

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

P.A. RESOURCES BERHAD
UNAUDITED INTERIM FINANCIAL STATEMENT

FOR FINANCIAL PERIOD ENDED 31 MAR 2019

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MAR 2019

(The figures have not been audited)

	As at 31-Mar-19 (Unaudited) RM'000	As at 30-Jun-18 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	70,333	71,239
Trade and loan receivables	5,987	8,778
	<u>76,320</u>	<u>80,017</u>
Current assets		
Inventories	13,612	15,103
Trade receivables	34,415	30,076
Other receivables, deposits and prepayments	5,297	2,051
Assets held for sale	-	660
Tax refund receivables	155	202
Cash and bank balances	1,369	1,623
	<u>54,848</u>	<u>49,715</u>
Total assets	<u>131,168</u>	<u>129,732</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	127,433	119,933
Reserves	(22,727)	(25,657)
	<u>104,706</u>	<u>94,276</u>
Non-controlling interest	(5,783)	(5,783)
Total equity	<u>98,923</u>	<u>88,493</u>
LIABILITIES		
Non-current liabilities		
Borrowings	3,352	6,282
Deferred taxation	-	-
	<u>3,352</u>	<u>6,282</u>
Current liabilities		
Trade payables	4,700	7,900
Other payables and accruals	5,567	5,646
Borrowings	18,626	21,394
Current tax liabilities	-	17
	<u>28,893</u>	<u>34,957</u>
Total liabilities	<u>32,245</u>	<u>41,239</u>
Total equity and liabilities	<u>131,168</u>	<u>129,732</u>
Net assets per share attributable to equity holders of the Company (sen)	<u>5.86</u>	<u>6.32</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 31 MAR 2019**

(The figures have not been audited)

	Quarter 3 months ended		Year-to-date 9 months ended	
	31-Mar-19 (Unaudited) RM'000	31-Mar-18 (Unaudited) RM'000	31-Mar-19 (Unaudited) RM'000	31-Mar-18 (Unaudited) RM'000
Revenue	39,889	31,318	127,824	81,509
Cost of sales	(37,759)	(30,158)	(120,444)	(83,055)
Gross profit/(loss)	2,130	1,160	7,380	(1,546)
Other income	299	61	377	397
Other operating expenses	128	(2,001)	539	(5,160)
Distribution and administrative expenses	(1,432)	(1,525)	(3,858)	(4,187)
Operating profit / (loss)	1,125	(2,305)	4,438	(10,496)
Finance costs	(452)	(502)	(1,440)	(2,841)
Profit / (loss) before taxation	673	(2,807)	2,998	(13,337)
Tax expenses	(68)	-	(68)	-
Profit / (loss) for the period	605	(2,807)	2,930	(13,337)
Other comprehensive income				
Deferred tax on revaluation surplus transferred	-	-	-	-
Total comprehensive profit / (loss) for the period	605	(2,807)	2,930	(13,337)
Profit / (loss) attributable to:				
Owner of the Company	605	(2,807)	2,930	(12,295)
Non-controlling interest	-	(0)	-	(1,042)
	605	(2,807)	2,930	(13,337)
Total comprehensive profit / (loss) attributable to:				
Owner of the Company	605	(2,807)	2,930	(12,295)
Non-controlling interest	-	(0)	-	(1,042)
	605	(2,807)	2,930	(13,337)
Net profit / (loss) per share for profit attributable to the owners of the Company:				
Net profit / (loss) per share (sen)	0.03	(0.23)	0.16	(1.00)

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 31 MAR 2019**

(The figure have not been audited)

	Attributable to equity holders of the Company						Distributable Retained Earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total Equity RM'000
	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				
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
Private Placement of 166,666,500 new ordinary shares of RM0.045	7,500	-	-	-	-	-	-	7,500	-	7,500
Total comprehensive profit for the year	-	-	-	-	-	-	2,930	2,930	-	2,930
As at 31 Mar 2019	127,433	-	11,392	-	16,962	12,065	(63,146)	104,706	(5,783)	98,923

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 31 MAR 2019**

(The figures have not been audited)

	31-Mar-19 (Unaudited) RM'000	30-Jun-18 (Audited) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	2,998	(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	5,198	6,769
Deconsolidation of subsidiary		-
(Gain) on disposal of plant and equipment	(1,222)	(42)
Unrealised loss on foreign exchange	84	78
Interest Expenses	1,398	3,282
Interest Income	(9)	(40)
Plant and equipment written off	20	9
Reversal of impairment losses on :		
- trade receivables		(390)
Operating profit/(loss) before working capital changes	8,467	(3,575)
Decrease/(Increase) in inventories	1,491	(5,236)
(Increase) in receivables	(4,925)	(831)
(Decrease) in payables	(3,280)	(4,926)
Cash generated from operations	1,753	(14,568)
Interest paid	(1,398)	(3,282)
Income tax paid	(144)	(149)
Income tax refundable	-	811
Net cash generated from operating activities	211	(17,188)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	9	40
Purchase of property, plant and equipment	(4,371)	(4,567)
Proceeds from disposal of property, plant and equipment	2,067	42
Net cash outflow from investing activities	(2,295)	(4,485)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment from finance lease payables	(333)	(133)
Repayment from trade bills payables	(154)	(14,637)
Repayment of Revolving credit	-	(2,000)
Repayment of term loans	(3,418)	(2,999)
Proceed from term loans	-	10,308
Decrease in fixed deposits pledged	194	359
Proceeds from private placement	7,500	
Proceeds from issuance of right issues	-	37,861
Net cash Inflow from financing activities	3,789	28,759
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,705	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	(4,602)	(6,336)
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank overdrafts	(5,572)	(7,365)
Deposits, cash in hand and at banks	970	1,029
Fixed deposits with licensed banks	400	594
	(4,202)	(5,742)
Fixed deposits pledged	(400)	(594)
	(4,602)	(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 were 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 31 Mar 2019.

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>9 months</u> <u>period ended</u> <u>31.03.2019</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	147,317	97,350	361	209	385	-	245,622
Inter-segment sales	(20,464)	(96,947)	(361)	(26)	-	-	(117,798)
External sales	126,853	403	(0)	183	385	-	127,824
Results							
Profit from operation	3,863	1,009	(51)	(232)	223	(374)	4,438
Finance costs	(553)	(883)	(0)	(4)	(0)	-	(1,440)
Taxation	(68)	(0)	-	-	-	-	(68)
Profit after taxation							2,930

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9. SEGMENTAL INFORMATION (Cont'd)

9 months period ended 31.03.2019	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	125,429	65,786	1,830	6,706	9,536	(78,119)	131,168
Liabilities							
Segment liabilities	(136,797)	(41,927)	(21,160)	(6,875)	(6,850)	181,364	(32,245)
Other information:							
Capital expenditure	4,222	149	-	-	-	-	4,371
Depreciation	4,564	590	5	39	0	-	5,198
Revenue							
9 months period ended 31.03.2018	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	104,431	74,067	(2,563)	785	437	-	177,157
Inter-segment sales	(21,320)	(73,717)	(582)	(29)	-	-	(95,648)
External sales	83,111	350	(3,145)	756	437	-	81,509
Results							
Profit from operation	(7,365)	1,711	(3,474)	(683)	245	(931)	(10,496)
Finance costs	(630)	(1,910)	(0)	(300)	(0)	-	(2,841)
Taxation	-	-	-	-	-	-	-
Profit after taxation							(13,337)
Assets							
Segment assets	257,681	65,833	1,853	15,801	10,320	(217,623)	133,865
Liabilities							
Segment liabilities	(260,034)	(42,301)	(20,941)	(14,283)	(8,199)	307,059	(38,699)

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9. SEGMENTAL INFORMATION (Cont'd)

<u>9 months</u> <u>year ended</u> <u>31.03.2018</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	1,796	737	-	-	-	-	2,533
Depreciation	4,680	583	15	61	-	-	5,339

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	6,861
Approved but not contracted for	2,455

	9,316
	=====

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

15. PERFORMANCE REVIEW

	Year To Date 31-Mar Revenue		Year To Date 31-Mar Operating Profit / (Loss)	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Extrusion and fabrication	126,853	83,112	3,863	(7,365)
Aluminium billets and tolling	403	350	1,009	1,711
Construction	-	(3,145)	(51)	(3,474)
Renewable energy	183	757	(232)	(683)
Money lending	385	437	223	245
Others	-	-	(374)	(930)
	<u>127,824</u>	<u>81,509</u>	<u>4,438</u>	<u>(10,496)</u>

Extrusion and fabrication

Year to date turnover at RM126.8m is about 50% higher than the previous year's figure of RM83.1m. The higher turnover was mainly to the increased demand for our products. With the higher turnover an operating profit of RM3.8m was recorded compared to a loss of RM7.3m previously.

Aluminium billet and tolling

Year to date turnover for this segment is RM96.9m compared to 73.7m in the previous year. However operating profits is lower at RM1m compared to RM1.7m. The poorer performance was due to higher labour costs and other production overheads.

Construction

No revenue has been recorded to date as the management is very selective of securing projects due to the losses experienced previously.

Renewable Energy

Revenue has dropped substantially to RM0.2 from RM0.7m. However operating losses is lower at RM0.2m compared to RM 0.6m mainly due to keeping costs to a minimum.

Money Lending

Both revenue and operating profits for this segment are quite consistent for the year.

Others

This was mainly expenses incurred by the holding company.

16. QUARTERLY RESULTS COMPARISON

	Quarter ended		Quarter ended	
	Revenue		Operating Profit / (Loss)	
	31-Mar-2019	31-Dec-2018	31-Mar-2019	31-Dec-2018
	RM'000	RM'000	RM'000	RM'000
Extrusion and fabrication	39,631	43,640	990	1,324
Aluminium billets and tolling	138	154	307	313
Construction	-	-	(20)	(26)
Renewable energy	-	1	(81)	(75)
Money lending	120	138	73	90
Others	-	-	(144)	(143)
	<u>39,889</u>	<u>43,933</u>	<u>1,125</u>	<u>1,483</u>

Extrusion and fabrication

Revenue for the current quarter reduced by almost 9% compared to the previous quarter while operating profits was down by 25%. The lower revenue was due to the Chinese New Year holidays as well as the shorter working days in February. The lower operating profits was mainly due to higher labour costs, bonus and also the adverse effect of the weaker US dollar.

Aluminium billet and tolling

Total internal and external sales was also lower at 5.9m compared to RM6.9m previously. In line with the lower revenue operating profits was slightly lower at RM0.3m.

Construction

No turnover was recorded for this segment in this quarter.

Renewable Energy

No turnover was also recorded for this segment in this quarter.

Money Lending

Turnover and operating profits were consistent for both quarters.

17. COMING QUARTER PROSPECTS

Extrusion and fabrication

Revenue for this segment is expected to grow as there is good demand for our products. The management is hopeful of maintaining a positive result for this segment.

Aluminium billet and tolling

The performance for this segment is also expected to be positive in line with the demand for our extrusion products.

Construction

This segment is expected to remain dormant for the time being.

Renewable Energy

Revenue is not expected to be high in view of the stiff competition in this segment.

Money Lending

Revenue and operating profits are expected to remain steady.

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 31-Mar-2019 RM'000	Current Year To Date 31-Mar-2019 RM'000
Current period / year:		
- current taxation	68	68
- deferred taxation	-	-
	68	68

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

There were no outstanding corporate proposals in the quarter under review.

22. GROUP BORROWINGS

The Group's borrowings as at 31 Mar 2019 comprise the following: -

	RM'000	RM'000
(a) Current		
Bank Overdraft (Secured)	5,572	
Trade bills payable (Secured)	6,063	
Revolving credit (Secured)	3,000	
Foreign Currency Trade Loan	-	
Hire purchase liabilities	443	
Term loans (Secured)	<u>3,548</u>	
		18,626
(b) Non-current		
Term loans (Secured)	2,795	
Hire purchase liabilities	<u>557</u>	
		<u>3,352</u>
		<u><u>21,978</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	
	31-Mar-2019	31-Mar-2018	31-Mar-2019	31-Mar-2018
Net profit / (loss) attributable to shareholders (RM'000)	605	(2,807)	2,930	(12,295)
Weighted average number of ordinary shares in issue ('000)	1,785,949	1,231,182	1,785,949	1,231,182
Net profit / (loss) per share (sen)	0.03	(0.23)	0.16	(1.00)

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	
	31-Mar		31-Mar	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
This is stated after charging: -				
Depreciation on property, plant & equipment	1,796	1,768	5,198	5,338
Foreign exchange losses / (gain)				
- realized	709	822	(487)	1,465
- unrealized	(5)	525	83	1,392
Interest expense:				
- term loans	209	336	724	610
- hire purchase	18	4	61	12
- bank overdrafts	125	49	387	603
- trade line facilities	89	84	226	1,557
- revolving credits				
Amount paid/payable to a legal firm in which a director has an interest				
- fees	17		1	
- others	0		0	
Loss/(gain) on disposal of plant and equipment	(1,222)	(25)	(1,222)	(32)
Provision for Doubtful Debt	-	-	-	-
Plant and equipment written off	20	-	20	-
And after crediting: -				
- allowance for doubtful debt	-	-	-	-
- agency fee, net of foreign exchange effect				
- miscellaneous	300	39	368	362
- interest income	-	22	9	35

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 31 Mar 2019.

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 24th May 2019.