

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

P.A. RESOURCES BERHAD

Unaudited Interim Financial Statements

For Quarter Ended 30 September 2009

P.A. RESOURCES BERHAD (664612-X)

(Incorporated in Malaysia)

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

(The figures have not been audited)

	As at 30-Sep-09 RM'000	As at 31-Mar-09 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	76,598	70,126
Prepaid land lease payments	792	800
	<u>77,390</u>	<u>70,926</u>
Current assets		
Inventories	46,458	41,577
Trade receivables	25,272	29,959
Other receivables, prepayments and deposits	986	899
Tax recoverable	1,007	1,131
Cash and bank balances	11,124	20,308
	<u>84,847</u>	<u>93,874</u>
Total assets	<u>162,237</u>	<u>164,800</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	(19,803)	(18,312)
	<u>48,159</u>	<u>49,650</u>
Minority interests	267	-
Total equity	<u>48,426</u>	<u>49,650</u>
LIABILITIES		
Non-current liabilities		
Borrowings	35,106	9,043
	<u>35,106</u>	<u>9,043</u>
Current liabilities		
Trade payables	4,789	3,630
Other payables and accruals	1,731	1,593
Borrowings	72,185	100,884
	<u>78,705</u>	<u>106,107</u>
Total liabilities	<u>113,811</u>	<u>115,150</u>
Total equity and liabilities	<u>162,237</u>	<u>164,800</u>
Net assets per share attributable to equity holders of the Company (sen)	<u>37.68</u>	<u>38.85</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.

P.A. RESOURCES BERHAD (664612-X)

(Incorporated in Malaysia)

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

(The figures have not been audited)

	Current Quarter 3 months ended		Cumulative Quarter 6 months ended
	30-Sep-09 RM'000	30-Sep-08 RM'000	30-Sep-09 RM'000
REVENUE	23,453	52,489	50,024
COST OF SALES	(21,380)	(49,360)	(46,900)
GROSS PROFIT	2,073	3,129	3,124
OTHER OPERATING INCOME	8	122	33
SELLING EXPENSES	(174)	(64)	(337)
ADMINISTRATION EXPENSES	(879)	(1,078)	(1,729)
OTHER OPERATING EXPENSES	(342)	(464)	(595)
PROFIT FROM OPERATIONS	686	1,645	496
FINANCE COSTS	(1,326)	(1,200)	(2,186)
(LOSS) / PROFIT BEFORE TAXATION	(640)	445	(1,690)
TAXATION	-	(70)	-
(LOSS) / PROFIT AFTER TAXATION	(640)	375	(1,690)
ATTRIBUTABLE TO:			
Equity holders of the parent	(482)	375	(1,467)
Minority interests	(158)	-	(223)
	(640)	375	(1,690)
EARNINGS PER SHARE			
Basic earnings per share (sen)	(0.38)	0.28	(1.15)
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: No comparative figures are 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.

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2009**

(The figure have not been audited)

	Attributable to equity holders of the Company						Minority Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Revaluation Reserves RM'000	Translation Reserve RM'000	Distributable Revenue Reserve 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 loss for the period	-	-	-	-	-	(1,467)	(223)	(1,690)
Foreign exchange translation differences	-	-	-	-	(24)	-	-	(24)
Net expenses not recognised in Income Statement	-	-	-	-	(24)	-	-	(24)
Balance as at 30 September 2009	66,792	4,215	(3,045)	3,557	1	(23,361)	267	48,426

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: No comparative figures are 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.

P.A. RESOURCES BERHAD (664612-X)

(Incorporated in Malaysia)

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

(The figures have not been audited)

**6 months ended
30-Sep-09
RM'000****CASH FLOWS FROM OPERATING ACTIVITIES**

Loss before taxation	(1,690)
Adjustments for:	
Depreciation of property, plant and equipment	2,384
Amortisation of prepaid land lease payments	8
Gain on disposal of property, plant and equipment	(5)
Interest expenses	2,121
Interest income	(33)
Operating profit before working capital changes	2,785
Increase in inventories	(4,881)
Decrease in receivables	4,600
Increase in payables	1,296
Cash generated from operations	3,800
Interest received	33
Interest paid	(2,121)
Income tax paid	(383)
Net cash generated from operating activities	1,329

CASH FLOWS FROM INVESTING ACTIVITIES

Proceed from subscription of shares in a subsidiary	490
Purchase of property, plant and equipment	(8,330)
Proceeds from disposal of property, plant and equipment	42
Net cash used in investing activities	(7,798)

CASH FLOWS FROM FINANCING ACTIVITIES

Net change in short term borrowings	(28,897)
Drawdown of term loans	30,720
Repayment of term loans	(409)
Repayment of hire purchase liabilities	(188)
Increase in fixed deposits	(631)
Net cash generated from financing activities	595

NET DECREASE IN CASH AND CASH EQUIVALENTS

	(5,874)
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Effect of foreign exchange fluctuations 24

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

13,692

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

7,842

ANALYSIS OF CASH AND CASH EQUIVALENTS

Bank overdraft	(18)
Deposits, cash in hand and at banks	11,124
Fixed deposits pledged	(3,264)
	7,842

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: 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.

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 provide 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>Six months ended</u> <u>30-September-2009</u>	Extrusion and fabrication RM'000	Aluminium billets and tolling RM'000	Others RM'000	Total RM'000
Revenue				
Total sales	34,158	15,935	-	50,093
Inter-segment sales	(69)	-	-	(69)
External sales	<u>34,089</u>	<u>15,935</u>	<u>-</u>	<u>50,024</u>
Results				
Profit / (Loss) from operations	1,505	(392)	(617)	496
Finance costs				(2186)
Taxation				-
Loss after taxation				<u>(1,690)</u>
Assets				
Segment assets	110,105	51,102	1,030	<u>162,237</u>
Liabilities				
Segment liabilities	(76,265)	(37,083)	(463)	<u>(113,811)</u>

9. SEGMENTAL INFORMATION (CONT'D)

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

<u>Six months ended</u> <u>30-September-2009</u>	Extrusion and fabrication RM'000	Aluminium billets and tolling RM'000	Others RM'000	Total RM'000
Other information:				
Capital expenditure	5,734	2,575	583	8,892
Depreciation	2,000	363	21	2,384
Land lease payments	8	-	-	8
Non-cash expenses other than depreciation	-	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

No comparative figures are 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 September 2009:

- a) As announced on 4 September 2009, P. A. (Labuan) Ltd, a wholly owned subsidiary of the Company which was incorporated in Federal Territory of Labuan. P.A. (Labuan) Ltd has been struck off from the register on 30 August 2009.

The striking off of P.A. (Labuan) Ltd did not have any significant effect on the earnings and net assets per share of PA for the current financial year.

- 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 September 2009 of the Group are as follows:

	30-Sep-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 RM23.45 million, a decrease of approximately 55.33% as compared to RM52.49 million for the preceding year corresponding quarter. The Group incurred a pre-tax loss of RM0.64 million as compared to a pre-tax profit of RM0.3 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 RM26.57 million to RM23.45 million. The Group incurred a pre-tax loss of RM0.64 million as compared to the immediate preceding quarter pre-tax loss of RM1.05 million. The improvement in results for the current quarter is in line with the recovery in aluminium prices and market demands during the quarter as well as the continuous improvement in internal operational processes.

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 among others continue to place great 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 30 September 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	522	-	200	722
- Provision	-	38	-	38
(b) Post-employment benefit				
- Amount paid	65	-	25	90
(c) Benefit In kind	14	-	-	14
	<u>601</u>	<u>38</u>	<u>225</u>	<u>864</u>

20. TAXATION

	Current Quarter 30-Sep-2009 RM'000	Current Year To Date 30-Sep-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.

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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 30 September 2009 comprise the following:-

	RM'000	RM'000
(a) Current		
Bank overdrafts (Secured)	18	
Trade bills payable (Secured)	55,819	
Revolving credit (Secured)	10,000	
Hire purchase liabilities	<u>140</u>	65,977
Term loans (Secured)		<u>6,208</u>
		<u><u>72,185</u></u>
(b) Non-current		
Term loans (Secured)		35,003
Hire purchase liabilities		<u>103</u>
		<u><u>35,106</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 last quarter under review.

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

25. FINANCIAL INSTRUMENTS

a) Target Redemption Swap

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.

b) Foreign Currency Forward Contracts

Foreign currency forward contracts are entered into by the Group in currencies other than its functional currency to manage exposure to fluctuations in foreign currency exchange rates on specific transactions.

The details of the outstanding forward contracts at 30 September 2009 are as follows:

<u>Hedged items</u>	<u>Currency bought</u>	<u>Currency Sold</u>	<u>Average Contractual rates</u>	<u>RM equivalent</u>
<u>Trade debtors</u>				
Sales contracts due in October 2009				
- USD430,000	RM	USD	3.5296	1,517,739
November 2009				
- USD150,000	RM	USD	3.5380	530,700
<u>Trade creditors</u>				
Purchases contracts due in October 2009				
- USD209,568	USD	RM	3.4668	726,532

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-2009	Cumulative Current Period 30-Sep-2009
Net loss for the period (RM'000)	(640)	(1,467)
Weighted average number of ordinary shares in issue ('000)	127,803	127,803
Basic earnings per share (sen)	(0.38)	(1.15)

29. COMPARATIVE FIGURES

The financial year-end has been changed to 31 March in the 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-end 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 19 November 2009.