

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

**P.A. RESOURCES BERHAD**  
UNAUDITED INTERIM FINANCIAL STATEMENT

**FOR FINANCIAL PERIOD ENDED 30 SEPTEMBER 2011**

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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 30 SEPTEMBER 2011**

(The figures have not been audited)

	<b>As at 30-Sep-11 (Unaudited) RM'000</b>	<b>As at 31-Mar-11 (Audited) RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	75,195	77,359
Goodwill on consolidation	120	120
	<u>75,315</u>	<u>77,479</u>
<b>Current assets</b>		
Inventories	32,042	38,475
Trade receivables	23,578	17,727
Other receivables, deposits and prepayments	218	195
Tax refund receivables	1,716	1,712
Cash and bank balances	7,249	4,551
	<u>64,803</u>	<u>62,660</u>
<b>Total assets</b>	<u>140,118</u>	<u>140,139</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	98,743	98,743
Reserves	(47,517)	(46,747)
	<u>51,226</u>	<u>51,996</u>
Minority interest	420	511
<b>Total equity</b>	<u>51,646</u>	<u>52,507</u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	29,552	28,072
	<u>29,552</u>	<u>28,072</u>
<b>Current liabilities</b>		
Trade payables	4,030	4,469
Other payables and accruals	7,736	4,716
Borrowings	47,154	50,375
	<u>58,920</u>	<u>59,560</u>
<b>Total liabilities</b>	<u>88,472</u>	<u>87,632</u>
<b>Total equity and liabilities</b>	<u>140,118</u>	<u>140,139</u>
<b>Net assets per share attributable to equity holders of the Company (sen)</b>	<u>26.72</u>	<u>27.12</u>

The condensed consolidated Statement of Financial Position should be read in conjunction with the Audited financial statements for the financial year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 SEPTEMBER 2011**

(The figures have not been audited)

	<b>Quarter</b>		<b>Year-to-date</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30-Sep-11</b> (Unaudited) <b>RM'000</b>	<b>30-Sep-10</b> (Unaudited) <b>RM'000</b>	<b>30-Sep-11</b> (Unaudited) <b>RM'000</b>	<b>30-Sep-10</b> (Unaudited) <b>RM'000</b>
<b>Revenue</b>	23,175	21,663	45,582	44,282
<b>Cost of sales</b>	(21,925)	(18,662)	(41,585)	(37,890)
<b>Gross profit</b>	1,250	3,001	3,997	6,392
<b>Other income</b>	507	46	741	63
<b>Other operating expenses</b>	(260)	(688)	(628)	(934)
<b>Distribution and administrative expenses</b>	(1,136)	(1,228)	(2,221)	(2,220)
<b>Operating profit</b>	361	1,131	1,889	3,301
<b>Finance costs</b>	(1,386)	(1,429)	(2,770)	(2,865)
<b>Profit /(Loss) before taxation</b>	(1,025)	(298)	(881)	436
<b>Tax expenses</b>	-	-	-	-
<b>Profit /(Loss) for the period</b>	(1,025)	(298)	(881)	436
<b>Other comprehensive income</b>				
Revaluation of land and buildings	-	-	-	2,437
Currency translation differences	-	2	20	18
Income tax relating to components of other comprehensive income	-	-	-	(122)
<b>Total comprehensive income / (loss) for the period</b>	(1,025)	(296)	(861)	2,769
<b>Profit / (loss) attributable to:</b>				
Owner of the Company	(862)	(426)	(790)	201
Minority Interest	(163)	128	(91)	235
	(1,025)	(298)	(881)	436
<b>Total comprehensive income / (loss) attributable to:</b>				
Owner of the Company	(862)	(424)	(770)	2,534
Minority Interest	(163)	128	(91)	235
	(1,025)	(296)	(861)	2,769
<b>Earnings per share for profit / (loss) attributable to the owners of the Company:</b>				
Basic earnings per share (sen)	(0.45)	(0.24)	(0.41)	0.13

The condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2011 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 30 SEPTEMBER 2011**

(The figure have not been audited)

	Attributable to equity holders of the Company						Minority Interests	Total Equity
	<-----Non-distributable----->			Distributable				
	Share Capital	Share Premium	Treasury Shares	Revaluation Reserves	Translation Reserve	Retained Earnings		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance as at 1 April 2010</b>	66,792	4,214	(3,045)	3,499	(28)	(40,201)	466	31,697
Rights issue of 63,901,650 new ordinary shares of RM0.50 each	31,951	-	-	-	-	-	-	31,951
Rights issue expenses	-	(410)	-	-	-	-	-	(410)
Transfer to retained earnings	-	-	-	(51)	-	51	-	-
Total comprehensive income/(loss) for the year	-	-	-	686	-	(11,462)	45	(10,731)
<b>As at 31 March 2011</b>	<b>98,743</b>	<b>3,804</b>	<b>(3,045)</b>	<b>4,134</b>	<b>(28)</b>	<b>(51,612)</b>	<b>511</b>	<b>52,507</b>
<b>As at 1 April 2011</b>	<b>98,743</b>	<b>3,804</b>	<b>(3,045)</b>	<b>4,134</b>	<b>(28)</b>	<b>(51,612)</b>	<b>511</b>	<b>52,507</b>
Total comprehensive income for the period	-	-	-	-	20	(790)	(91)	(861)
<b>As at 30 September 2011</b>	<b>98,743</b>	<b>3,804</b>	<b>(3,045)</b>	<b>4,134</b>	<b>(8)</b>	<b>(52,402)</b>	<b>420</b>	<b>51,646</b>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE PERIOD ENDED 30 SEPTEMBER 2011**

(The figures have not been audited)

	<b>6 months ended</b>	
	<b>30-Sep-11</b>	<b>30-Sep-10</b>
	(Unaudited)	(Unaudited)
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / Profit before taxation	(881)	436
Adjustments for:		
Depreciation of property, plant and equipment	2,658	2,547
Loss on disposal of property, plant and equipment	28	-
Provision for unrealised (gain) / loss on foreign currency exchange	(506)	374
Interest expenses	2,737	2,818
Interest income	(54)	(63)
Operating profit before working capital changes	3,982	6,112
Decrease / (Increase) in inventories	6,433	(147)
Increase in receivables	(5,874)	(10,232)
Increase in payables	2,581	1,430
Cash generated from / (used in) operations	7,122	(2,837)
Interest paid	(2,737)	(2,818)
Income tax paid	(4)	-
Net cash generated from/(used in) operating activities	4,381	(5,655)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	-	63
Purchase of property, plant and equipment	(557)	(1,010)
Proceeds from disposal of property, plant and equipment	35	-
Net cash used in investing activities	(522)	(947)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net proceed / (Repayment of ) from trade bills payables	3,433	(2,867)
Drawdown of term loans	-	2,157
Drawdown of hire purchase	95	-
Repayment of term loans	(5,663)	(4,833)
Repayment of hire purchase liabilities	(8)	(67)
Increase in fixed deposits	-	(45)
Corporate exercise transaction cost	-	(409)
Proceeds from issuance of right issues	-	31,951
Net cash (used in)/generated from financing activities	(2,143)	25,887
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,716	19,285
Effect of foreign exchange fluctuations	526	18
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	(3,425)	6,513
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	(1,183)	25,816
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Bank overdrafts	(5,616)	-
Deposits, cash in hand and at banks	7,249	28,559
Fixed deposits pledged	(2,816)	(2,743)
	(1,183)	25,816

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2011 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 report is unaudited and has 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 report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2011. 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 financial year ended 31 March 2011.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies and methods of computation adopted for the interim financial report are consistent with those of the audited financial statements for the financial year ended 31 March 2011 except for the adoption of the following new Financial Reporting Standards (FRSs) and Interpretations, and amendment to certain FRSs and Interpretations which are applicable and relevant for the financial period beginning 1 April 2011:

**FRSs, Interpretations and amendments effective for financial periods beginning on or after 1 July 2010**

- FRS 1: First-time Adoption of Financial Reporting Standards
- FRS 3: Business Combinations
- FRS 127: Consolidated and Separate Financial Statements
- Amendment to FRS 138: Intangible Assets
- Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives

**FRSs, Interpretations and amendments effective for financial periods beginning on or after 1 January 2011**

- Amendment to FRS 1: First-time Adoption of Financial Reporting Standards:
  - Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters
  - Additional Exemptions for First-time Adopters
  - Improvements to FRSs (2010)
- Amendment to FRS 3: Improvements to FRSs (2010)
- Amendment to FRS 7: Financial Instruments: Disclosures:
  - Improving Disclosures about Financial Instruments
  - Improvements to FRSs (2010)
- Amendment to FRS 101: Presentation of Financial Statements
- Amendment to FRS 121: The Effect of Changes in Foreign Exchange Rates
- Amendment to FRS 132: Financial Instruments: Presentation
- Amendment to FRS 134: Interim Financial Reporting
- Amendment to FRS 139: Financial Instruments: Recognition and Measurement

The adoption of the above FRSs and Amendments to FRSs, did not result in any significant changes in the accounting policies and presentation of the financial results of the Group.

**2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

The following revised FRSs, new IC Interpretations and Amendments to FRSs applicable to the Group have been issued and are effective for financial periods commencing on or after 1 July 2011 and 1 January 2012, and have yet to be adopted by the Group.

**FRS, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011**

- IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

**FRS, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012**

- FRS 124 Related Party Disclosures (revised)

The initial application of the above FRSs and amendments to FRSs and Interpretation is not expected to have any significant impact on the Group

**3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report for the audited financial statements of the Group for the financial year ended 31 March 2011 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 financial 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 financial 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 quarter ended 30 September 2011.

**8. DIVIDENDS PAID**

No dividend was paid during the current financial period.

**9. SEGMENTAL INFORMATION**

FRS 8 requires separate reporting of segmental information for operating segments. Operating segments reflects the Group's management structure and the way financial information is regularly reviewed by the Group's chief operating decision maker, which is defined as the Executive Board.

The Group is focused in four areas of activity, extrusion and fabrication, aluminum billets and tolling, construction contract and others.

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(Incorporated in Malaysia)

**9. SEGMENTAL INFORMATION (Cont'd)**

<b><u>6 months period ended</u></b> <b><u>30-9-2011</u></b>	<b>Extrusion and fabrication</b> <b>RM'000</b>	<b>Aluminium billets and tolling</b> <b>RM'000</b>	<b>Construction contract</b> <b>RM'000</b>	<b>Others</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>Revenue</b>					
Total sales	45,481	19,678	5,127	-	70,286
Inter-segment sales	(10,442)	(14,262)	-	-	(24,704)
External sales	35,039	5,416	5,127	-	45,582
<b>Results</b>					
Profit/(Loss) from operations	2,846	(480)	(258)	(219)	1,889
Finance costs	(2,011)	(750)	(9)	-	(2,770)
Taxation					-
<b>Loss after taxation</b>					(881)
<b>Assets</b>					
Segment assets	89,764	44,648	5,321	266	139,999
<b>Liabilities</b>					
Segment liabilities	(64,412)	(21,889)	(2,029)	(143)	(88,473)
<b>Other information:</b>					
Capital expenditure	407	-	150	-	557
Depreciation	2,202	409	47	-	2,658
<b><u>6 months period ended</u></b> <b><u>30-9-2010</u></b>					
<b><u>6 months period ended</u></b> <b><u>30-9-2010</u></b>	<b>Extrusion and fabrication</b> <b>RM'000</b>	<b>Aluminium billets and tolling</b> <b>RM'000</b>	<b>Construction contract</b> <b>RM'000</b>	<b>Others</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>Revenue</b>					
Total sales	32,196	7,308	6,365	-	45,869
Inter-segment sales	(1,587)	-	-	-	(1,587)
External sales	30,609	7,308	6,365	-	44,282
<b>Results</b>					
Profit/(Loss) from operations	2,979	(305)	747	(120)	3,301
Finance costs	(2,070)	(777)	(18)	-	(2,865)
Taxation					-
<b>Profit after taxation</b>					436



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

**9. SEGMENTAL INFORMATION (Cont'd)**

<u>6 months period ended</u> <u>30-9-2010</u>	<b>Extrusion and fabrication</b> <b>RM'000</b>	<b>Aluminium billets and tolling</b> <b>RM'000</b>	<b>Construction contract</b> <b>RM'000</b>	<b>Others</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>Assets</b>					
Segment assets	98,548	47,166	8,012	17,925	171,651
<b>Liabilities</b>					
Segment liabilities	(73,468)	(31,926)	(1,791)	(226)	(107,411)
<b>Other information:</b>					
Capital expenditure	948	2	60	-	1,010
Depreciation	2,167	363	17	-	2,547

**10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment are stated at cost less accumulated depreciation.

The valuations of land and building have been brought forward without amendment from the previous audited financial statements.

**11. SUBSEQUENT EVENTS**

There were no material events subsequent to the end of the current financial quarter.

**12. CHANGES IN COMPOSITION OF THE GROUP**

There were no other changes in the composition of the Group during the financial quarter ended 30 September 2011.

**13. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There were no changes in contingent liabilities or contingent assets since the last statement of financial position as at 31 March 2011.

**14. CAPITAL COMMITMENTS**

There was no material capital commitment as at 30 September 2011.

**PART B - NOTES PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**15. PERFORMANCE REVIEW**

Year to-date turnover was RM45.6 million with a pre-tax loss of RM0.9 million compared to RM44.3 million and pre-tax profit of RM0.4 million respectively for the same period in the previous year.

**15. PERFORMANCE REVIEW (Cont'd)**

The loss for the current year was mainly due to higher overheads and fluctuation in foreign exchange rate.

**16. QUARTERLY RESULTS COMPARISON**

Group turnover for the quarter under review of RM23.2 million is slightly higher than the turnover of RM22.4 million for the previous quarter. However, the Group recorded a pre-tax loss of RM1.0 million compared to the pre-tax loss of RM0.3 million for the previous quarter. As mentioned, the poorer performance was mainly due to higher overheads and fluctuation in foreign exchange rate.

**17. COMING QUARTER PROSPECTS**

The management is continuing making all efforts to increase turnover and at the same time, reduce operating costs. The Board believes that the Group would be able to turnaround in the near future given the commitment of the management towards these two objectives.

**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.

**20. TAXATION**

	<b>Current Quarter 30-September-2011 RM'000</b>	<b>Current Year To Date 30-September-2011 RM'000</b>
Current period:		
- current taxation	-	-
- deferred taxation	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

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 as at the date of this announcement.

**24. GROUP BORROWINGS**

The Group's borrowings as at 30 September 2011 comprise the following:-

	<b>RM'000</b>	<b>RM'000</b>
(a) Current		
Bank Overdraft (Secured)	5,616	
Trade bills payable (Secured)	13,022	
Revolving credit (Secured)	10,000	
Hire purchase liabilities	28	
Term loans (Secured)	<u>18,488</u>	
		47,154
(b) Non-current		
Term loans (Secured)	29,446	
Hire purchase liabilities	<u>106</u>	
		<u>29,552</u>
		<u><u>76,706</u></u>

The above banking facilities 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;
- (d) Corporate guarantee given by the Company; and
- (e) Joint and several guarantees by certain directors.

**25. FINANCIAL INSTRUMENTS**

**Foreign Currency Forward Contracts**

The summary of the outstanding foreign currency forward contracts as at 30.09.2011 is as follows:

<b>Maturity</b>	<b>Notional Value</b>		<b>Fair Value</b>
	<b>USD'000</b>	<b>RM'000</b>	<b>RM'000</b>
Less than a year	<u>1,068</u>	<u>3,210</u>	<u>3,230</u>

The cash requirement relating to these contracts is USD 1,068,000.

**26. REALISED AND UNREALISED PROFITS AND LOSSES**

On 25 March 2010, Bursa Malaysia Securities Berhad (“Bursa Malaysia”) issued a directive to all issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits and losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and format required.

The breakdown of accumulated losses of the Group and the Company as at the reporting date, into realised and unrealised losses, pursuant to the directive, is as follows:

	Year to date 30-September-2011 RM'000
Total accumulated losses of the Company and it's subsidiaries:	
- Realised	52,678
- Unrealised	( 276)
Total Group accumulated losses as per consolidated accounts	<u>52,402</u>

**27. DIVIDEND**

No dividend has been recommended for the current financial quarter.

**28. EARNINGS PER SHARE**

The basic earnings per share for the financial period has been calculated by dividing the net profit/loss after tax and minority interest attributable to shareholders by the weighted average number of ordinary shares in issue during the period (excluding treasury shares 5,780,700 retained by the Company).

a. Basic earning per share	Quarter Ended		Year To Date	
	30-September- 2011	30-September- 2010	30-September- 2011	30-September- 2010
Net profit / (loss) attributable to shareholders (RM'000)	(862)	(426)	(790)	201
Weighted average number of ordinary shares in issue ('000)	191,705	178,508	191,705	153,294
Basic earning per share (sen)	(0.45)	(0.24)	(0.41)	0.13

**b. Diluted earnings per share**

There is no potential ordinary shares that are diluted given that the average market price of ordinary shares during the period is less than the exercise price of the warrants.

**29. 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 22 November 2011.