

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

**P.A. RESOURCES BERHAD**

Unaudited Interim Financial Statements

**For Quarter Ended 31 March 2009**

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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED BALANCE SHEET****AS AT 31 MARCH 2009**

(The figures have not been audited)

	<b>As at 31-Mar-09  RM'000</b>	<b>As at 31-Dec-07 Audited RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	70,126	60,303
Prepaid land lease payments	800	819
	<u>70,926</u>	<u>61,122</u>
<b>Current assets</b>		
Inventories	43,043	48,761
Trade receivables	30,008	48,571
Other receivables, prepayments and deposits	2,018	6,168
Cash and bank balances	20,308	21,940
	<u>95,377</u>	<u>125,440</u>
<b>Total assets</b>	<u><u>166,303</u></u>	<u><u>186,562</u></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	(3,045)	-
Reserves	(16,776)	14,292
<b>Total equity</b>	<u>51,186</u>	<u>75,044</u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	39,011	2,640
Deferred taxation	-	4,563
	<u>39,011</u>	<u>7,203</u>
<b>Current liabilities</b>		
Trade payables	3,630	3,738
Other payables and accruals	1,561	3,883
Dividend payable	-	1,797
Borrowings	70,915	94,716
Taxation	-	181
	<u>76,106</u>	<u>104,315</u>
<b>Total liabilities</b>	<u>115,117</u>	<u>111,518</u>
<b>Total equity and liabilities</b>	<u><u>166,303</u></u>	<u><u>186,562</u></u>
<b>Net asset per share (sen)</b>	40.05	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 2009**

(The figures have not been audited)

	Current Quarter 3 months ended		Cumulative Quarter 15 months ended
	31-Mar-09 RM'000	31-Mar-08 RM'000	31-Mar-09 RM'000
<b>REVENUE</b>	29,316	46,521	214,666
<b>COST OF SALES</b>	(39,900)	(40,219)	(234,309)
<b>GROSS (LOSS) / PROFIT</b>	(10,584)	6,302	(19,643)
<b>OTHER OPERATING INCOME</b>	13	94	352
<b>SELLING EXPENSES</b>	(123)	(336)	(1,102)
<b>ADMINISTRATION EXPENSES</b>	(817)	(989)	(4,387)
<b>OTHER OPERATING EXPENSES</b>	(496)	(246)	(1,841)
<b>(LOSS) / PROFIT FROM OPERATIONS</b>	(12,007)	4,825	(26,621)
<b>FINANCE COSTS</b>	(1,338)	(1,266)	(6,534)
<b>(LOSS) / PROFIT BEFORE TAXATION</b>	(13,345)	3,559	(33,155)
<b>TAXATION</b>	5	(555)	4,637
<b>(LOSS) / PROFIT AFTER TAXATION</b>	(13,340)	3,004	(28,518)
<b>EARNINGS PER SHARE (sen)</b>			
Basic	(10.61)	2.47 #	(22.13)
Diluted *	N/A	N/A	N/A

# Adjusted for Bonus Issue

\* Not applicable

No comparative figures are shown as this is the first year the Group presents its financial statements for a 15-months period due to the change in financial year-end.

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 2009**

(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 2008</b>	60,720	32	-	3,614	-	10,678	75,044
Net loss for the period	-	-	-	-	-	(28,518)	(28,518)
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	-	-	(3,045)	-	-	-	(3,045)
Share Issue expenses written off	-	(189)	-	-	-	-	(189)
Foreign exchange translation differences	-	-	-	-	(79)	-	(79)
Net expenses not recognised in Income Statement	-	(189)	-	-	(79)	-	(268)
Dividend paid	-	-	-	-	-	(2,471)	(2,471)
<b>Balance as at 31 March 2009</b>	<b>66,792</b>	<b>4,215</b>	<b>(3,045)</b>	<b>3,614</b>	<b>(79)</b>	<b>(20,311)</b>	<b>51,186</b>

No comparative figures are shown as this is the first year the Group presents its financial statements for a 15-months period due to the change in financial year-end.

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 2009**

(The figures have not been audited)

**15 months ended  
31-Mar-09  
RM'000****CASH FLOWS FROM OPERATING ACTIVITIES**

Loss before taxation	(33,155)
Adjustments for:	
Depreciation of property, plant and equipment	5,532
Amortisation of prepaid land lease payments	19
Loss on disposal of property, plant and equipment	39
Interest expenses	6,405
Interest income	(352)
Operating loss before working capital changes	(21,512)
Decrease in inventories	5,718
Decrease in receivables	22,712
Decrease in payables	(2,438)
Decrease in amount due to directors	(15)
Cash generated from operations	4,465
Interest received	352
Interest paid	(6,405)
Income tax paid	(101)
Net cash used in operating activities	(1,689)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of property, plant and equipment	(15,420)
Written off investment and loan to subsidiaries	(235)
Proceeds from disposal of property, plant and equipment	30
Payment for share issue expenses	(189)
Net cash used in investing activities	(15,814)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Net change in short term borrowings	6,811
Proceeds from issuance of shares	10,444
Acquisition of treasury shares	(3,045)
Drawdown of term loans	11,318
Repayment of term loans	(2,945)
Repayment of hire purchase liabilities	(2,613)
Decrease in fixed deposits	6,703
Dividend paid	(4,268)
Net cash generated from financing activities	22,405

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

	4,902
Effect of foreign exchange fluctuations	(79)

**CASH AND CASH EQUIVALENTS AT  
BEGINNING OF THE PERIOD**

12,852

**CASH AND CASH EQUIVALENTS AT  
END OF THE PERIOD**

17,675

**ANALYSIS OF CASH AND CASH EQUIVALENTS**

Deposits, cash in hand and at banks	20,308
Fixed deposits pledged	(2,633)
	17,675

No comparative figures are shown as this is the first year the Group presents its financial statements for a 15-months period due to the change in financial year-end.

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 2009 except as follows:

During the quarter ended 31 March 2009, the Company bought back from the open market 1,723,900 ordinary shares of RM 0.50 each at an average price of RM0.6199 per share. The consideration paid for the shares bought back including transaction cost totaling of RM1,073,435 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 March 2009 was 5,780,700.

**8. DIVIDENDS PAID**

No dividend was paid during the three months period ended 31 March 2009.

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

**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>Fifteen months ended</u></b> <b><u>31-Mar-2009</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	117,443	97,206	17	214,666
Inter-segment sales	-	-	-	-
External sales	<u>117,443</u>	<u>97,206</u>	<u>17</u>	<u>214,666</u>
<b>Results</b>				
Loss from operations	(12,181)	(13,576)	(864)	(26,621)
Finance costs				(6,534)
Taxation				4,637
<b>Loss after taxation</b>				<u>(28,518)</u>
<b>Assets</b>				
Segment assets	107,211	58,439	653	166,303
<b>Liabilities</b>				
Segment liabilities	(77,592)	(37,301)	(224)	(115,117)
<b>Other information:</b>				
Capital expenditure	11,423	3,997	-	15,420
Depreciation	4,660	872	-	5,532
Land lease payments	19	-		19
Non-cash expenses other than depreciation	-	-	-	-

No comparative figures are shown as this is the first year the Group presents its financial statements for a 15-months period.

**(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**

Save as disclosed below, there were no other changes in the composition of the Group during the quarter ended 31 March 2009:

- a) As announced on 6 March 2009, the wholly owned subsidiary of the Company, P. A. Resources (USA) Inc, which was incorporated in the United States of America on 18 April 2008 was dissolved on 9 February 2009 as part of the Group's streamlining exercise in view global economic slowdown.
- b) An application has been made to strike off P. A. (Labuan) Ltd, a wholly owned subsidiary of the Company which was incorporated in Federal Territory of Labuan. P.A. (Labuan) Ltd is currently dormant.
- c) As announced on 3 April 2009, the Company has on 3 April 2009 invested RM510,000 for 510,000 ordinary shares of RM1.00 each representing 51 % of the equity in P. A. Projects Sdn Bhd ("PAP") . PAP whose principal business is in the design, supply, fabricating and installation of aluminium products is expected to commence operations in second quarter of 2009.

**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 March 2009 of the Group are as follows:

**31-March-09**

RM'000

Capital expenditures in respect of purchase of property, plant and equipment:-

- Approved but not contracted for

3,000

**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 revenue of RM29.32 million, a decrease of approximately 36.97% as compared to RM46.52 million for the preceding year corresponding quarter. The Group incurred a pre-tax loss of RM13.35 million as compared to a pre-tax profit of RM3.56 million for the preceding year corresponding quarter. The performance has been adversely affected by the global economic slowdown which has led to:-

- (i) A significant drop in selling price of aluminium products in line with the continual decline in the commodity prices during the quarter;
- (ii) The high price of raw materials, a substantial portion of which were bought during the preceding quarters, resulting in the Group having to suffer a considerable portion of the material cost.

**16. QUARTERLY RESULTS COMPARISON**

The Group's revenue as compared to the immediate preceding quarter has declined from RM35.08 million to RM29.32 million. The Group incurred a pre-tax loss of RM13.35 million as compared to the immediate preceding quarter pre-tax loss of RM27.09 million. The results for the current and preceding quarters have been badly affected by the sudden and sharp decline in commodity prices, especially the price of aluminium and due to the other factors mentioned in the preceding paragraph.

It was unfortunate that the preceding quarter has to bear the full brunt of the impact from the onset of the commodity price plunge. In comparison, the damage to the current quarter has been less severe as the Group's "damage control" measures instituted earlier started to take effect.

**17. CURRENT YEAR PROSPECTS**

The LME price and demand for aluminum products depend on the domestic and world economy. As there is no indication to suggest a fast recovery of the economy, the Board expects the year 2009/2010 to be even more challenging. Nevertheless, the Group will continue to place greater emphasis in cost management, product improvement 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 March 2009 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	1,311	-	330	1,641
- Provision	9	135	-	144
(b) Post-employment benefit				
- Amount paid	163	-	42	205
(c) Benefit In kind	28	-	-	28
	<u>1,511</u>	<u>135</u>	<u>372</u>	<u>2,018</u>

**20. TAXATION**

	Current Quarter 31-Mar-2009 RM'000	Current Year To Date 31-Mar-2009 RM'000
Current period:		
- current taxation	(36)	(74)
- deferred taxation	0	(4,563)
	<u>(36)</u>	<u>(4,637)</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.

**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 March 2009 comprise the following:-

	<b>RM'000</b>	<b>RM'000</b>
(a) Current		
Bank overdrafts (Secured)	3,983	
Trade bills payable (Secured)	54,657	
Revolving credit (Secured)	10,000	
Hire purchase liabilities	<u>279</u>	68,919
Term loans (Secured)		<u>1,996</u>
		<u>70,915</u>
(b) Non-current		
Term loans (Secured)		38,904
Hire purchase liabilities		<u>107</u>
		<u>39,011</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
- (e) Joint and several guarantees by certain directors.

Certain banking facilities have been renewed and revised subsequent 31 March 2009.

The effect of the restructuring of the banking facilities has been reflected in the Balance Sheet.

**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, restructured and designated 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-Mar-2009</b>	<b>Cumulative Current Period 31-Mar-2009</b>
Net loss for the period (RM'000)	(13,340)	(28,518)
Weighted average number of ordinary shares in issue ('000)	125,671	128,869
Basic loss per share (sen)	(10.61)	(22.13)

**29. CHANGE OF FINANCIAL YEAR END**

The financial year end has been changed to 31 March 2009. No comparative figures have been shown as this is the first year the Group presents its financial statements for a 15-months period.

**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 28 May 2009.