

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

**P.A. RESOURCES BERHAD**

Unaudited Interim Financial Statements

**For Quarter Ended 30 June 2008**

**P.A. RESOURCES BERHAD (664612-X)**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED BALANCE SHEET****AS AT 30 JUNE 2008**

(The figures have not been audited)

	<b>As at 30-Jun-08 RM'000</b>	<b>As at 31-Dec-07 RM'000 Audited</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	64,946	60,303
Prepaid land lease payments	811	819
	<u>65,757</u>	<u>61,122</u>
<b>Current assets</b>		
Inventories	52,371	48,761
Trade receivables	46,599	48,571
Other receivables, prepayments and deposits	2,162	6,168
Cash and bank balances	26,060	21,940
	<u>127,192</u>	<u>125,440</u>
<b>Total assets</b>	<u>192,949</u>	<u>186,562</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	66,792	60,720
Share premium	4,215	32
Reserves	17,416	14,292
<b>Total equity</b>	<u>88,423</u>	<u>75,044</u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	1,685	2,640
Deferred taxation	5,150	4,563
	<u>6,835</u>	<u>7,203</u>
<b>Current liabilities</b>		
Trade payables	2,050	3,738
Other payables and accruals	2,347	3,883
Dividend payable	2,471	1,797
Borrowings	90,643	94,716
Taxation	180	181
	<u>97,691</u>	<u>104,315</u>
<b>Total liabilities</b>	<u>104,526</u>	<u>111,518</u>
<b>Total equity and liabilities</b>	<u>192,949</u>	<u>186,562</u>
<b>Net asset per share (sen)</b>	66.19	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 30 JUNE 2008**

(The figures have not been audited)

	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30-Jun-08 RM'000	30-Jun-07 RM'000	30-Jun-08 RM'000	30-Jun-07 RM'000
<b>REVENUE</b>	51,259	45,017	97,781	85,074
<b>COST OF SALES</b>	(45,362)	(39,362)	(85,581)	(73,986)
<b>GROSS PROFIT</b>	5,897	5,655	12,200	11,088
<b>OTHER OPERATING INCOME</b>	79	89	174	123
<b>SELLING EXPENSES</b>	(341)	(309)	(666)	(629)
<b>ADMINISTRATION EXPENSES</b>	(985)	(898)	(1,885)	(1,701)
<b>OTHER OPERATING EXPENSES</b>	(348)	(249)	(693)	(508)
<b>PROFIT FROM OPERATIONS</b>	4,302	4,288	9,130	8,373
<b>FINANCE COSTS</b>	(1,251)	(1,113)	(2,515)	(2,260)
<b>PROFIT BEFORE TAXATION</b>	3,051	3,175	6,615	6,113
<b>TAXATION</b>	(473)	(450)	(1,029)	(982)
<b>PROFIT AFTER TAXATION</b>	2,578	2,725	5,586	5,131
<b>EARNINGS PER SHARE (sen)</b>				
Basic #	1.97	2.24	4.43	4.23
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 30 JUNE 2008**

(The figure have not been audited)

	<-----Non-distributable----->				<i>Distributable</i>	<b>Total Equity RM'000</b>
	<b>Share Capital RM'000</b>	<b>Share Premium RM'000</b>	<b>Revaluation Reserves RM'000</b>	<b>Translation Reserve RM'000</b>	<b>Revenue Reserve RM'000</b>	
<b>Balance as at 1 January 2007</b>	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)
<b>Balance as at 30 June 2007</b>	<b>60,720</b>	<b>84</b>	<b>3,475</b>	<b>-</b>	<b>5,697</b>	<b>69,976</b>
<b>Balance as at 1 January 2008</b>	<b>60,720</b>	<b>32</b>	<b>3,614</b>	<b>-</b>	<b>10,678</b>	<b>75,044</b>
Net profit for the period	-	-	-	-	5,586	5,586
Issue of 12,144,000 new share of RM0.50 each by way of Private Placement	6,072	4,372	-	-	-	10,444
Share Issue expenses written off	-	(189)	-	-	-	(189)
Foreign exchange translation differences	-	-	-	9	-	9
Net expenses not recognised in Income Statement	-	(189)	-	9	-	(180)
Dividend payable	-	-	-	-	(2,471)	(2,471)
<b>Balance as at 30 June 2008</b>	<b>66,792</b>	<b>4,215</b>	<b>3,614</b>	<b>9</b>	<b>13,793</b>	<b>88,423</b>

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 30 JUNE 2008**

(The figures have not been audited)

	6 months ended	
	30-Jun-08 RM'000	30-Jun-07 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	6,615	6,113
Adjustments for:		
Depreciation of property, plant and equipment	2,145	1,784
Amortisation of prepaid land lease payments	8	8
Interest expenses	2,440	2,216
Interest income	(174)	(123)
Operating profit before working capital changes	11,034	9,998
Increase in inventories	(3,609)	(5,622)
Decrease / (Increase) in receivables	5,958	(2,324)
Decrease in payables	(3,225)	(2,574)
Cash generated from / (used in) operations	10,158	(522)
Interest received	174	123
Interest paid	(2,440)	(2,216)
Income tax paid	(423)	(405)
Net cash generated from / (used in) operating activities	7,469	(3,019)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(6,789)	(2,377)
Payment for share issue expenses	(189)	(116)
Net cash used in investing activities	(6,978)	(2,493)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net change in short term borrowings	(3,740)	7,855
Proceeds from issuance of shares	10,444	-
Repayment of term loans	(368)	(338)
Repayment of hire purchase liabilities	(1,110)	(1,114)
Increase in fixed deposits	(167)	(1,631)
Dividend paid	(1,797)	-
Net cash generated from financing activities	3,262	4,772
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	3,753	(740)
Effect of foreign exchange fluctuations	9	-
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	12,852	13,090
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	16,614	12,350
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Deposits, cash in hand and at banks	26,060	21,274
Overdrafts	(192)	-
Fixed deposits pledged	(9,254)	(8,924)
	16,614	12,350

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 30 June 2008.

**8. DIVIDENDS PAID**

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

<b><u>Six months ended</u></b> <b><u>30-Jun-2008</u></b>	<b>Extrusion and fabrication RM'000</b>	<b>Aluminium billets and tolling RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>Revenue</b>				
Total sales	52,824	44,957	-	97,781
Inter-segment sales	-	-	-	-
External sales	<u>52,824</u>	<u>44,957</u>	<u>-</u>	<u>97,781</u>
<b>Results</b>				
Profit from operations	6,086	3,374	(330)	9,130
Finance costs				(2,515)
Taxation				(1,029)
<b>Profit after taxation</b>				<u>5,586</u>
<b>Assets</b>				
Segment assets	115,624	75,019	2,306	192,949
<b>Liabilities</b>				
Segment liabilities	(64,404)	(37,329)	(2,793)	(104,526)
<b>Other information:</b>				
Capital expenditure	5,497	1,288	4	6,789
Depreciation	1,842	303	-	2,145
Amortisation of prepaid land lease payments	8	-	-	8
Non-cash expenses other than depreciation	-	-	-	-



**P.A. RESOURCES BERHAD (664612-X)**  
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**9. SEGMENTAL INFORMATION (CONT'D)**

<b><u>Six months ended</u></b> <b><u>30-Jun-2007</u></b>	<b>Extrusion and fabrication RM'000</b>	<b>Aluminium billets and tolling RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>Revenue</b>				
Total sales	43,720	41,354	-	85,074
Inter-segment sales	-	-	-	-
External sales	<u>43,720</u>	<u>41,354</u>	<u>-</u>	<u>85,074</u>
<b>Results</b>				
Profit from operations	5,639	2,906	(172)	8,373
Finance costs				(2,260)
Taxation				(982)
<b>Profit after taxation</b>				<u>5,131</u>
<b>Assets</b>				
Segment assets	105,942	61,625	109	<u>167,676</u>
<b>Liabilities</b>				
Segment liabilities	(63,929)	(32,505)	(1,266)	<u>(97,700)</u>
<b>Other information:</b>				
Capital expenditure	1,790	587	-	2,377
Depreciation	1,546	238	-	1,784
Amortisation of prepaid land lease payments	8	-	-	8
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.

**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.

**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 30 June 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 RM51.26 million, an increase of 13.9% compared to RM45.02 million for the preceding year corresponding quarter. However, Group profit before taxation decreased from RM3.18 million for the preceding year corresponding quarter to RM3.05 million for the current quarter, a drop of approximately 3.9%. The performances have been mainly affected by intense price competition from local aluminium suppliers and the initial operating cost incurred by the oversea subsidiaries during the quarter.

**16. QUARTERLY RESULTS COMPARISON**

The Group achieved revenue of RM51.26 million for the current quarter under review, RM4.74 million higher than the RM46.52 million recorded in the immediate preceding quarter. The immediate preceding quarter was traditionally a lean period interrupted with long holidays and accordingly has lower revenue.

However, after-tax profit for the current quarter dropped to RM2.58 million as compared to RM3.00 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 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.

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**19. RELATED PARTY TRANSACTIONS (CONT'D)**

Compensation of key management personnel for the period ended 30 June 2008 is as follows:

	Executive Director RM'000	Non Executive Director RM'000	Other Senior Personnel RM'000	Total RM'000
(a) Short term employment benefit				
- Amount paid	522	-	132	654
- Provision	130	63	25	218
(b) Post-employment benefit				
- Amount paid	65	-	17	82
- Provision	16	-	3	19
(c) Benefit In kind	14	-	-	14
	<u>747</u>	<u>63</u>	<u>177</u>	<u>987</u>

**20. TAXATION**

	<b>Current Quarter 3 months ended</b>		<b>Cumulative Quarter 6 months ended</b>	
Taxation based on profit for the period:	<b>30.06.2008</b>	<b>30.06.2007</b>	<b>30.06.2008</b>	<b>30.06.2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current	207	180	442	377
Deferred	266	270	587	605
	<u>473</u>	<u>450</u>	<u>1,029</u>	<u>982</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 17 April, 2008, the Company completed the Private Placement of 12,144,000 shares at the issue price of RM0.86 per share. The 12,144,000 new ordinary shares was listed and quoted on the Main Board of Bursa Malaysia on 28 April, 2008.

The proceeds of RM10,443,840 from the Private Placement was fully utilized for working capital and to meet share issue expenses (RM189,131) during the quarter under review.

**24. GROUP BORROWINGS**

The Group's borrowings as at 30 June 2008 comprise the following:-

	<b>RM'000</b>	<b>RM'000</b>
(a) Current		
Bank overdrafts (Secured)	192	
Trade bills payable (Secured)	88,088	
Hire purchase liabilities	<u>1,608</u>	89,888
Term loans		<u>755</u>
		<u><u>90,643</u></u>
(b) Non-current		
Term loans		1,406
Hire purchase liabilities		<u>279</u>
		<u><u>1,685</u></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.

**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.

A Final Dividend of 2.5 sen per share less 26% income tax amounting to a total of RM2,471,304 in respect of the financial year ended 31 December 2007, was declared and approved at the Third Annual General Meeting held on 11 June 2008.

The above Final Dividend was paid on 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.

	<b>Current Quarter 30-Jun-2008</b>	<b>Cumulative Current Period 30-Jun-2008</b>
Net profit for the period (RM'000)	2,578	5,586
Weighted average number of ordinary shares in issue ('000)	130,648	126,028
Basic earnings per share (sen)	1.97	4.43

**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 27 August 2008.