

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

P.A. RESOURCES BERHAD
UNAUDITED INTERIM FINANCIAL STATEMENT

FOR FINANCIAL PERIOD ENDED 30 SEP 2018

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEP 2018**

(The figures have not been audited)

	As at 30-Sep-18 (Unaudited) RM'000	As at 30-Jun-18 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	70,321	71,239
Trade and loan receivables	6,812	8,778
	<u>77,133</u>	<u>80,017</u>
Current assets		
Inventories	7,182	15,103
Trade receivables	40,819	30,076
Other receivables, deposits and prepayments	2,856	2,051
Assets held for sale	660	660
Tax refund receivables	218	202
Cash and bank balances	957	1,623
	<u>52,692</u>	<u>49,715</u>
Total assets	<u><u>129,825</u></u>	<u><u>129,732</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	119,933	119,933
Reserves	(24,377)	(25,657)
	<u>95,556</u>	<u>94,276</u>
Non-controlling interest	(5,783)	(5,783)
Total equity	<u><u>89,773</u></u>	<u><u>88,493</u></u>
LIABILITIES		
Non-current liabilities		
Borrowings	5,883	6,282
Deferred taxation	-	-
	<u>5,883</u>	<u>6,282</u>
Current liabilities		
Trade payables	8,339	7,900
Other payables and accruals	6,111	5,646
Borrowings	19,719	21,394
Current tax liabilities	-	17
	<u>34,169</u>	<u>34,957</u>
Total liabilities	<u>40,052</u>	<u>41,239</u>
Total equity and liabilities	<u><u>129,825</u></u>	<u><u>129,732</u></u>
Net assets per share attributable to equity holders of the Company (sen)	<u><u>5.94</u></u>	<u><u>6.32</u></u>

The condensed consolidated Statement of Financial Position should be read in conjunction with the Audited financial statements for the financial period ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEP 2018**

(The figures have not been audited)

	Quarter 3 months ended		Year-to-date 3 months ended	
	30-Sep-18 (Unaudited) RM'000	30-Sep-17 (Unaudited) RM'000	30-Sep-18 (Unaudited) RM'000	30-Sep-17 (Unaudited) RM'000
Revenue	44,003	28,895	44,003	28,895
Cost of sales	(41,732)	(29,265)	(41,732)	(29,265)
Gross profit/(loss)	2,271	(370)	2,271	(370)
Other income	33	193	33	193
Other operating expenses	710	(903)	710	(903)
Distribution and administrative expenses	(1,188)	(1,288)	(1,188)	(1,288)
Operating profit / (loss)	1,826	(2,368)	1,826	(2,368)
Finance costs	(546)	(931)	(546)	(931)
Profit / (loss) before taxation	1,280	(3,299)	1,280	(3,299)
Tax expenses	-	-	-	-
Profit / (loss) for the period	1,280	(3,299)	1,280	(3,299)
Other comprehensive income				
Deferred tax on revaluation surplus transferred	-	-	-	-
Total comprehensive profit / (loss) for the period	1,280	(3,299)	1,280	(3,299)
Profit / (loss) attributable to:				
Owner of the Company	1,280	(3,299)	1,280	(3,299)
Non-controlling interest	-	-	-	-
	1,280	(3,299)	1,280	(3,299)
Total comprehensive profit / (loss) attributable to:				
Owner of the Company	1,280	(3,299)	1,280	(3,299)
Non-controlling interest	-	-	-	-
	1,280	(3,299)	1,280	(3,299)
Net profit / (loss) per share for profit attributable to the owners of the Company:				
Net profit / (loss) per share (sen)	0.08	(0.35)	0.08	(0.35)

The condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEP 2018**

(The figure have not been audited)

	Attributable to equity holders of the Company						Total RM'000	Non- controlling interests RM'000	Total Equity RM'000	
	<-----Non-distributable----->				Distributable					
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserves RM'000	Translation Reserve RM'000	Warrants Reserve RM'000	Other Capital Reserve RM'000	Retained Earnings RM'000			
As at 1 July 2017	99,034	-	11,502	-	-	12,065	(47,277)	75,324	(4,684)	70,640
Rights issue of 757,225,327 new ordinary shares of RM0.05 each	20,899	-	-	-	16,962	-	-	37,861	-	37,861
Total comprehensive loss for the year	-	-	-	-	-	-	(18,909)	(18,909)	(1,099)	(20,008)
Transfer to retained earnings	-	-	(110)	-	-	-	110	-	-	-
As at 30 June 2018	119,933	-	11,392	-	16,962	12,065	(66,076)	94,276	(5,783)	88,493
As at 1 July 2018	119,933	-	11,392	-	16,962	12,065	(66,076)	94,276	(5,783)	88,493
Total comprehensive profit for the year	-	-	-	-	-	-	1,280	1,280	-	1,280
As at 30 Sep 2018	119,933	-	11,392	-	16,962	12,065	(64,796)	95,556	(5,783)	89,773

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial period ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 30 SEP 2018**

(The figures have not been audited)

	30-Sep-18 (Unaudited) RM'000	30-Jun-18 (Audited) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	1,280	(19,927)
Adjustment for :		
Allowance for impairment losses on :		
- trade receivables	-	3,325
- contract assets		3,354
Bad debts written off	-	7
Depreciation of property, plant and equipment	1,704	6,769
Deconsolidation of subsidiary		-
Loss/(Gain) on disposal of plant and equipment	-	(42)
Unrealised loss on foreign exchange	(332)	78
Interest Expenses	534	3,282
Interest Income	(5)	(40)
Plant and equipment written off		9
Reversal of impairment losses on :		
- trade receivables		(390)
Operating profit/(loss) before working capital changes	3,181	(3,575)
Decrease/(Increase) in inventories	7,921	(5,236)
(Increase) in receivables	(9,251)	(831)
Increase/(Decrease) in payables	903	(4,926)
Cash generated from operations	2,754	(14,568)
Interest paid	(534)	(3,282)
Income tax paid	(24)	(149)
Income tax refundable	-	811
Net cash generated from operating activities	2,196	(17,188)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	5	40
Purchase of property, plant and equipment	(786)	(4,567)
Proceeds from disposal of property, plant and equipment	-	42
Net cash outflow from investing activities	(781)	(4,485)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment of) / proceeds from finance lease payables	(106)	(133)
(Repayment of) / proceeds from trade bills payables	(87)	(14,637)
Repayment of Revolving credit	-	(2,000)
Repayment of term loans	(611)	(2,999)
Proceed from term loans	-	10,308
(Increase) / Decrease in fixed deposits pledged	(3)	359
Proceeds from issuance of right issues	-	37,861
Net cash (Outflow)/Inflow from financing activities	(807)	28,759
NET INCREASE IN CASH AND CASH EQUIVALENTS	608	7,086
Effect of foreign exchange fluctuations	29	29
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	(6,336)	(13,451)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	(5,699)	(6,336)
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank overdrafts	(6,058)	(7,365)
Deposits, cash in hand and at banks	359	1,029
Fixed deposits with licensed banks	598	594
	(5,101)	(5,742)
Fixed deposits pledged	(598)	(594)
	(5,699)	(6,336)

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2018 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 period ended 30 June 2018 which was prepared in accordance with Financial Reporting Standards (“FRS”).

2. SIGNIFICANT ACCOUNTING POLICIES

The Group has adopted the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 2016 in Malaysia for accounting period beginning 1 Jul 2018. As disclosed in the Group’s annual financial statements for the financial statements for the financial year ended 30 June 2018, the following are new/revised accounting standards effective for annual periods beginning on or after 1 July 2018 as follows:

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transaction
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 15	Effective Date of MFRS 15
Amendments to MFRS 15	Clarifications to MFRS 15
Amendments to MFRS 140	Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transaction and Advance Consideration

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 period ended 30 June 2018 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.

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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 Sep 2018.

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>3 months</u> <u>period ended</u> <u>30.09.2018</u>	Extrusion and fabrication RM'000	Aluminium billets and tolling RM'000	Construction RM'000	Renewable Energy RM'000	Money Lending RM'000	Others RM'000	Total RM'000
Revenue							
Total Sales	51,165	32,187	92	182	128	-	83,754
Inter-segment sales	(7,583)	(32,076)	(92)	-	-	-	(39,751)
External sales	43,582	111	(0)	182	128	-	44,003
Results							
Profit from operation	1,549	388	(4)	(76)	60	(91)	1,826
Finance costs	(229)	(317)	(0)	(0)	(0)	-	(546)
Taxation	-	-	-	-	-	-	-
Profit after taxation							1,280

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9. SEGMENTAL INFORMATION (Cont'd)

<u>3 months</u> <u>period ended</u> <u>30.06.2018</u>	Extrusion and fabrication RM'000	Aluminium billets and tolling RM'000	Construction RM'000	Renewable Energy RM'000	Money Lending RM'000	Others RM'000	Total RM'000
Assets							
Segment assets	115,969	68,559	1,621	7,545	10,106	(73,975)	129,825
Liabilities							
Segment liabilities	(129,259)	(44,751)	(20,904)	(7,555)	(7,583)	170,000	(40,052)
Other information:							
Capital expenditure	785	-	-	-	-	-	785
Depreciation	1,488	198	5	13	-	-	1,704
Revenue							
<u>3 months</u> <u>period ended</u> <u>30.09.2017</u>	Extrusion and fabrication RM'000	Aluminium billets and tolling RM'000	Construction RM'000	Renewable Energy RM'000	Money Lending RM'000	Others RM'000	Total RM'000
Revenue							
Total Sales	35,427	21,760	(1,083)	717	144	-	56,965
Inter-segment sales	(6,353)	(21,655)	(62)	-	-	-	(28,070)
External sales	29,074	105	(1,145)	717	144	-	28,895
Results							
Profit from operation	(1,923)	685	(1,310)	243	88	(152)	(2,369)
Finance costs	(286)	(491)	(0)	(153)	-	-	(930)
Taxation	-	-	-	-	-	-	-
Profit after taxation							(3,299)
Assets							
Segment assets	203,534	71,599	4,557	16,495	10,343	(176,360)	130,168
Liabilities							
Segment liabilities	(200,101)	(47,673)	(21,481)	(13,906)	(8,379)	228,713	(62,827)

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9. SEGMENTAL INFORMATION (Cont'd)

<u>3 months</u> <u>year ended</u> <u>30.09.2017</u>	Extrusion and fabrication	Aluminium billets and tolling	Construction contract	Renewable Energy	Money Lending	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000

Assets

Other information:

Capital expenditure	255	677	-	-	-	-	932
Depreciation	1,572	189	5	22	-	-	1,788

10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

In line with the Group's policy, the properties of the Group were revalued during the last financial year and the resultant revaluation surplus were credited to revaluation surplus in the financial period ended 30 June 2018.

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 2018.

14. CAPITAL COMMITMENTS

There was no material capital commitment for the quarter under review except as below: -

	RM'000
Contracted but not provided for	6,049
Approved but not contracted for	174

	<u>6,223</u>

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

15. PERFORMANCE REVIEW

	Year To Date 30-Sep Revenue		Year To Date 30-Sep Operating Profit / (Loss)	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Extrusion and fabrication	43,582	29,074	1,549	(1,923)
Aluminium billets and tolling	111	105	388	685
Construction	-	(1,145)	(4)	(1,310)
Renewable energy	182	717	(76)	243
Money lending	128	144	60	88
Others	-	-	(92)	(154)
	<u>44,003</u>	<u>28,895</u>	<u>1,825</u>	<u>(2,369)</u>

Extrusion and fabrication

Turnover increased from RM29.1m to RM43.6m for the corresponding period in the previous year, an increase of almost 50%. The main reason for the increase is a major customer stepping up their demand substantially. In line with the higher turnover operating profit is RM1.5m compared to a loss of RM1.9m previously.

Aluminium billet and tolling

Total external and internal turnover for this segment was RM32.2m compared to RM21.8m in the previous year. Despite the higher turnover operating profit reduced to RM0.4m from RM0.7m. The poorer performance was due to higher labour and other production overheads.

Construction

No turnover was recorded for this segment.

Renewable Energy

Turnover reduced substantially from RM0.7m to RM0.2m. In line with the lower turnover an operating loss of RM0.1m was recorded compared to an operating profit as RM0.2m previously.

Money Lending

Turnover and profits for this segment are quite consistent at RM0.1m for both the current and previous quarters.

Others

This was mainly expenses incurred by the holding company.

16. QUARTERLY RESULTS COMPARISON

	Quarter ended		Quarter ended	
	Revenue		Operating Profit / (Loss)	
	30-Sep-2018	30-Jun-2018	30-Sep-2018	30-Jun-2018
	RM'000	RM'000	RM'000	RM'000
Extrusion and fabrication	43,582	28,695	1,549	(5,659)
Aluminium billets and tolling	111	141	388	539
Construction	-	-	(4)	(155)
Renewable energy	182	39	(76)	(71)
Money lending	128	145	60	69
Others	-	-	(92)	(74)
	<u>44,003</u>	<u>29,020</u>	<u>1,825</u>	<u>(5,351)</u>

Extrusion and fabrication

Compared to the previous quarter turnover for the current quarter increased by almost 51%. As mentioned, the jump in turnover was mainly due to a major customer increasing their order substantially. This has resulted in an operating profit of RM1.5m compared to a loss of RM5.7m previously. The big loss in the previous quarter was also due to impairment charge of trade receivables, repairs, consumables and R & D costs.

Aluminium billet and tolling

Turnover for this segment is quite consistent for the current and previous quarters. However operating profits was lower at RM0.4m compared to RM0.5m. As mentioned, the poorer performance was due to higher labour costs as well as higher production overheads.

Construction

No turnover was recorded for this segment in this quarter.

Renewable Energy

This segment recorded a turnover of RM0.2m compared to RM0.01m previously. A loss of RM0.1m was recorded for both quarters.

Money Lending

Turnover and operating profits were consistent for both quarters.

17. COMING QUARTER PROSPECTS

Extrusion and fabrication

The higher turnover is expected to continue in the coming quarters and performance should also improve in tandem.

Aluminium billet and tolling

This segment is also expected to perform better with higher turnover.

Construction

The management is till very selective on securing projects and costs is kept to a minimum during this period.

Renewable Energy

This segment is also not expected to hve high turnover in view of the very competitive market.

Money Lending

Business is expected to be consistent 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-Sep-2018 RM'000	Current Year To Date 30-Sep-2018 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 @ 24% to profit before taxation as stipulated in paragraph 2A, schedule 1, part 1 of the Income tax Act, 1967.

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21. STATUS OF CORPORATE PROPOSALS

The Company has undertaken Private Placement of up to 10% of the total number of issued shares of the Company under the general mandate sought at the 12th AGM held on 24 November 2017. The proceeds raised from the Previous Mandate amounted to RM7,499,992.50.

22. GROUP BORROWINGS

The Group's borrowings as at 30 Sep 2018 comprise the following: -

		RM'000	RM'000
(a)	Current		
	Bank Overdraft (Secured)	6,058	
	Trade bills payable (Secured)	6,130	
	Revolving credit (Secured)	3,000	
	Foreign Currency Trade Loan	-	
	Hire purchase liabilities	452	
	Term loans (Secured)	<u>4,079</u>	
			19,719
(b)	Non-current		
	Term loans (Secured)	5,110	
	Hire purchase liabilities	<u>773</u>	
			<u>5,883</u>
			<u><u>25,602</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(s) given by the Company; and
- (e) Joint and several guarantees by certain directors.

23. DIVIDEND

No dividend has been recommended for the current financial quarter.

24. 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-2018	30-Sep-2017	30-Sep-2018	30-Sep-2017
Net profit / (loss) attributable to shareholders (RM'000)	1,280	(3,299)	1,280	(3,299)
Weighted average number of ordinary shares in issue ('000)	1,608,325	946,532	1,608,325	946,532
Net profit / (loss) per share (sen)	0.08	(0.35)	0.08	(0.35)

b. Diluted earnings per share

There is no potential diluted earnings per share during the period.

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25. PROFIT / (LOSS) BEFORE TAXATION

	Quarter Ended		Year Ended	
	30-Sep		30-Sep	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
This is stated after charging :-				
Depreciation on property, plant & equipment	1,704	1,788	1,704	1,788
Foreign exchange losses / (gain)				
- realized	(767)	344	(767)	344
- unrealized	(332)	132	(332)	132
Interest expense:				
- term loans	271	179	271	179
- hire purchase	22	4	22	4
- bank overdrafts	156	288	156	288
- trade line facilities	84	452	84	452
- revolving credits				
Amount paid/payable to a legal firm in which a director has an interest				
- fees	19			
- others	0			
Loss/(gain) on disposal of plant and equipment	-	(7)	-	(7)
Provision for Doubtful Debt	-	-	-	-
Plant and equipment written off	-	-	-	-
And after crediting:-				
- allowance for doubtful debt	-	-	-	-
- agency fee, net of foreign exchange effect				-
- miscellaneous	28	235	28	235
- interest income	5	5	5	5

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 Sep 2018.

26. 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 29th Nov 2018.