

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 2016

P.A. RESOURCES BERHAD (664612-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 30 JUNE 2016**

(The figures have not been audited)

	As at 30-Jun-16 (Unaudited) RM'000	As at 31-Mar-15 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	69,892	76,136
Deferred tax assets	1,224	844
	<u>71,116</u>	<u>76,980</u>
Current assets		
Inventories	10,907	19,107
Trade receivables	48,310	47,176
Other receivables, deposits and prepayments	8,822	9,522
Tax refund receivables	1,926	1,584
Cash and bank balances	1,912	5,652
	<u>71,877</u>	<u>83,041</u>
Total assets	<u>142,993</u>	<u>160,021</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	94,653	94,653
Reserves	(14,419)	(5,927)
	<u>80,234</u>	<u>88,726</u>
Non-controlling interest	(2,357)	(2,357)
Total equity	<u>77,877</u>	<u>86,369</u>
LIABILITIES		
Non-current liabilities		
Borrowings	1,468	2,972
Deferred taxation	-	-
	<u>1,468</u>	<u>2,972</u>
Current liabilities		
Trade payables	5,844	13,490
Other payables and accruals	7,756	11,095
Borrowings	49,669	46,095
Taxation	380	-
	<u>63,648</u>	<u>70,680</u>
Total liabilities	<u>65,116</u>	<u>73,652</u>
Total equity and liabilities	<u>142,993</u>	<u>160,021</u>
Net assets per share attributable to equity holders of the Company (sen)	<u>8.48</u>	<u>9.37</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 2015 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2016**

(The figures have not been audited)

	Quarter		Year-to-date	
	3 months ended		15 months ended	15 months ended
	30-Jun-16	30-Jun-15	30-Jun-16	30-Jun-15
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000	RM'000
Revenue	26,966	35,985	139,248	-
Cost of sales	(25,926)	(33,275)	(131,634)	-
Gross profit	1,040	2,710	7,615	-
Other income	190	81	911	-
Other operating expenses	(3,072)	940	(1,779)	-
Distribution and administrative expenses	(2,049)	(2,288)	(10,962)	-
Operating profit / (loss)	(3,891)	1,443	(4,215)	-
Finance costs	(1,079)	(793)	(4,277)	-
Profit / (loss) before taxation	(4,970)	650	(8,492)	-
Tax expenses	-	-	-	-
Profit / (loss) for the period	(4,970)	650	(8,492)	-
Other comprehensive income				
Deferred tax on revaluation surplus transferred	-	-	-	-
Total comprehensive profit / (loss) for the period	(4,970)	650	(8,492)	-
Profit / (loss) attributable to:				
Owner of the Company	(4,970)	650	(8,492)	-
Non-controlling interest	-	-	-	-
	(4,970)	650	(8,492)	-
Total comprehensive profit / (loss) attributable to:				
Owner of the Company	(4,970)	650	(8,492)	-
Non-controlling interest	-	-	-	-
	(4,970)	650	(8,492)	-
Net profit / (loss) per share for profit attributable to the owners of the Company:				
Net profit / (loss) per share (sen)	(0.53)	0.07	(0.90)	-

No comparative figures are shown as this is the first year the Group presents its financial statements for a 15-months period due to the change in financial year end.

The condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2015 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 JUNE 2016**

(The figure have not been audited)

	Attributable to equity holders of the Company							Distributable	Non-controlling interests	Total Equity
	<-----Non-distributable----->									
	Share Capital	Share Premium	Treasury Shares	Revaluation Reserves	Translation Reserve	Capital Redemption Reserve	Other Capital Reserve	Retained Earnings		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 April 2014	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	-	-	-	-	-
As at 30 June 2015	-	-	-	-	-	-	-	-	-	-
As at 1 April 2015	94,653	1,490	-	3,877	(53)	2,890	12,065	(26,196)	(2,357)	86,369
Total comprehensive profit for the year	-	-	-	-	-	-	-	(8,492)	-	(8,492)
As at 30 June 2016	94,653	1,490	-	3,877	(53)	2,890	12,065	(34,688)	(2,357)	77,877

No comparative figures are shown as this is the first year the Group presents its financial statements for a 15-months period due to the change in financial year end.

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 2015 and the accompanying explanatory notes attached to the interim financial statements.

P.A. RESOURCES BERHAD (664612-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 30 JUNE 2016**

(The figures have not been audited)

	15 months ended	
	30-Jun-16 (Unaudited) RM'000	30-Jun-15 (Unaudited) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipt from customers and others	154,230	-
Payment to suppliers, contractors and employees	(151,005)	-
Interest paid	(3,198)	-
Income tax paid	(120)	-
Net cash used in operating activities	(93)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	69	-
Purchase of property, plant and equipment (Note A)	(3,390)	-
Proceeds from disposal of property, plant and equipment	-	-
Net cash used in investing activities	(3,321)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceed from trade bills payables	(3,777)	-
Drawdown of hire purchase	151	-
Repayment of term loans	(1,360)	-
Repayment of hire purchase liabilities	(181)	-
Decrease in fixed deposits pledged	2,221	-
Net cash used in financing activities	(2,946)	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,360)	-
Effect of foreign exchange fluctuations	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	(8,391)	-
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	(14,751)	-
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank overdrafts	(15,740)	-
Deposits, cash in hand and at banks	1,912	-
Fixed deposits pledged	(923)	-
	(14,751)	-

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

	15 months ended	
	30-Jun-16 (Unaudited) RM'000	30-Jun-15 (Unaudited) RM'000
The Group acquired property, plant and equipment by way of the following :		
Hire purchase	151	-
Cash equivalents payments	3,390	-
At cost	3,541	-

No comparative figures are shown as this is the first year the Group presents its financial statements for a 15-months period due to the change in financial year end.

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2015 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 2015 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 2015, 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 2015 as follows:

Amendments to MFRS 119	Defined Benefit Plan : Employee Contribution
Amendments to MFRSs	Annual Improvements to MFRSs 2010 – 2012 Cycle
Amendments to MFRSs	Annual Improvements to MFRSs 2011 – 2013 Cycle

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 2015 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 2016.

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 six areas of activity, extrusion and fabrication, aluminum billets and tolling, construction contract, renewable energy, money lending and others.

<u>15 months</u> <u>year ended</u> <u>30.6.2016</u>	Extrusion and fabrication RM'000	Aluminium billets and tolling RM'000	Construction contract RM'000	Renewable Energy RM'000	Money Lending RM'000	Others RM'000	Total RM'000
Revenue							
Total Sales	153,110	93,144	15,687	5,033	501	-	267,475
Inter-segment sales	(35,083)	(93,144)	-	-	-	-	(128,227)
External sales	118,027	-	15,687	5,033	501	-	139,248
Results							
Profit / (Loss) from operation	(4,110)	2,295	(3,043)	237	391	15	(4,215)
Finance costs	(2,265)	(1,132)	(15)	(865)	-	-	(4,277)
Taxation	-	-	-	-	-	-	-
Loss after taxation							(8,492)
Assets							
Segment assets	123,317	59,374	12,761	17,776	10,724	(82,183)	141,769
Liabilities							
Segment liabilities	(119,432)	(39,751)	(23,675)	(13,402)	(8,401)	140,769	(63,892)

9. SEGMENTAL INFORMATION (Cont'd)

<u>15 months</u> <u>year ended</u> <u>30.6.2016</u>	Extrusion and fabrication RM'000	Aluminium billets and tolling RM'000	Construction contract RM'000	Renewable Energy RM'000	Money Lending RM'000	Others RM'000	Total RM'000
Assets							
Other information:							
Capital expenditure	3,038	336	79	88	-	-	3,541
Depreciation	7,515	1,032	316	87	-	-	8,950

No comparative figures are shown as this is the first year the Group presents its financial statements for a 15-months period.

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 31 March 2015.

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

	3 months year ended 30 June Revenue		3 months year ended 30 June Operating Profit / (Loss)	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Extrusion and fabrication	25,898	28,017	(3,271)	19
Aluminium billets and tolling	265	96	509	438
Construction contract	284	5,937	(1,173)	515
Renewable energy	383	1,935	3	324
Money lending	136	-	74	(2)
Others	-	-	(33)	149
	<u>26,966</u>	<u>35,985</u>	<u>(3,891)</u>	<u>1,443</u>

Extrusion and fabrication

Turnover for the quarter under review was RM25.9m which is 7% less than the RM28.0m in the corresponding quarter in the previous year. Operating losses however was much higher at RM3.2m compared to a profit of RM0.02m previously. The higher losses were mainly due to loss in foreign exchange and disposal of obsolete equipment, higher wages, utilities and other production costs.

Aluminium billet and tolling

This segment recorded total internal and external sales of RM19.4m which is slightly lower than the RM21.1m recorded in the previous year. Operating profits was however 16% higher, from RM0.4m previously to RM0.5m. The better performance was due to better control of production costs.

Construction contract

Turnover for the current quarter was only RM0.3m compared to RM5.9m in the previous year. In line with the lower turnover, operating losses increased to RM1.2m compared to a profit of RM0.5m.

Renewable Energy

For the current quarter, turnover for this segment was RM0.4m compared to RM1.9m in the previous year. With the lower turnover, this segment only managed to breakeven operationally compared to an operation profit of RM0.3m previously.

Money Lending

No comparison was done as this segment has not begun operations in the corresponding period in the previous year.

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-June-2016	31-Mar-2016	30-June-2016	31-Mar-2016
	RM'000	RM'000	RM'000	RM'000
Extrusion and fabrication	25,898	23,772	(3,271)	(2,360)
Aluminium billets and tolling	265	(501)	509	382
Construction contract	284	1,808	(1,173)	(827)
Renewable energy	383	32	3	(478)
Money lending	136	118	74	80
Others	-	-	(33)	(34)
	<u>26,966</u>	<u>25,229</u>	<u>(3,891)</u>	<u>(3,237)</u>

Extrusion and fabrication

Turnover for this segment in the current quarter was RM25.9m which is 9% higher than the previous quarter's turnover of RM23.8m. Despite the higher turnover, a higher operating loss of RM3.3m was recorded compared to RM2.4m previously. The poorer performance was mainly due to higher operating costs and foreign exchange losses incurred.

Aluminium billet and tolling

Sales for the current quarter was RM19.4m compared to RM18.2m in the previous quarter. Operating profits was slightly higher at RM0.5m compared to RM0.4m.

Construction contract

Turnover for the current quarter was lower than the previous quarter, RM0.3m compared to RM1.8m. In line with the lower turnover, operating losses was higher at RM1.2m compared to RM0.8m previously.

Renewable Energy

A higher turnover of RM0.4m was recorded for this quarter compared to only RM0.03m in the previous quarter. No operating losses was recorded in line with the higher turnover.

Money Lending

New loans of RM0.1m were disbursed for both quarters. Operating profits were also consistent at RM0.07m compared to RM0.08m previously.

17. COMING QUARTER PROSPECTS

Extrusion and fabrication

This segment has not been able to generate enough sales to reach its breakeven point. Hence the management is making all efforts for higher sales in order to achieve profitability.

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

Competition for this sector continues to be intense. The management is working hard to keep costs low in order to compete effectively.

Renewable Energy

This segment is becoming increasingly competitive, hence more efforts are being put in to secure higher sales in the future.

Money Lending

This business is expected to maintain its profitability in the coming quarters.

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

	Current Quarter 30-June-2016 RM'000	15 months year ended 30-June-2016 RM'000
Current period / year:		
- current taxation	-	-
- deferred taxation	-	-
	<hr/> <hr/>	<hr/> <hr/>

The taxation of the Group and the Company, is determined by applying the Malaysian income tax rate @ 24% 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 2016 comprise the following:-

	RM'000	RM'000
(a) Current		
Bank Overdraft (Secured)	15,740	
Trade bills payable (Secured)	24,616	
Revolving credit (Secured)	8,000	
Foreign Currency Trade Loan	-	
Hire purchase liabilities	185	
Term loans (Secured)	1,128	
		49,669
(b) Non-current		
Term loans (Secured)	1,051	
Hire purchase liabilities	417	
		1,468
		51,137

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:

	Year to date 30-June-2016 RM'000
Total accumulated losses of the Company and it's subsidiaries:	
- Realised	(118,248)
- Unrealised	1,224
	(117,024)
Consolidation adjustments	82,336
Accumulated losses as per financial statements	(34,688)

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		15 months year ended	
	30-June-2016	30-June-2015	30-June-2016	30-June-2015
Net loss attributable to shareholders (RM'000)	(4,970)	650	(8,492)	(13,846)
Weighted average number of ordinary shares in issue ('000)	946,532	946,532	946,532	946,532
Net profit / (loss) per share (sen)	(0.53)	0.07	(0.90)	(1.46)

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		15 months year ended	
	30-June		30-June	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
This is stated after charging :-				
Depreciation on property, plant & equipment	1,798	1,769	8,950	-
Foreign exchange losses / (gain)				
- realised	1,573	(548)	(3,105)	-
- unrealised	233	(1,022)	639	-
Interest expense:				
- term loans	218	225	1,075	-
- hire purchase	8	8	43	-
- bank overdrafts	592	212	1,259	-
- trade line facilities	278	360	1,880	-
- revolving credits	19	-	19	-
And after crediting:-				
- allowance for doubtful debt	-	-	-	-
- agency fee, net of foreign exchange effect	-	-	-	-
- miscellaneous	166	180	911	-
- interest income	20	24	89	-

No comparative figures are shown as this is the first year the Group presents its financial statements for a 15-months period.

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 2016.

27. CHANGE OF FINANCIAL YEAR END

The financial year end has been changed to 30 June 2016. No comparative figures have been shown as this is the first year the Group presents its financial statements for a 15-months period.

28. 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 26th Aug 2016.