

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 2014

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2014

(The figures have not been audited)

	As at 30-Sep-14 (Unaudited) RM'000	As at 31-Mar-14 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	78,217	80,111
Goodwill on consolidation	-	-
	<u>78,217</u>	<u>80,111</u>
Current assets		
Inventories	27,012	23,689
Trade receivables	69,888	59,280
Other receivables, deposits and prepayments	1,328	2,678
Tax refund receivables	1,124	1,257
Cash and bank balances	5,296	6,137
	<u>104,648</u>	<u>93,041</u>
Total assets	<u><u>182,865</u></u>	<u><u>173,152</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	94,653	94,653
Reserves	9,330	8,570
	<u>103,983</u>	<u>103,223</u>
Non-controlling interest	(1,549)	(1,558)
Total equity	<u><u>102,434</u></u>	<u><u>101,665</u></u>
LIABILITIES		
Non-current liabilities		
Borrowings	2,892	4,278
Deferred taxation	5	5
	<u>2,897</u>	<u>4,283</u>
Current liabilities		
Trade payables	23,155	18,739
Other payables and accruals	10,130	2,996
Borrowings	44,249	44,840
Provisions	-	-
Taxation	-	629
	<u>77,534</u>	<u>67,204</u>
Total liabilities	<u>80,431</u>	<u>71,487</u>
Total equity and liabilities	<u><u>182,865</u></u>	<u><u>173,152</u></u>
Net assets per share attributable to equity holders of the Company (sen)	<u><u>11.47</u></u>	<u><u>11.39</u></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 SEPTEMBER 2014**

(The figures have not been audited)

	Quarter		Year-to-date	
	3 months ended		6 months ended	
	30-Sep-14 (Unaudited) RM'000	30-Sep-13 (Audited) RM'000	30-Sep-14 (Unaudited) RM'000	30-Sep-13 (Audited) RM'000
Revenue	31,913	30,510	68,263	58,529
Cost of sales	(28,161)	(26,178)	(58,937)	(49,944)
Gross profit / (loss)	3,752	4,332	9,326	8,585
Other income	151	11	306	25
Other operating expenses	(443)	(517)	(1,570)	(928)
Distribution and administrative expenses	(2,580)	(2,771)	(5,754)	(5,113)
Operating profit	880	1,055	2,308	2,569
Finance costs	(847)	(673)	(1,539)	(1,315)
Profit before taxation	33	382	769	1,254
Tax expenses	-	-	-	-
Profit for the period	33	382	769	1,254
Other comprehensive income				
Deferred tax on revaluation surplus transferred	-	-	-	-
Total comprehensive profit for the period	33	382	769	1,254
Profit attributable to:				
Owner of the Company	40	196	761	809
Non-controlling interest	(7)	186	8	445
	33	382	769	1,254
Total comprehensive profit attributable to:				
Owner of the Company	40	196	761	809
Non-controlling interest	(7)	186	8	445
	33	382	769	1,254
Earnings per share for loss attributable to the owners of the Company:				
Basic earnings per share (sen)	0.00	0.02	0.08	0.09

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.

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

(The figure have not been audited)

	Attributable to equity holders of the Company							Distributable Retained Earnings RM'000	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			
As at 1 April 2014	94,653	1,490	-	3,941	(53)	2,890	12,065	(11,764)	(1,557)	101,665
Total comprehensive profit for the year	-	-	-	-	-	-	-	761	8	769
As at 30 SEPTEMBER 2014	94,653	1,490	-	3,941	(53)	2,890	12,065	(11,003)	(1,549)	102,434
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
Total comprehensive profit for the period	-	-	-	-	-	-	-	809	445	1,254
As at 30 SEPTEMBER 2013	94,653	1,571	-	4,005	(53)	2,890	12,065	(9,949)	(327)	104,855

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.

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

(The figures have not been audited)

	6 months ended	
	30-Sep-14	30-Sep-13
	(Unaudited)	(Audited)
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipt from customers and others	30,693	44,699
Payment to suppliers, contractors and employees	(33,495)	(45,370)
Interest paid	(1,585)	(1,268)
Income tax paid	(100)	-
Net cash used in operating activities	(4,487)	(1,939)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	46	44
Additional investment in a subsidiary companies	-	-
Purchase of property, plant and equipment (Note A)	(16)	(3,933)
Proceeds from disposal of property, plant and equipment	-	-
Acquisition of non controlling interests (Advances to) / Repayment of loan	-	-
Net cash from / (used) in investing activities	30	(3,889)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (repayment) / proceed from trade bills payables	3,777	(510)
Drawdown of hire purchase	97	-
Drawdown of term loan	-	1,347
Repayment of term loans	(597)	(1,082)
Repayment of hire purchase liabilities	(63)	(98)
Proceeds from issuance of new issues	-	10,148
Increase in fixed deposits pledged	-	(44)
Net cash generated from financing activities	3,214	9,761
NET INCREASE IN CASH AND CASH EQUIVALENTS	(1,243)	3,933
Effect of foreign exchange fluctuations	24	(28)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	(6,764)	(3,886)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	(7,983)	19
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank overdrafts	(10,217)	(5,426)
Deposits, cash in hand and at banks	5,296	8,435
Fixed deposits pledged	(3,062)	(2,990)
	(7,983)	19

NOTE TO THE CASH FLOW STATEMENTS

NOTE A - PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	6 months ended	
	30-Sep-14	30-Sep-13
	(Unaudited)	(Audited)
	RM'000	RM'000
The Group acquired property, plant and equipment by way of the following:		
Hire purchase	97	85
Cash equivalents payments	16	3,933
At cost	113	4,018

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, resale and repayments of debt and equity securities for the financial quarter ended 30 September 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>6 months</u> <u>period ended</u> <u>30.09.2014</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	66,838	35,115	5,660	8,615	-	116,228
Inter-segment sales	(13,220)	(34,745)	-	-	-	(47,965)
External sales	<u>53,618</u>	<u>370</u>	<u>5,660</u>	<u>8,615</u>	<u>-</u>	<u>68,263</u>
Results						
Profit/(Loss) from operation	666	664	47	973	(42)	2,308
Finance costs	(896)	(385)	(20)	(238)	-	(1,539)
Taxation	-	-	-	-	-	-
Profit after taxation						<u>769</u>
Assets						
Segment assets	<u>97,165</u>	<u>47,905</u>	<u>13,878</u>	<u>38,195</u>	<u>5,724</u>	<u>182,865</u>
Liabilities						
Segment liabilities	<u>(76,951)</u>	<u>(29,604)</u>	<u>(19,043)</u>	<u>(29,644)</u>	<u>(975)</u>	<u>(80,426)</u>

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9. SEGMENTAL INFORMATION (Cont'd)

<u>6 months</u> <u>period ended</u> <u>30.09.2014</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
Assets						
Other information:						
Capital expenditure	645	-	-	2	-	647
Depreciation	2,878	408	98	18	2	3,404

<u>6 months</u> <u>period ended</u> <u>30.9.2013</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	66,015	39,206	563	7,313	-	113,097
Inter-segment sales	(16,397)	(38,171)	-	-	-	(54,568)
External sales	<u>49,618</u>	<u>1,035</u>	<u>563</u>	<u>7,313</u>	<u>-</u>	<u>58,529</u>
Results						
Profit/(Loss) from operation	(1,466)	1,395	(1,108)	3,909	(161)	2,569
Finance costs	(931)	(371)	(13)	-	-	(1,315)
Taxation	-	-	-	-	-	-
Loss after taxation						<u>1,254</u>
Assets						
Segment assets	<u>109,342</u>	<u>31,413</u>	<u>6,893</u>	<u>9,761</u>	<u>3,032</u>	<u>160,441</u>
Liabilities						
Segment liabilities	<u>(43,512)</u>	<u>(9,971)</u>	<u>(1,036)</u>	<u>(805)</u>	<u>(262)</u>	<u>(55,586)</u>
Other information:						
Capital expenditure	3,882	24	97	15	-	4,018
Depreciation	<u>2,720</u>	<u>406</u>	<u>115</u>	<u>5</u>	<u>-</u>	<u>1,579</u>

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 September 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 30-September Revenue		Period To Date 30-September Operating Profit / (Loss)	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Extrusion and fabrication	53,618	49,618	666	(1,466)
Aluminium billets and tolling	370	1,035	664	1,395
Construction contract	5,660	563	47	(1,108)
Renewable energy	8,615	7,313	973	3,909
Others	-	-	(42)	(161)
	<u>68,263</u>	<u>58,529</u>	<u>2,308</u>	<u>2,569</u>

Extrusion and fabrication

Turnover for the current year to date increased 8% compared to the same period in the last year. Operating profits was RM0.7m compared to a loss of RM1.4m previously. The better performance due to the higher sales and a reduction in production cost.

Aluminium billet and tolling

Sales for this segment was lower at RM0.4m compared to RM1.0m previously. In line with the lower turnover operating profits reduced to RM0.7m compared to RM1.4m.

Construction contract

Year to date turnover was RM5.7m compared to RM0.6m in the previous year. In line with the higher turnover, this segment registered an operating profit of RM0.05m compared to an operating loss of RM1.1m.

Renewable Energy

Year to date turnover for this segment was RM8.6m with operating profits of RM1.0m compared to RM7.3m and RM3.9m previously. The lower operating profits was mainly due to lower margins as well as increased overhead in this segment.

Others

This was mainly expenses incurred by the holding company and other subsidiaries which were dormant.

16. QUARTERLY RESULTS COMPARISON

	Quarter ended		Quarter ended	
	Revenue		Operating Profit / (Loss)	
	30-Sep-2014	30-Jun-2014	30-Sep-2014	30-Jun-2014
	RM'000	RM'000	RM'000	RM'000
Extrusion and fabrication	24,869	28,749	(136)	802
Aluminium billets and tolling	125	245	402	262
Construction contract	3,235	2,425	(39)	86
Renewable energy	3,684	4,931	654	319
Others	-	-	(1)	(41)
	<u>31,913</u>	<u>36,350</u>	<u>880</u>	<u>1,428</u>

Extrusion and fabrication

Compared to the previous quarter, turnover for this segment reduced by 13.5%. In line with the lower turnover an operating loss of RM0.1m was registered compared to a profit of RM0.8m.

Aluminium billet and tolling

This segment too recorded a lower turnover compared to the previous quarter. However operating profits improved to RM0.4m compared to RM0.3m previously. The better performance was mainly due to better control of overheads.

Construction contract

This segment recorded an increase in turnover of RM3.2m compared to RM2.4m in the previous quarter. However an operating loss of RM0.04m was registered compared to an operating profits of RM0.09m.

Renewable Energy

A turnover of RM3.7m was recorded in this quarter compared to RM4.9m previously. Despite the lower turnover, operating profits improved to RM0.6m compared to RM0.3m. The better performance was due to reduced overheads in the current quarter.

17. COMING QUARTER PROSPECTS

Extrusion and fabrication

Sales is expected to increase steadily in the coming months as the marketing department has been putting extra efforts. With higher volume this segment is expected to perform better benefitting from economy of scale.

Aluminium billet and tolling

In line with the higher demand in the extrusion sector, volume in this sector is expected to increase correspondingly. The performance of this sector is expected to continue to be good.

Construction contract

This segment is working very hard to control costs in the ongoing projects. At the same time it is also hopeful of securing more projects. Given this scenario this segment is expected to perform better in the future.

Renewable Energy

This segment is facing intense competition and also reduced allocation and rates from the relevant authorities in the residential property sector. The performance of this segment may be affected in the coming months.

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:

- 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.

(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

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

	RM'000	RM'000
(a) Current		
Bank Overdraft (Secured)	10,217	
Trade bills payable (Secured)	21,155	
Revolving credit (Secured)	10,000	
Foreign Currency Trade Loan	-	
Hire purchase liabilities	489	
Term loans (Secured)	<u>2,388</u>	
		44,249
(b) Non-current		
Term loans (Secured)	2,626	
Hire purchase liabilities	<u>266</u>	
		<u>2,892</u>
		<u><u>47,141</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.

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-September-2014 RM’000
Total accumulated losses of the Company and it's subsidiaries:	
- Realised	(88,724)
- Unrealised	354
	<u>(88,370)</u>
Consolidation adjustments	77,367
Accumulated losses as per financial statements	<u>(11,003)</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-Sep-2014	30-Sep-2013	30-Sep-2014	30-Sep-2013
Net profit/(loss) attributable to shareholders (RM’000)	40	196	761	809
Weighted average number of ordinary shares in issue ('000)	906,241	866,171	906,241	866,171
Basic earning per share (sen)	0.00	0.02	0.08	0.09

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 30-September		Year Ended 30-September	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
This is stated after charging :-				
Depreciation on property, plant & equipment	646	1,667	1,292	3,246
Foreign exchange losses / (gain)				
- realised	(24)	(465)	(48)	(470)
- unrealised	354	52	708	195
Interest expense:				
- term loans	249	267	498	532
- hire purchase	7	15	14	18
- bank overdrafts	211	125	322	258
- trade line facilities	447	138	751	403
- revolving credits		34		56
And after crediting:-				
- allowance for doubtful debt	-	-	-	-
- agency fee, net of foreign exchange effect	-	-	-	-
- miscellaneous	8	8	16	19
- interest income	24	22	46	44

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 September 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 21st November 2014.