

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

**P.A. RESOURCES BERHAD**

Unaudited Interim Financial Statements

**For Quarter Ended 31 December 2008**

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

(Incorporated in Malaysia)

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

(The figures have not been audited)

	<b>As at 31-Dec-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	68,020	60,303
Prepaid land lease payments	804	819
	<u>68,824</u>	<u>61,122</u>
<b>Current assets</b>		
Inventories	44,652	48,761
Trade receivables	41,289	48,571
Other receivables, prepayments and deposits	1,467	6,168
Cash and bank balances	20,977	21,940
	<u>108,385</u>	<u>125,440</u>
<b>Total assets</b>	<u>177,209</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
Treasury shares	(1,972)	-
Reserves	(3,651)	14,292
<b>Total equity</b>	<u>65,384</u>	<u>75,044</u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	7,458	2,640
Deferred taxation	-	4,563
	<u>7,458</u>	<u>7,203</u>
<b>Current liabilities</b>		
Trade payables	5,235	3,738
Other payables and accruals	1,968	3,883
Dividend payable	-	1,797
Borrowings	97,114	94,716
Taxation	50	181
	<u>104,367</u>	<u>104,315</u>
<b>Total liabilities</b>	<u>111,825</u>	<u>111,518</u>
<b>Total equity and liabilities</b>	<u>177,209</u>	<u>186,562</u>
<b>Net asset per share (sen)</b>	50.48	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 DECEMBER 2008**

(The figures have not been audited)

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31-Dec-08 RM'000	31-Dec-07 RM'000	31-Dec-08 RM'000	31-Dec-07 RM'000
<b>REVENUE</b>	35,079	51,404	185,351	179,478
<b>COST OF SALES</b>	(59,467)	(44,584)	(194,406)	(155,604)
<b>GROSS (LOSS) / PROFIT</b>	(24,388)	6,820	(9,055)	23,874
<b>OTHER OPERATING INCOME</b>	49	58	340	255
<b>SELLING EXPENSES</b>	(198)	(279)	(942)	(1,261)
<b>ADMINISTRATION EXPENSES</b>	(758)	(726)	(3,828)	(3,311)
<b>OTHER OPERATING EXPENSES</b>	(312)	(263)	(1,336)	(958)
<b>(LOSS) / PROFIT FROM OPERATIONS</b>	(25,607)	5,610	(14,821)	18,599
<b>FINANCE COSTS</b>	(1,481)	(1,289)	(5,196)	(4,771)
<b>(LOSS) / PROFIT BEFORE TAXATION</b>	(27,088)	4,321	(20,017)	13,828
<b>TAXATION</b>	5,699	(406)	4,601	(1,965)
<b>(LOSS) / PROFIT AFTER TAXATION</b>	(21,389)	3,915	(15,416)	11,863
<b>EARNINGS PER SHARE (sen)</b>				
Basic	(16.39)	3.22 #	(11.95)	9.77 #
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 DECEMBER 2008**

(The figure have not been audited)

	<-----Non-distributable----->					<i>Distributable</i>	
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Revaluation Reserves RM'000	Translation Reserve RM'000	Revenue Reserve RM'000	Total Equity RM'000
<b>Balance as at 1 January 2007</b>	46,000	5,548	-	3,475	-	10,945	65,968
Net profit for the period	-	-	-	-	-	11,863	11,863
Bonus Issue	14,720	(5,348)	-	-	-	(9,372)	-
Bonus Issue expenses written off	-	(168)	-	-	-	-	(168)
Net expenses not recognised in Income Statement	-	(168)	-	-	-	-	(168)
Realisation of revaluation surplus transferred	-	-	-	(46)	-	46	-
Reversal of deferred tax liability on revaluation surplus	-	-	-	185	-	-	185
Dividend paid	-	-	-	-	-	(2,804)	(2,804)
<b>Balance as at 31 December 2007</b>	60,720	32	-	3,614	-	10,678	75,044
<b>Balance as at 1 January 2008</b>	60,720	32	-	3,614	-	10,678	75,044
Net profit for the period	-	-	-	-	-	(15,416)	(15,416)
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	-	-	(1,972)	-	-	-	(1,972)
Share Issue expenses written off	-	(189)	-	-	-	-	(189)
Foreign exchange translation differences	-	-	-	-	(56)	-	(56)
Net expenses not recognised in Income Statement	-	(189)	-	-	(56)	-	(245)
Dividend paid	-	-	-	-	-	(2,471)	(2,471)
<b>Balance as at 31 December 2008</b>	66,792	4,215	(1,972)	3,614	(56)	(7,209)	65,384

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 DECEMBER 2008**

(The figures have not been audited)

	<b>12 months ended</b>	
	<b>31-Dec-08</b>	<b>31-Dec-07</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	(20,017)	13,828
Adjustments for:		
Allowance for doubtful debts	-	14
Depreciation of property, plant and equipment	4,428	3,658
Amortisation of prepaid land lease payments	15	15
Loss on disposal of property, plant and equipment	39	3
Interest expenses	5,128	4,681
Interest income	(340)	(255)
Operating (loss) / profit before working capital changes	(10,747)	21,944
Decrease / (Increase) in inventories	4,109	(8,449)
Decrease / (Increase) in receivables	11,908	(9,924)
(Decrease) / Increase in payables	(404)	1,751
(Decrease) / Increase in amount due to directors	(15)	1
Cash generated from operations	4,851	5,323
Interest received	340	255
Interest paid	(5,128)	(4,681)
Income tax paid	(145)	(818)
Net cash (used in) / generated from operating activities	(82)	79
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(12,210)	(12,065)
Investment in subsidiary companies	(98)	-
Proceeds from disposal of property, plant and equipment	30	1
Payment for share issue expenses	(189)	(168)
Net cash used in investing activities	(12,467)	(12,232)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net change in short term borrowings	3,426	17,877
Proceeds from issuance of shares	10,444	-
Acquisition of treasury shares	(1,972)	-
Drawdown of term loans	8,801	-
Repayment of term loans	(2,806)	(690)
Repayment of hire purchase liabilities	(2,205)	(2,228)
Decrease/(Increase) in fixed deposits	6,712	(2,037)
Dividend paid	(4,268)	(1,007)
Net cash generated from financing activities	18,132	11,915
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	5,583	(238)
Effect of foreign exchange fluctuations	(56)	-
<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>	18,379	12,852
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Deposits, cash in hand and at banks	21,003	21,940
Fixed deposits pledged	(2,624)	(9,088)
	18,379	12,852

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 December 2008 except as follows:

During the 4th quarter ended 31 December 2008, the Company bought back from the open market 3,402,700 ordinary shares of RM 0.50 each at an average price of RM0.4545 per share. The consideration paid for the shares bought back including transaction cost totaling of RM1,551,917 was financed by internally generated funds. All the shares bought back are held as treasury shares in accordance with Section 67A of the Companies Act, 1965. None of the treasury shares were resold or cancelled. The number of treasury shares held as at 31 December 2008 was 4,056,800.

**8. DIVIDENDS PAID**

No dividend was paid during the three months period ended 31 December 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>Twelve months ended</u></b> <b><u>31-Dec-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	100,226	85,108	17	185,351
Inter-segment sales	-	-	-	-
External sales	<u>100,226</u>	<u>85,108</u>	<u>17</u>	<u>185,351</u>
<b>Results</b>				
Loss from operations	(6,352)	(7,723)	(746)	(14,821)
Finance costs				(5,196)
Taxation				4,601
<b>Loss after taxation</b>				<u>(15,416)</u>
<b>Assets</b>				
Segment assets	111,283	65,035	891	177,209
<b>Liabilities</b>				
Segment liabilities	(74,581)	(36,950)	(294)	(111,825)
<b>Other information:</b>				
Capital expenditure	8,204	3,958	-	12,162
Depreciation	3,737	691	-	4,428
Amortisation of prepaid land lease payments	15	-	-	15
Non-cash expenses other than depreciation	-	-	-	-



**9. SEGMENTAL INFORMATION (CONT'D)**

<u>Twelve months ended</u> <u>31-Dec-2007</u>	<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	94,018	85,460	-	179,478
Inter-segment sales	-	-	-	-
External sales	<u>94,018</u>	<u>85,460</u>	<u>-</u>	<u>179,478</u>
<b>Results</b>				
Profit/(Loss) from operations	12,404	6,496	(301)	18,599
Finance costs				(4,771)
Taxation				<u>(1,956)</u>
<b>Profit after taxation</b>				<u><u>11,863</u></u>
<b>Assets</b>				
Segment assets	113,895	72,555	112	186,562
<b>Liabilities</b>				
Segment liabilities	(66,204)	(43,351)	(1,963)	<u><u>(111,518)</u></u>
<b>Other information:</b>				
Capital expenditure	6,410	5,655	-	12,065
Depreciation	3,174	484	-	3,658
Amortisation of prepaid land lease payments	15,128	15,128	-	15,128
Non-cash expenses other than depreciation	<u>13,762</u>	<u>-</u>	<u>-</u>	<u>13,762</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.

**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**

The amount of corporate guarantees for banking facilities granted by the Company to certain subsidiaries increased from RM98,800,000 as at 31 December 2007 (last annual balance sheet ) to RM122,800,000 and remain unchanged since last quarter.

**14. CAPITAL COMMITMENTS**

The capital commitments as at 31 December 2008 of the Group are as follows:

	<b>31-Dec-08</b>
	RM'000
Capital expenditures in respect of purchase of property, plant and equipment:-	
- Approved but not contracted for	<u>3,000</u>

**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 recorded a revenue of RM35.08 million, decrease approximately of 31.75% as compared to RM51.40 million for the preceding year corresponding quarter due to a drop in demand for aluminium products caused by the global economic slowdown and decline in selling price of our products. The Group incurred a pre-tax loss of RM27.08 million as compared to a pre-tax profit of RM4.32 for the preceding year corresponding quarter. The performance has been adversely affected by:-

- (i) A significant drop in selling price of aluminium products in line with the sudden sharp decline in the commodity prices during the quarter;
- (ii) The high price of raw materials, a substantial portion of which were bought during the previous quarter, resulting in the Group has suffered a considerable portion of the material cost.

**16. QUARTERLY RESULTS COMPARISON**

The Group's revenue as compared to the immediate preceding quarter has decline from RM52.49 million to RM35.08 million. The Group incurred a pre-tax loss of RM27.08 million as compared to the immediate preceding quarter pre-tax profit of RM0.45 million was due to the factors mentioned in paragraph 15 above.

**17. CURRENT YEAR PROSPECTS**

The LME price and demand for aluminum products depend on the domestic and world economy. In view of the above, the Group will place greater emphasis in inventory management and credit control.

**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.

Compensation of key management personnel for the period ended 31 December 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	1,050	-	264	1,314
- Provision	3	117	-	120
(b) Post-employment benefit				
- Amount paid	130	-	34	164
(c) Benefit In kind	28	-	-	28
	<u>1,211</u>	<u>117</u>	<u>247</u>	<u>1,626</u>

**20. TAXATION**

	Current Quarter 31-Dec-2008 RM'000	Current Year To Date 31-Dec-2008 RM'000
Current period:		
- current taxation	(481)	(38)
- deferred taxation	(5,218)	(4,563)
	<u>(5,699)</u>	<u>(4,601)</u>

No deferred tax assets have been recognized in respect of tax losses for the group.

**21. SALE OF UNQUOTED INVESTMENTS AND PROPERTIES**

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

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**22. MARKETABLE SECURITIES**

The Group did not deal in any quoted investments.

**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 31 December 2008 comprise the following:-

	<b>RM'000</b>	<b>RM'000</b>
(a) Current		
Bank overdrafts (Secured)	-	
Trade bills payable (Secured)	85,255	
Revolving credit (Secured)	10,000	
Hire purchase liabilities	<u>657</u>	95,912
Term loans (Secured)		<u>1,202</u>
		<u>97,114</u>
(b) Non-current		
Term loans (Secured)		7,322
Hire purchase liabilities		<u>136</u>
		<u>7,458</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. FINANCIAL INSTRUMENTS**

On 17 September 2008, the Group has entered into Target Redemption Swap - Aluminium with a local financial institution for a monthly notional quantity of 250 metric tones effective from 1 October 2008 to 30 September 2009.

On 23 February 2009, the above hedging arrangement was unwind and restructured to take effect from 1 January 2010 to 31 December 2011.

**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.

	<b>Current Quarter 31-Dec-2008</b>	<b>Cumulative Current Period 31-Dec-2008</b>
Net (loss)/profit for the period (RM'000)	(21,389)	(15,416)
Weighted average number of ordinary shares in issue ('000)	130,481	128,990
Basic (loss) / earnings per share (sen)	(16.39)	(11.95)

**29. CHANGE OF FINANCIAL YEAR END**

The financial year end has been changed to 31 March 2009.

**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 25 February 2009.