

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

P.A. RESOURCES BERHAD
UNAUDITED INTERIM FINANCIAL STATEMENT

FOR FINANCIAL PERIOD ENDED 30 JUNE 2014

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

(The figures have not been audited)

	As at 30-Jun-14 (Unaudited) RM'000	As at 31-Mar-14 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	79,036	80,111
Goodwill on consolidation	-	-
	<u>79,036</u>	<u>80,111</u>
Current assets		
Inventories	25,155	23,689
Trade receivables	61,944	59,280
Other receivables, deposits and prepayments	14,583	2,678
Tax refund receivables	971	1,257
Cash and bank balances	4,932	6,137
	<u>107,585</u>	<u>93,041</u>
Total assets	<u>186,621</u>	<u>173,152</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	94,653	94,653
Reserves	9,290	8,570
	<u>103,943</u>	<u>103,223</u>
Non-controlling interest	(1,542)	(1,558)
Total equity	<u>102,401</u>	<u>101,665</u>
LIABILITIES		
Non-current liabilities		
Borrowings	3,629	4,278
Deferred taxation	5	5
	<u>3,634</u>	<u>4,283</u>
Current liabilities		
Trade payables	8,518	18,739
Other payables and accruals	29,024	2,996
Borrowings	42,829	44,840
Provisions	-	-
Taxation	215	629
	<u>80,586</u>	<u>67,204</u>
Total liabilities	<u>84,220</u>	<u>71,487</u>
Total equity and liabilities	<u>186,621</u>	<u>173,152</u>
Net assets per share attributable to equity holders of the Company (sen)	<u>11.47</u>	<u>11.39</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 2014 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2014
(The figures have not been audited)

	Quarter 3 months ended		Year-to-date 3 months ended	
	30-Jun-14 (Unaudited) RM'000	30-Jun-13 (Audited) RM'000	30-Jun-14 (Unaudited) RM'000	30-Jun-13 (Audited) RM'000
Revenue	36,350	28,019	36,350	28,019
Cost of sales	(30,776)	(23,766)	(30,776)	(23,766)
Gross profit / (loss)	5,574	4,253	5,574	4,253
Other income	155	14	155	14
Other operating expenses	(1,127)	(411)	(1,127)	(411)
Distribution and administrative expenses	(3,174)	(2,342)	(3,174)	(2,342)
Operating profit	1,428	1,514	1,428	1,514
Finance costs	(692)	(642)	(692)	(642)
Profit before taxation	736	872	736	872
Tax expenses	-	-	-	-
Profit for the period	736	872	736	872
Other comprehensive income				
Deferred tax on revaluation surplus transferred	-	-	-	-
Total comprehensive profit for the period	736	872	736	872
Profit attributable to:				
Owner of the Company	721	613	721	613
Non-controlling interest	15	259	15	259
	736	872	736	872
Total comprehensive profit attributable to:				
Owner of the Company	721	613	721	613
Non-controlling interest	15	259	15	259
	736	872	736	872
Earnings per share for loss attributable to the owners of the Company:				
Basic earnings per share (sen)	0.08	0.07	0.08	0.07

The condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2014 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2014**

(The figure have not been audited)

	Attributable to equity holders of the Company										Non- controlling interests 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	Capital Redemption Reserve RM'000	Other Capital Reserve RM'000	Distributable				
									Retained Earnings RM'000			
As at 1 April 2013	86,053	23	-	4,005	(53)	2,890	12,065	(10,758)	(772)	93,453		
New issue share of 86,000,000 new ordinary shares of RM 0.10 each for RM0.118	8,600	1,548	-	-	-	-	-	-	-	10,148		
Changes in ownership interest in a subsidiary	-	-	-	-	-	-	-	24	(572)	(548)		
Share issues expenses written off	-	(81)	-	-	-	-	-	-	-	(81)		
Total comprehensive loss for the year	-	-	-	-	-	-	-	(1,094)	(213)	(1,307)		
Transfer to retained earnings	-	-	-	(64)	-	-	-	64	-	-		
As at 31 MARCH 2013	94,653	1,490	-	3,941	(53)	2,890	12,065	(11,764)	(1,557)	101,665		
As at 1 April 2013	94,653	1,490	-	3,941	(53)	2,890	12,065	(11,764)	(1,557)	101,665		
Total comprehensive profit for the period	-	-	-	-	-	-	-	721	15	736		
As at 31 MARCH 2014	94,653	1,490	-	3,941	(53)	2,890	12,065	(11,043)	(1,542)	102,401		

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 2014 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 30 JUNE 2014**

(The figures have not been audited)

	3 months ended	
	30-Jun-14	30-Jun-13
	(Unaudited)	(Unaudited)
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipt from customers and others	33,569	23,697
Payment to suppliers, contractors and employees	(30,715)	(20,328)
Interest paid	(671)	(620)
Income tax refund / (paid)	(126)	-
Net cash (used in) / generated from operating activities	2,057	2,749
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	22	22
Additional investment in a subsidiary companies	-	-
Purchase of property, plant and equipment (Note A)	(647)	(2,189)
Proceeds from disposal of property, plant and equipment	-	-
Acquisition of non controlling interests	-	-
(Advances to) / Repayment of loan	-	-
Net cash used in investing activities	(625)	(2,167)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (repayment) / proceed from trade bills payables	(1,711)	3,828
Drawdown of hire purchase	-	-
Drawdown of term loan	-	(529)
Repayment of term loans	(597)	-
Repayment of hire purchase liabilities	(58)	(49)
Corporate exercise transaction cost	-	-
Proceeds from issuance of right issues	-	-
Increase in fixed deposits pledged	(22)	86
Net cash generated from financing activities	(2,388)	3,336
NET INCREASE IN CASH AND CASH EQUIVALENTS	(956)	3,918
Effect of foreign exchange fluctuations	24	(50)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	(6,764)	(6,914)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	(7,696)	(3,046)
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank overdrafts	(9,572)	(7,267)
Deposits, cash in hand and at bank:	4,932	7,188
Fixed deposits pledged	(3,056)	(2,967)
	(7,696)	(3,046)

NOTE TO THE CASH FLOW STATEMENTS**NOTE A - PURCHASE OF PROPERTY, PLANT AND EQUIPMENT**

	3 months ended	
	30-Jun-14	30-Jun-13
	(Unaudited)	(Unaudited)
	RM'000	RM'000
The Group acquired property, plant and equipment by way of the following:		
Hire purchase	-	-
Cash equivalents payments	647	2,189
At cost	647	2,189

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2014 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 MFRS 134

1. BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) 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 2014 which was prepared in accordance with Financial Reporting Standards (“FRS”).

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 2014, except for the changes in accounting policies and presentation resulting from the adoption of relevant MFRS, IC Interpretation and Amendments to MFRS that are applicable and effective for the Group’s financial period on or after 1 April 2014 as follows:

Amendments to MFRS 10	Consolidated Financial Statements
Amendments to MFRS 12	Disclosure of Interests in Other Entities
Amendments to MFRS 127	Consolidated and Separate Financial Statements
Amendments to MFRS 132	Financial Instruments: Presentation
Amendments to MFRS 136	Impairment of Assets
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 21	Levies

The adoptions of these standards, amendments and interpretations have no material impact to these interim financial statements

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 2014 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.

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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 June 2014.

8. DIVIDENDS PAID

No dividend was paid during the current financial period.

9. SEGMENTAL INFORMATION

MFRS 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 five areas of activity, extrusion and fabrication, aluminum billets and tolling, construction contract, renewable energy and others.

<u>3 months</u> <u>period ended</u> <u>30.06.2014</u>	Extrusion and fabrication RM'000	Aluminium billets and tolling RM'000	Construction contract RM'000	Renewable Energy RM'000	Others RM'000	Total RM'000
Revenue						
Total Sales	35,641	19,209	2,425	4,931	-	62,206
Inter-segment sales	(6,892)	(18,964)	-	-	-	(25,856)
External sales	<u>28,749</u>	<u>245</u>	<u>2,425</u>	<u>4,931</u>	<u>-</u>	<u>36,350</u>
Results						
Profit/(Loss) from operation	802	262	86	319	(41)	1,428
Finance costs	(447)	(155)	(14)	(76)	-	(692)
Taxation	-	-	-	-	-	-
Loss after taxation						<u>736</u>
Assets						
Segment assets	<u>108,619</u>	<u>28,378</u>	<u>11,695</u>	<u>37,891</u>	<u>38</u>	<u>186,621</u>
Liabilities						
Segment liabilities	<u>(38,213)</u>	<u>(14,360)</u>	<u>(2,874)</u>	<u>(28,640)</u>	<u>(128)</u>	<u>(84,215)</u>

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9. SEGMENTAL INFORMATION (Cont'd)

3 months period ended 30.06.2014	Extrusion and fabrication RM'000	Aluminium billets and tolling RM'000	Construction contract RM'000	Renewable Energy RM'000	Others RM'000	Total RM'000
Assets						
Other information:						
Capital expenditure	645	-	-	2	-	647
Depreciation	1,439	204	49	9	1	1,702

3 months period ended 30.6.2013	Extrusion and fabrication RM'000	Aluminium billets and tolling RM'000	Construction contract RM'000	Renewable Energy RM'000	Others RM'000	Total RM'000
Revenue						
Total Sales	31,302	18,995	11	3,467	-	53,775
Inter-segment sales	(7,353)	(18,403)	-	-	-	(25,756)
External sales	23,949	592	11	3,467	-	28,019
Results						
Profit/(Loss) from operation	(925)	854	(673)	2,312	(54)	1,514
Finance costs	(422)	(214)	(5)	-	-	(641)
Taxation	-	-	-	-	-	-
Loss after taxation						873
Assets						
Segment assets	107,105	33,709	6,233	6,690	106	153,843
Liabilities						
Segment liabilities	(42,895)	(14,665)	(1,198)	(576)	(185)	(59,519)
Other information:						
Capital expenditure	5,074	24	-	-	-	5,098
Depreciation	1,316	203	58	2	-	1,579

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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 was no change to the composition of the group during the quarter under review.

13. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no material changes in contingent liabilities or contingent assets since the last statement of financial position as at 30 June 2014.

14. CAPITAL COMMITMENTS

There was no material capital commitment for the quarter under review.

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

15. PERFORMANCE REVIEW

	Period To Date		Period To Date	
	30-June		30-June	
	Revenue		Operating Profit / (Loss)	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Extrusion and fabrication	28,749	23,950	802	(925)
Aluminium billets and tolling	245	592	262	854
Construction contract	2,425	11	86	(673)
Renewable energy	4,931	3,466	319	2,312
Others	-	-	(41)	(54)
	<u>36,350</u>	<u>28,019</u>	<u>1,428</u>	<u>1,514</u>

Extrusion and fabrication

During the quarter under review, this segment recorded a turnover of RM28.7m compared to a turnover of RM23.9m in the corresponding quarter in the preceding year. The higher turnover was due to higher sales volume and also higher selling prices as a result of higher LME prices in the current quarter. In line with the higher sales volume, operating profits improved to RM0.8m compared to a loss of RM0.9m previously.

Aluminium billet and tolling

Including inter-segment sales of RM18.9m this segment recorded a total turnover of RM19.2m compared to RM19m previously. Operating profits was RM0.3m which is lower than the RM0.8m in the previous year. Higher operating cost due to increase in electricity tariff was the cause for the lower operating profit for the current quarter.

Construction contract

The turnover for this segment was RM2.4m which is substantially higher than the RM11 thousand in the previous year. The higher turnover resulted in an operating profit of RM86 thousand compared to a loss of RM0.7m in the previous year.

Renewable Energy

This segment recorded a turnover of RM4.9m compared to an amount of RM3.5m previously. Despite the higher turnover, operating profit reduced to RM0.3m from RM2.3m. Due to intense competition, selling prices were much lower during the current quarter, hence affecting margins. This together with higher operating overheads were the cause of the substantially lower profit.

Others

This was mainly expenses incurred by the holding company and other dormant companies.

16. QUARTERLY RESULTS COMPARISON

	Quarter ended		Quarter ended	
	Revenue		Operating Profit / (Loss)	
	30-Jun-2014	31-Mar-2014	30-Jun-2014	31-Mar-2014
	RM'000	RM'000	RM'000	RM'000
Extrusion and fabrication	28,749	29,121	802	(1,896)
Aluminium billets and tolling	245	217	262	271
Construction contract	2,425	120	86	(835)
Renewable energy	4,931	18,000	319	256
Others	-	-	(41)	(95)
	<u>36,350</u>	<u>47,458</u>	<u>1,428</u>	<u>(2,299)</u>

Extrusion and fabrication

Compared to the turnover of RM29.1m in the previous quarter there was a slight drop to RM28.7m in the quarter under review. Operating profit was much better with a profit of RM0.8m compared to a loss of RM1.9m previously. The high losses in the previous quarter was due to year end stock count adjustment and other operating overhead.

Aluminium billet and tolling

Sales to external parties for the current quarter and the previous quarter were quite consistent at RM0.24m and RM0.22m respectively. Operating profits were also not much changed at RM0.26m and RM0.27m.

Construction contract

Compared to the previous quarter, turnover for the current quarter increased substantially to RM2.4m from RM0.1m. With the higher turnover there was an operating profit of RM86 thousand compared to a loss of RM0.8m previously.

Renewable Energy

Compared to the previous quarter, turnover was very much lower at RM4.9m compared to RM18m previously. The construction of a solar farm project was mainly responsible for the high turnover in the previous quarter. Despite the high turnover, the margin from this project was not high, hence the lower operating profit in the previous quarter compared to the current quarter.

17. COMING QUARTER PROSPECTS

Extrusion and fabrication

Aluminium prices have been on the rise lately. This has affected our margins as it is not always possible to pass on the increase to our customers. Sales volume may also be lower as our customers may turn to suppliers who are better able to absorb the price increase. Nevertheless our marketing people are working very hard to maintain volume by increasing their area of coverage.

Aluminium billet and tolling

This segment should continue to be positive as volume has been consistent in the past and this is expected to continue.

Construction contract

This segment has been reasonably successful in securing projects and it is hopeful of turning around in the near future.

Renewable Energy

Competition in this segment has been increasing as more and more players are entering the market. However given the experience gained in the last 2 years, this segment is hopeful of maintaining its profitable performance.

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 save for the followings:
- (ii)
 - PA Solar Energy Sdn Bhd, a wholly owned subsidiary of PA Resources Bhd has on 10/7/2014 awarded a contract of RM1.8m to Gimpai Jaya Sdn Bhd, a company in which Dato Ng Tong Hai is a director and substantial shareholder, to construct a 5MW solar renewable energy farm in Terengganu Darul Imam.
- (iii) 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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20. TAXATION

	Current Quarter 30-June-2014 RM'000	Current Year To Date 30-June-2014 RM'000
Current period / year:		
- current taxation	-	-
- deferred taxation	-	-
	<u>-</u>	<u>-</u>

The taxation of the Group and the Company, is determined by applying the Malaysian income tax rate @ 25% to profit before taxation as stipulated in paragraph 2A, schedule 1, part 1 of the Income tax Act, 1967.

21. STATUS OF CORPORATE PROPOSALS

There were no new corporate proposals during the quarter under review.

22. GROUP BORROWINGS

The Group's borrowings as at 30 June 2014 comprise the following:-

	RM'000	RM'000
(a) Current		
Bank Overdraft (Secured)	9,572	
Trade bills payable (Secured)	20,664	
Revolving credit (Secured)	10,000	
Foreign Currency Trade Loan	-	
Hire purchase liabilities	205	
Term loans (Secured)	<u>2,388</u>	
		42,829
(b) Non-current		
Term loans (Secured)	3,224	
Hire purchase liabilities	<u>405</u>	
		<u>3,629</u>
		<u>46,458</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.

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23. 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 as at the reporting date, into realised and unrealised losses, pursuant to the directive, is as follows:

	Period to date 30-June-2014 RM’000
Total accumulated losses of the Company and it’s subsidiaries:	
- Realised	(88,754)
- Unrealised	354
	<u>(88,400)</u>
Consolidation adjustments	77,357
Accumulated losses as per financial statements	<u><u>(11,043)</u></u>

24. DIVIDEND

No dividend has been recommended for the current financial quarter.

25. EARNINGS PER SHARE

The basic earnings per share for the financial period has been calculated by dividing the net profit/loss after tax and non-controlling interest attributable to shareholders by the weighted average number of ordinary shares in issue during the period.

a. Basic earning per share	Quarter Ended		Year To Date	
	30-Jun-2014	30-Jun-2013	30-Jun-2014	30-Jun-2013
Net profit/(loss) attributable to shareholders (RM’000)	721	613	721	613
Weighted average number of ordinary shares in issue (’000)	906,241	860,532	906,241	860,532
Basic earning per share (sen)	0.08	0.07	0.08	0.07

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.

26. PROFIT / (LOSS) BEFORE TAXATION

	Quarter Ended		Year Ended	
	30-June		30-June	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
This is stated after charging :-				
Depreciation on property, plant & equipment	646	1,579	646	1,579
Foreign exchange losses / (gain)				
- realised	(24)	(5)	(24)	(5)
- unrealised	354	143	354	143
Interest expense:				
- term loans	249	265	249	265
- hire purchase	7	3	7	3
- bank overdrafts	111	133	111	133
- trade line facilities	304	287	304	287
And after crediting:-				
- allowance for doubtful debt	-	-	-	-
- agency fee, net of foreign exchange effect	-	-	-	-
- miscellaneous	8	11	8	11
- interest income	22	22	22	22

There was no gain or loss on disposal of quoted or unquoted investments or properties, impairment of assets, impairment of receivables, written down of inventories, gain or loss on derivatives and exceptional items for the current quarter under review and financial year-to-date ended 30 June 2014.

27. 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 27th August 2014.