	71,125	33,797	149	105,071
Other information:				
Capital expenditure	266	214	-	480
Depreciation	767	119	-	886
Non-cash expenses other than depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(b) Secondary reporting segment - Geographical segment

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

10. 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 2007.

11. SUBSEQUENT EVENTS

There were no material events subsequent to the end of the current quarter other than as mentioned in Note 24.

12. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter and financial period to date.

13. 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 2007.

14. CAPITAL COMMITMENTS

There was no material capital commitment as at 31 March 2008.

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

15. PERFORMANCE REVIEW

For the quarter under review, the Group reported a revenue of RM46.5 million, an increase of 16.0% compared to RM40.06 million for the preceding year corresponding quarter. As a result of the improved revenue, Group profit before taxation increased from RM2.9 million for the preceding year corresponding quarter to RM3.6 million for the current quarter, an improvement of 24.1%.

16. QUARTERLY RESULTS COMPARISON

The Group achieved revenue of RM46.5 million for the current quarter under review, as compared to RM51.3 million recorded in the immediate preceding quarter. The drop in revenue is inevitable as the performance is affected by seasonal holidays during the current quarter. As a result, the Group profit before taxation has achieved RM3.6 million for the current quarter as compared to RM4.3 million reported in the immediate preceding quarter.

17. 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.

18. PROFIT FORECAST OR PROFIT GUARANTEE

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

19. RELATED PARTY TRANSACTIONS

- (i) There were no related party transactions entered into by the Company and/or its subsidiaries during the financial period to date.
- (ii) There were no transactions with the directors and key management personnel other than the remuneration package paid to them in accordance with the terms and conditions of their appointment.

19. RELATED PARTY TRANSACTIONS (CON'D)

Compensation of key management personnel for the period ended 31 March 2008 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	261	-	66	327
- Provision	65	31	12	108
(b) Post-employment benefit				
- Amount paid	33	-	8	41
- Provision	8	-	2	10
(c) Benefit In kind	7	-	-	7
	<u>374</u>	<u>31</u>	<u>88</u>	<u>493</u>

20. TAXATION

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
Taxation based on profit for the period:	31.03.2008	31.03.2007	31.03.2008	31.03.2007
	RM'000	RM'000	RM'000	RM'000
Current	233	197	233	197
Deferred	322	335	322	335
	<u>555</u>	<u>532</u>	<u>555</u>	<u>532</u>

Tax provided for the current quarter and period is in respect of profit made by certain companies in the Group.

21. SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

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

22. MARKETABLE SECURITIES

The Group did not deal in any quoted investments.

23. 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 investors 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.

SC had vide its letter dated 4 March 2008 approved the Company’s application for an extension of time for a further 6 months to complete the implementation of the Proposed Private Placement.

On 17 April, 2008, the Company has fixed an issue price of RM0.86 per placement share for the first and final tranche of the placement shares, comprising 12,144,000 placement shares. The 12,144,000 new ordinary shares was listed and quoted on the Main Board of Bursa Malaysia on 28 April, 2008.

24. GROUP BORROWINGS

The Group's borrowings as at 31 March 2008 comprise the following:-

	RM'000	RM'000
(a) Current		
Bank overdrafts (Secured)	2,185	
Trade bills payable (Secured)	92,149	
Hire purchase liabilities	2,049	96,383
Current portion of term loans		739
		97,122
(b) Non-current		
Term loans		1,608
Hire purchase liabilities		385
		1,993

24. GROUP BORROWINGS (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.

25. 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.

26. CHANGES IN MATERIAL LITIGATIONS

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

27. DIVIDEND

No dividend has been recommended for the current quarter.

For the financial year ended 31 December 2007, the Board of Directors had proposed a final dividend of 2.5 sen per share less tax amounting to RM2,471,304 for shareholders' approval at the forthcoming Annual General Meeting.

- Dividend entitlement date: 3 July 2008
- Dividend payment date: 18 July 2008

28. 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-Mar-2008	Cumulative 31-Mar-2008
Net profit for the period (RM'000)	3,004	3,004
Weighted average number of ordinary shares in issue ('000)	121,440	121,440
Basic earnings per share (sen)	2.47	2.47

29. 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 28 May 2008.