

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

P.A. RESOURCES BERHAD

Unaudited Interim Financial Statements

For Quarter Ended 30 June 2009

P.A. RESOURCES BERHAD (664612-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED BALANCE SHEET**AS AT 30 JUNE 2009**

(The figures have not been audited)

	As at 30-Jun-09 RM'000	As at 31-Mar-09 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	76,893	70,126
Prepaid land lease payments	796	800
	<u>77,689</u>	<u>70,926</u>
Current assets		
Inventories	41,097	41,577
Trade receivables	26,240	29,959
Other receivables, prepayments and deposits	423	899
Tax recoverable	1,361	1,131
Cash and bank balances	14,069	20,308
	<u>83,190</u>	<u>93,874</u>
Total assets	<u><u>160,879</u></u>	<u><u>164,800</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	66,792	66,792
Share premium	4,215	4,215
Treasury shares	(3,045)	(3,045)
Reserves	(19,251)	(18,312)
	<u>48,711</u>	<u>49,650</u>
Minority interests	425	-
Total equity	<u><u>49,136</u></u>	<u><u>49,650</u></u>
LIABILITIES		
Non-current liabilities		
Borrowings	17,461	9,043
	<u>17,461</u>	<u>9,043</u>
Current liabilities		
Trade payables	3,896	3,630
Other payables and accruals	1,630	1,593
Borrowings	88,756	100,884
Taxation	-	-
	<u>94,282</u>	<u>106,107</u>
Total liabilities	<u>111,743</u>	<u>115,150</u>
Total equity and liabilities	<u><u>160,879</u></u>	<u><u>164,800</u></u>
Net assets per share attributable to equity holders of the Company (sen)	<u><u>38.11</u></u>	<u><u>38.85</u></u>

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the financial period ended 31 March 2009 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2009**

(The figures have not been audited)

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended
	30-Jun-09 RM'000	30-Jun-08 RM'000	30-Jun-09 RM'000
REVENUE	26,571	51,259	26,571
COST OF SALES	(25,520)	(45,362)	(25,520)
GROSS PROFIT	1,051	5,897	1,051
OTHER OPERATING INCOME	25	79	25
SELLING EXPENSES	(163)	(341)	(163)
ADMINISTRATION EXPENSES	(849)	(985)	(849)
OTHER OPERATING EXPENSES	(255)	(348)	(255)
(LOSS) / PROFIT FROM OPERATIONS	(191)	4,302	(191)
FINANCE COSTS	(859)	(1,251)	(859)
(LOSS) / PROFIT BEFORE TAXATION	(1,050)	3,051	(1,050)
TAXATION	-	(473)	-
(LOSS) / PROFIT AFTER TAXATION	(1,050)	2,578	(1,050)
ATTRIBUTABLE TO:			
Equity holders of the parent	(985)	2,578	(985)
Minority interests	(65)	-	(65)
	(1,050)	2,578	(1,050)
EARNINGS PER SHARE			
Basic earnings per share (sen)	(0.77)	1.97	(0.77)
Diluted *	N/A	N/A	N/A

* Not applicable

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the 15 months period ended 31 March 2009 and the accompanying explanatory notes attached to the interim financial statements.

Note: There are no comparative figures disclosed for the cumulative quarter of the preceding period following the change in finance year end from 31 December to 31 March in the preceding financial period.

P.A. RESOURCES BERHAD (664612-X)
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2009**

(The figure have not been audited)

	Attributable to equity holders of the Company						Minority Interest	Total Equity
	<-----Non-distributable----->			Distributable				
	Share Capital	Share Premium	Treasury Shares	Revaluation Reserves	Translation Reserve	Revenue Reserve		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 April 2009	66,792	4,215	(3,045)	3,557	25	(21,894)	-	49,650
Subscription of shares in a subsidiary	-	-	-	-	-	-	490	490
Net profit for the period	-	-	-	-	-	(985)	(65)	(1,050)
Foreign exchange translation differences	-	-	-	-	46	-		46
Net expenses not recognised in Income Statement	-	-	-	-	46	-		46
Balance as at 30 June 2009	66,792	4,215	(3,045)	3,557	71	(22,879)	425	49,136

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the period ended 31 March 2009 and the accompanying explanatory notes attached to the interim financial statements.

Note: There are no comparative figures disclosed for the cumulative quarter of the preceding period following the change in finance year end from 31 December to 31 March in the preceding financial period.

P.A. RESOURCES BERHAD (664612-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2009**

(The figures have not been audited)

**3 months ended
30-Jun-09
RM'000****CASH FLOWS FROM OPERATING ACTIVITIES**

Loss before taxation	(1,050)
Adjustments for:	
Depreciation of property, plant and equipment	1,183
Amortisation of prepaid land lease payments	4
Gain on disposal of property, plant and equipment	(5)
Interest expenses	820
Interest income	(25)
Operating profit before working capital changes	927
Decrease in inventories	480
Decrease in receivables	4,195
Increase in payables	303
Cash generated from operations	5,905
Interest received	25
Interest paid	(820)
Income tax paid	(201)
Net cash generated from operating activities	4,909

CASH FLOWS FROM INVESTING ACTIVITIES

Proceed from subscription of shares in a subsidiary	490
Purchase of property, plant and equipment	(7,985)
Proceeds from disposal of property, plant and equipment	42
Net cash used in investing activities	(7,453)

CASH FLOWS FROM FINANCING ACTIVITIES

Net change in short term borrowings	(8,739)
Drawdown of term loans	9,304
Repayment of term loans	(209)
Repayment of hire purchase liabilities	(106)
Increase in fixed deposits	(325)
Net cash used in financing activities	(75)

NET DECREASE IN CASH AND CASH EQUIVALENTS

Effect of foreign exchange fluctuations	24
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**CASH AND CASH EQUIVALENTS AT
BEGINNING OF THE PERIOD**

13,692

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

11,097

ANALYSIS OF CASH AND CASH EQUIVALENTS

Bank overdraft	(14)
Deposits, cash in hand and at banks	14,069
Fixed deposits pledged	(2,958)
	11,097

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the 15 months period ended 31 March 2009 and the accompanying explanatory notes attached to the interim financial statements.

Note: There are no comparative figures disclosed for the cumulative quarter of the preceding period following the change in finance year end from 31 December to 31 March in the preceding financial period.

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 financial period ended 31 March 2009. 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 period ended 31 March 2009.

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 period ended 31 March 2009.

3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report for the audited financial statements of the Group for the period ended 31 March 2009 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 financial period ended 30 June 2009.

8. DIVIDENDS PAID

No dividend was paid during the current financial period.

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>30-June-2009</u>	Extrusion and fabrication RM'000	Aluminium billets and tolling RM'000	Others RM'000	Total RM'000
Revenue				
Total sales	16,874	9,697	-	26,571
Inter-segment sales	-	-	-	-
External sales	<u>16,874</u>	<u>9,697</u>	<u>-</u>	<u>26,571</u>
Results				
Profit / (Loss) from operations	222	(218)	(195)	(191)
Finance costs				(859)
Taxation				-
Loss after taxation				<u>(1,050)</u>
Assets				
Segment assets	106,248	52,868	1,763	<u>160,879</u>
Liabilities				
Segment liabilities	(74,298)	(36,818)	(627)	<u>(111,743)</u>

9. SEGMENTAL INFORMATION (CONT'D)

(a) Primary reporting segment - Business segment (Cont'd)

<u>Three months ended</u> <u>30-June-2009</u>	Extrusion and fabrication RM'000	Aluminium billets and tolling RM'000	Others RM'000	Total RM'000
Other information:				
Capital expenditure	5,015	2,575	395	7,985
Depreciation	1,001	182	-	1,183
Land lease payments	4	-	-	4
Non-cash expenses other than depreciation	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

There are no comparative figures disclosed for the cumulative quarter of the preceding period following the change in financial year end from 31 December to 31 March in the preceding financial 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 financial period ended 31 March 2009.

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 30 June 2009:

- a) 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.
- b) 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’s principal business is in the design, supply, fabricating and installation of aluminium products.

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 March 2009.

14. CAPITAL COMMITMENTS

The capital commitments as at 30 June 2009 of the Group are as follows:

	30-Jun-09	31-Mar-09
	RM'000	RM'000
Capital expenditures in respect of purchase of property, plant and equipment:-		
- Approved but not contracted for	<u>3,000</u>	<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 revenue of RM26.57 million, a decrease of approximately 48.16% as compared to RM51.26 million for the preceding year corresponding quarter. The Group incurred a pre-tax loss of RM1.05 million as compared to a pre-tax profit of RM3.05 million for the preceding year corresponding quarter. The performance has been adversely affected by the global economic slowdown which has led to among others, a significant drop in selling price of aluminium products as compared to the preceding year corresponding quarter.

16. QUARTERLY RESULTS COMPARISON

The Group's revenue as compared to the immediate preceding quarter has declined from RM29.32 million to RM26.57 million. The Group incurred a pre-tax loss of RM1.05 million as compared to the immediate preceding quarter pre-tax loss of RM14.98 million. The results for the current quarters have improved as the fluctuation of commodity prices, especially the price of aluminium has stabilized during the quarter.

17. CURRENT YEAR PROSPECTS

The Board expects the year 2010 to be challenging given that the outlook for the domestic and global economy is still uncertain. 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.

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19. RELATED PARTY TRANSACTIONS (CONT'D)

Compensation of key management personnel for the period ended 30 June 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	261	-	66	327
- Provision		19		19
(b) Post-employment benefit				
- Amount paid	33	-	8	41
(c) Benefit In kind	7	-	-	7
	<u>301</u>	<u>19</u>	<u>74</u>	<u>394</u>

20. TAXATION

	Current Quarter 30-Jun-2009 RM'000	Current Year To Date 30-Jun-2009 RM'000
Current period:		
- current taxation	-	-
- deferred taxation	-	-
	<u>-</u>	<u>-</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 30 June 2009 comprise the following:-

	RM'000	RM'000
(a) Current		
Bank overdrafts (Secured)	13	
Trade bills payable (Secured)	75,918	
Revolving credit (Secured)	10,000	
Hire purchase liabilities	<u>202</u>	86,133
Term loans (Secured)		<u>2,623</u>
		<u><u>88,756</u></u>
(b) Non-current		
Term loans (Secured)		17,383
Hire purchase liabilities		<u>78</u>
		<u><u>17,461</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; and
- (d) Corporate guarantee given by the Company
- (e) Joint and several guarantees by certain directors.

Certain banking facilities have been renewed and revised during the quarter under review.

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

25. FINANCIAL INSTRUMENTS

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 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.

	Current Quarter 30-Jun-2009	Cumulative Current Period 30-Jun-2009
Net loss for the period (RM'000)	(985)	(985)
Weighted average number of ordinary shares in issue ('000)	127,803	127,803
Basic loss per share (sen)	(0.77)	(0.77)

29. COMPARATIVE FIGURE

The financial year end has been changed to 31 March in preceding financial year. Accordingly, no comparative figures have been shown as this is the first year the Group presents its financial statements after the change of financial year from 31 December to 31 March.

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 26 August 2009.