

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

**P.A. RESOURCES BERHAD**

Unaudited Interim Financial Statements

**For Quarter Ended 31 March 2010**

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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED BALANCE SHEET****AS AT 31 MARCH 2010**

(The figures have not been audited)

	<b>As at 31-Mar-10 RM'000</b>	<b>As at 31-Mar-09 Audited RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	75,272	70,126
Prepaid land lease payments	785	800
	<u>76,057</u>	<u>70,926</u>
<b>Current assets</b>		
Inventories	33,679	41,577
Contract work in progress	773	-
Trade receivables	20,970	29,959
Other receivables, prepayments and deposits	2,005	899
Tax recoverable	1,704	1,131
Cash and bank balances	9,339	20,308
	<u>68,470</u>	<u>93,874</u>
<b>Total assets</b>	<u><u>144,527</u></u>	<u><u>164,800</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	66,792	66,792
Share premium	4,215	4,215
Treasury shares	(3,045)	(3,045)
Reserves	(35,874)	(18,312)
	<u>32,088</u>	<u>49,650</u>
<b>Minority interests</b>	259	-
<b>Total equity</b>	<u><u>32,347</u></u>	<u><u>49,650</u></u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	26,103	9,043
	<u>26,103</u>	<u>9,043</u>
<b>Current liabilities</b>		
Trade payables	5,217	3,630
Other payables and accruals	2,120	1,593
Borrowings	78,740	100,884
	<u>86,077</u>	<u>106,107</u>
<b>Total liabilities</b>	<u><u>112,180</u></u>	<u><u>115,150</u></u>
<b>Total equity and liabilities</b>	<u><u>144,527</u></u>	<u><u>164,800</u></u>
	-	-
<b>Net assets per share attributable to equity holders of the Company (sen)</b>	<u><u>25.11</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.

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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2010**

(The figures have not been audited)

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended
	31-Mar-10 RM'000	31-Mar-09 RM'000	31-Mar-10 RM'000
<b>REVENUE</b>	21,088	29,316	94,256
<b>COST OF SALES</b>	(28,974)	(41,072)	(96,998)
<b>GROSS PROFIT / (LOSS)</b>	(7,886)	(11,756)	(2,742)
<b>OTHER OPERATING INCOME</b>	108	13	362
<b>SELLING EXPENSES</b>	(165)	(123)	(685)
<b>ADMINISTRATION EXPENSES</b>	(969)	(814)	(3,555)
<b>OTHER OPERATING EXPENSES</b>	(5,544)	(555)	(6,419)
<b>PROFIT/(LOSS) FROM OPERATIONS</b>	(14,456)	(13,235)	(13,039)
<b>FINANCE COSTS</b>	(1,309)	(1,338)	(4,843)
<b>LOSS BEFORE TAXATION</b>	(15,765)	(14,573)	(17,882)
<b>TAXATION</b>	-	5	-
<b>LOSS AFTER TAXATION</b>	(15,765)	(14,568)	(17,882)
<b>ATTRIBUTABLE TO:</b>			
Equity holders of the parent	(15,758)	(14,568)	(17,541)
Minority interests	(7)	-	(341)
	(15,765)	(14,568)	(17,882)
<b>EARNINGS PER SHARE</b>			
Basic earnings per share (sen)	(12.33)	(11.40)	(13.72)
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 31 MARCH 2010**

(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
<b>Balance as at 1 April 2009</b>	66,792	4,215	(3,045)	3,557	25	(21,894)	49,650
Subscription of shares in a subsidiary	-	-	-	-	-	-	600
Net loss for the period	-	-	-	-	-	(17,541)	(17,882)
Foreign exchange translation differences	-	-	-	-	(21)	-	(21)
Net expenses not recognised in Income Statement	-	-	-	-	(21)	-	(21)
<b>Balance as at 31 March 2010</b>	66,792	4,215	(3,045)	3,557	4	(39,435)	32,347

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 31 MARCH 2010**

(The figures have not been audited)

**12 months ended  
31-Mar-10  
RM'000****CASH FLOWS FROM OPERATING ACTIVITIES**

Loss before taxation	(17,882)
Adjustments for:	
Amortisation of prepaid land lease payments	15
Depreciation of property, plant and equipment	4,769
Foreign exchange gain	(295)
Gain on disposal of property, plant and equipment	(35)
Interest expenses	4,714
Interest income	(362)
Operating loss before working capital changes	(9,076)
Decrease in inventories	7,898
Increase in contract work in progress	(773)
Decrease in receivables	7,883
Increase in payables	2,114
Cash generated from operations	8,046
Interest received	362
Interest paid	(4,714)
Income tax paid	(574)
Net cash generated from operating activities	3,120

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceed from subscription of shares in a subsidiary	600
Purchase of property, plant and equipment	(9,659)
Proceeds from disposal of property, plant and equipment	99
Net cash used in investing activities	(8,960)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Net change in short term borrowings	(29,977)
Drawdown of term loans	30,561
Repayment of term loans	(1,464)
Repayment of hire purchase liabilities	(300)
Increase in fixed deposits	(65)
Net cash used in financing activities	(1,245)

**NET DECREASE IN CASH AND CASH EQUIVALENTS**

	(7,085)
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Effect of foreign exchange fluctuations

34

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

13,692

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

6,641

**ANALYSIS OF CASH AND CASH EQUIVALENTS**

Deposits, cash in hand and at banks	9,339
Fixed deposits pledged	(2,698)
	6,641

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*

**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.

FRS 8, Operating Segments

FRS 8 will become effective for financial statements of the Group for the year ending 31 March 2011. FRS 8, which replaces FRS 114<sub>2004</sub>, Segment Reporting, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the chief operating decision maker of the Group in order to allocate resources to the segment and to assess its performance. Currently, the Group presents segment information in respect of its business and geographical segments. The adoption of FRS 8 will not have any significant impact on the financial statements of the Group other than the changes in disclosures.

IC Interpretation 10, Interim Financial Reporting and Impairment

IC Interpretation 10 prohibits the reversal of an impairment loss recognised in an interim period during the financial year in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost. IC Interpretation 10 will become effective for the financial statements of the Group for the year ending 31 March 2011, and will apply to goodwill, investment in equity instruments, and financial assets carried at cost prospectively from the date the Group first applied the measurement criteria of FRS 136 and FRS 139 respectively. The adoption of IC Interpretation 10 is not expected to have any significant impact on the financial statements of the Group.

**Improvements to FRSs 2009**

Improvements to FRSs 2009 will become effective for the Group's financial statements for the financial year beginning 1 April 2010 for amendments relating to:

FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements
FRS 107	Statement of Cash Flows
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events after the Reporting Period
FRS 111	FRS 116 Property, Plant and Equipment
FRS 117	Leases
FRS 118	Revenue
FRS 119	Employee Benefits
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 123	Borrowing Costs
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 129	Financial Reporting in Hyperinflationary Economies
FRS 131	Interests in Joint Ventures
FRS 134	Interim Financial Reporting
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 139	Financial Instruments: Recognition and Measurement
FRS 140	Investment Property

Improvements to FRSs 2009 contain amendments to numerous accounting standards that result in accounting changes for presentation, recognition or measurement and disclosure purposes. The Group is in the process of assessing the impact of these amendments.

**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 31 March 2010.

## 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

<b><u>Twelve months ended</u></b> <b><u>31 March 2010</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	69,887	25,596	129	95,612
Inter-segment sales	(1,356)	-	-	(1,356)
External sales	<u>68,531</u>	<u>25,596</u>	<u>129</u>	<u>94,256</u>
<b>Results</b>				
Profit / (Loss) from operations	(11,350)	(608)	(1,081)	(13,039)
Finance costs				(4,843)
Taxation				-
<b>Loss after taxation</b>				<u>(17,882)</u>
<b>Assets</b>				
Segment assets	94,051	47,605	2,871	144,527
<b>Liabilities</b>				
Segment liabilities	(74,855)	(35,687)	(1,638)	<u>(112,180)</u>



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

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

<b><u>Twelve months ended</u></b> <b><u>31 March 2010</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>Other information:</b>				
Capital expenditure	6,590	2,575	614	9,779
Depreciation	3,992	718	59	4,769
Land lease payments	15	-		15
Non-cash expenses other than depreciation	-	-	-	-
	<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 other than the corporate proposals as mentioned in Note 23.

**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 2010:

- 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.

On 30 November 2009, the Company further subscribed to 890,000 ordinary shares of RM1.00 each, raising its stake from 51% to 70% in the enlarged paid up capital of PAP.

This further investment is not expected to have any significant effect on the earnings and net assets per share of PA for the financial year ending 31 March 2010.

**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 31 March 2010 of the Group are as follows:

	<b>31-Mar-10</b>	<b>31-Mar-09</b>
	RM’000	RM’000
Capital expenditures in respect of purchase of property, plant and equipment:-		
- Approved but not contracted for	<u>-</u>	<u>3,000</u>
- Contracted but not provided for	<u>2,403</u>	<u>-</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 RM21.09 million, a decrease of approximately 28.07% as compared to RM29.32 million for the preceding year corresponding quarter. The Group incurred a pre-tax loss of RM15.77 million as compared to a pre-tax loss of RM14.57 million for the preceding year corresponding quarter.

**16. QUARTERLY RESULTS COMPARISON**

The Group's revenue as compared to the immediate preceding quarter has slightly decreased from RM23.14 to RM21.09 million. The Group incurred a pre-tax loss of RM15.77 million as compared to the immediate preceding quarter pre-tax loss of RM0.41 million. The loss is mainly due to the impairment of stock which was brought forward from previous year and allowance made for trade receivable.

**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 amongst 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.

**19. RELATED PARTY TRANSACTIONS (CONT'D)**

Compensation of key management personnel for the period ended 31 March 2010 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	1,044	-	407	1,451
- Provision	12	77	-	89
(b) Post-employment benefit				
- Amount paid	130	-	51	181
(c) Benefit In kind	28	-	-	28
	<u>1,214</u>	<u>77</u>	<u>458</u>	<u>1,749</u>

**20. TAXATION**

	Current Quarter 31-Mar-2010 RM'000	Current Year To Date 31-Mar-2010 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

At an Extraordinary General Meeting held on 11 February 2010, the shareholders approved the proposed renounceable rights issue of up to 66,792,000 Rights Shares on the basis of one (1) Rights Share for every two (2) existing shares held together with up to 66,792,000 Warrants on the basis of one (1) free Warrant for every one (1) Rights Share subscribed for, on an entitlement date to be determined later.

In connection thereto, Bursa Malaysia Securities Berhad vide its letter dated 15 January 2010 has approved the following:-

- (i) admission to the Official List and the listing of up to 66,792,000 Warrants to be issued pursuant to the Proposed Right Issue with Warrants;
- (ii) listing of up to 66,792,000 Rights Shares to be issued pursuant to the Proposed Rights Issue with Warrants; and
- (iii) listing of up to 66,792,000 new ordinary shares to be issued pursuant to the exercise of Warrants

The Proposed Right Issue with Warrants is pending implementation.

### 24. GROUP BORROWINGS

The Group's borrowings as at 31 March 2010 comprise the following:-

	<b>RM'000</b>	<b>RM'000</b>
(a) Current		
Trade bills payable (Secured)	54,680	
Revolving credit (Secured)	10,000	
Hire purchase liabilities	124	64,803
Term loans (Secured)		13,937
		<u>78,740</u>
(b) Non-current		
Term loans (Secured)		26,061
Hire purchase liabilities		42
		<u>26,103</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.

**25. FINANCIAL INSTRUMENTS**

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 31 March 2010 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 April 2010				
- USD400,000	RM	USD	3.4309	1,372,360

**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-2010</b>	<b>Cumulative Current Period 31-Mar-2010</b>
Net loss for the period (RM'000)	(15,765)	(17,882)
Weighted average number of ordinary shares in issue ('000)	127,803	127,803
Basic earnings per share (sen)	(12.33)	(13.72)

**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 26 May 2010.