

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

P.A. RESOURCES BERHAD

Unaudited Interim Financial Statements

For Quarter Ended 30 September 2008

P.A. RESOURCES BERHAD (664612-X)

(Incorporated in Malaysia)

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

(The figures have not been audited)

	As at 30-Sep-08 RM'000	As at 31-Dec-07 RM'000 Audited
ASSETS		
Non-current assets		
Property, plant and equipment	64,130	60,303
Prepaid land lease payments	807	819
	<u>64,937</u>	<u>61,122</u>
Current assets		
Inventories	58,163	48,761
Trade receivables	51,797	48,571
Other receivables, prepayments and deposits	1,096	6,168
Cash and bank balances	20,422	21,940
	<u>131,478</u>	<u>125,440</u>
Total assets	<u>196,415</u>	<u>186,562</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	66,792	60,720
Share premium	4,215	32
Treasury shares	(420)	-
Reserves	17,777	14,292
Total equity	<u>88,364</u>	<u>75,044</u>
LIABILITIES		
Non-current liabilities		
Borrowings	1,843	2,640
Deferred taxation	5,218	4,563
	<u>7,061</u>	<u>7,203</u>
Current liabilities		
Trade payables	2,360	3,738
Other payables and accruals	1,694	3,883
Dividend payable	27	1,797
Borrowings	97,023	94,716
Taxation	(114)	181
	<u>100,990</u>	<u>104,315</u>
Total liabilities	<u>108,051</u>	<u>111,518</u>
Total equity and liabilities	<u>196,415</u>	<u>186,562</u>
Net asset per share (sen)	66.47	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 SEPTEMBER 2008**

(The figures have not been audited)

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30-Sep-08 RM'000	30-Sep-07 RM'000	30-Sep-08 RM'000	30-Sep-07 RM'000
REVENUE	52,489	43,001	150,270	128,075
COST OF SALES	(49,360)	(37,034)	(134,941)	(111,021)
GROSS PROFIT	3,129	5,967	15,329	17,054
OTHER OPERATING INCOME	122	75	296	197
SELLING EXPENSES	(64)	(313)	(745)	(942)
ADMINISTRATION EXPENSES	(1,078)	(841)	(3,073)	(2,541)
OTHER OPERATING EXPENSES	(464)	(271)	(1,033)	(779)
PROFIT FROM OPERATIONS	1,645	4,617	10,774	12,989
FINANCE COSTS	(1,200)	(1,223)	(3,715)	(3,482)
PROFIT BEFORE TAXATION	445	3,394	7,059	9,507
TAXATION	(70)	(577)	(1,098)	(1,559)
PROFIT AFTER TAXATION	375	2,817	5,961	7,948
EARNINGS PER SHARE (sen)				
Basic	0.28	2.32 #	4.64	6.54 #
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.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2008**

(The figure have not been audited)

	<-----Non-distributable----->					<i>Distributable</i>	
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserves RM'000	Treasury Shares RM'000	Translation Reserve RM'000	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	-	-	-	-	-	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	-	-	-	-	-	(1,007)	(1,007)
Balance as at 30 September 2007	60,720	32	3,475	-	-	8,514	72,741
Balance as at 1 January 2008	60,720	32	3,614	-	-	10,678	75,044
Net profit for the period	-	-	-	-	-	5,961	5,961
Issue of 12,144,000 new share of RM0.50 each by way of Private Placement	6,072	4,372	-	-	-	-	10,444
Treasury shares purchased - at cost	-	-	-	(420)	-	-	(420)
Share Issue expenses written off	-	(189)	-	-	-	-	(189)
Foreign exchange translation differences	-	-	-	-	(5)	-	(5)
Net expenses not recognised in Income Statement	-	(189)	-	-	(5)	-	(194)
Dividend paid	-	-	-	-	-	(2,471)	(2,471)
Balance as at 30 September 2008	66,792	4,215	3,614	(420)	(5)	14,168	88,364

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.

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 SEPTEMBER 2008**

(The figures have not been audited)

	9 months ended	
	30-Sep-08	30-Sep-07
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	7,059	9,507
Adjustments for:		
Depreciation of property, plant and equipment	3,270	2,733
Amortisation of prepaid land lease payments	11	11
Interest expenses	3,621	3,418
Interest income	(296)	(197)
Operating profit before working capital changes	13,666	15,472
Increase in inventories	(9,401)	(7,957)
Decrease / (Increase) in receivables	1,801	(3,923)
Decrease in payables	(3,825)	(1,814)
Cash generated from operations	2,241	1,778
Interest received	296	197
Interest paid	(3,621)	(3,418)
Income tax paid	(737)	(624)
Net cash used in operating activities	(1,822)	(2,067)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(7,018)	(3,217)
Payment for share issue expenses	(189)	(168)
Net cash used in investing activities	(7,207)	(3,385)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in short term borrowings	3,192	12,903
Proceeds from issuance of shares	10,444	-
Acquisition of treasury shares	(420)	-
Repayment of term loans	(28)	(512)
Repayment of hire purchase liabilities	(1,653)	(1,672)
Decrease/(Increase) in fixed deposits	6,752	(1,838)
Dividend paid	(4,268)	(1,007)
Net cash generated from financing activities	14,019	7,874
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	4,990	2,422
Effect of foreign exchange fluctuations	(5)	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	12,852	13,090
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	17,837	15,512
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Deposits, cash in hand and at banks	20,422	24,400
Overdrafts	-	-
Fixed deposits pledged	(2,585)	(8,888)
	17,837	15,512

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 September 2008 except as follows:

During the 3rd quarter ended 30 September 2008, the Company bought back from the open market, 654,100 ordinary shares of RM 0.50 each at an average price of RM0.6384 per share. The total consideration paid for the shares bought back including transaction cost, was RM419,665 and was financed by internally generated funds. The shares bought back mentioned above are held as treasury shares in accordance with Section 67A of the Companies Act, 1965. None of the treasury shares held were resold or cancelled. The number of treasury shares held as at 30 September 2008 was 654,100.

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8. DIVIDENDS PAID

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 paid on 18 July 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>Nine months ended</u> <u>30-Sep-2008</u>	Extrusion and fabrication RM'000	Aluminium billets and tolling RM'000	Others RM'000	Total RM'000
Revenue				
Total sales	81,265	68,995	10	150,270
Inter-segment sales	-	-	-	-
External sales	<u>81,265</u>	<u>68,995</u>	<u>10</u>	<u>150,270</u>
Results				
Profit from operations	7,235	4,076	(537)	10,774
Finance costs				(3,715)
Taxation				(1,098)
Profit after taxation				<u><u>5,961</u></u>
Assets				
Segment assets	118,308	77,699	408	196,415
Liabilities				
Segment liabilities	(71,283)	(36,560)	(208)	(108,051)
Other information:				
Capital expenditure	3,243	3,771	4	7,018
Depreciation	2,762	508	-	3,270
Amortisation of prepaid land lease payments	11	-	-	11
Non-cash expenses other than depreciation	-	-	-	-

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9. SEGMENTAL INFORMATION (CONT'D)

<u>Nine months ended</u> <u>30-Sep-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	2,370	363	-	2,733
Amortisation of prepaid land lease payments	11	-	-	11
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

As at 30 September 2008, the amount of corporate guarantees by the Company for banking facilities granted to certain subsidiaries increased from RM98,800,000 as at 31 December 2007 (last annual balance sheet) to RM122,800,000.

14. CAPITAL COMMITMENTS

There was no material capital commitment as at 30 September 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 RM52.49 million, an increase of 22.07% compared to RM43.00 million for the preceding year corresponding quarter. However, Group profit before taxation decreased from RM3.39 million for the preceding year corresponding quarter to RM0.45 million for the current quarter, a drop of approximately 86.72%. The performances have been adversely affected by intense price competition from local aluminium suppliers, higher energy cost in production and fluctuation of the LME prices during the quarter.

16. QUARTERLY RESULTS COMPARISON

The Group achieved revenue of RM52.49 million for the current quarter under review, RM1.23 million higher than the RM51.26 million recorded in the immediate preceding quarter.

However, pre-tax profit for the current quarter dropped to RM0.45 million as compared to RM3.05 million reported in the immediate preceding quarter. The pre-tax profits have been adversely affected by higher energy cost in production and fluctuation of LME prices.

17. CURRENT YEAR PROSPECTS

The Group has started to feel the impact from the current economic crisis. However, the Board has drawn up strategies to ensure that the Group is better prepared to ride through the challenging time ahead.

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 September 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	789	-	198	987
- Provision	109	88	22	219
(b) Post-employment benefit				
- Amount paid	98	-	25	123
- Provision	13	-	2	15
(c) Benefit In kind	21	-	-	21
	<u>1,030</u>	<u>88</u>	<u>247</u>	<u>1,365</u>

20. TAXATION

	30-Sep-2008 RM'000	30-Sep2007 RM'000
Current period:		
- provision for taxation	444	584
- deferred taxation	654	975
	<u>1,098</u>	<u>1,559</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.

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23. STATUS OF CORPORATE PROPOSALS

There are no corporate proposals announced but not completed at the date of this report.

24. GROUP BORROWINGS

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

	RM'000	RM'000
(a) Current		
Bank overdrafts (Secured)	-	
Trade bills payable (Secured)	85,021	
Revolving credit (Secured)	10,000	
Hire purchase liabilities	<u>1,168</u>	96,189
Term loans (Secured)		<u>834</u>
		<u>97,023</u>
(b) Non-current		
Term loans (Secured)		1,666
Hire purchase liabilities		<u>177</u>
		<u>1,843</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; and
- (d) Corporate guarantee given by the Company

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.

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 Quarter 30-Sep-2008	Cumulative Current Period 30-Sep-2008
Net profit for the period (RM'000)	375	5,961
Weighted average number of ordinary shares in issue ('000)	133,445	128,474
Basic earnings per share (sen)	0.28	4.64

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 26 November 2008.