

P.A. RESOURCES BERHAD
Registration No : 200401026104 (664612-X)
(Incorporated in Malaysia)

P.A. RESOURCES BERHAD
UNAUDITED INTERIM FINANCIAL STATEMENT

FOR FINANCIAL PERIOD ENDED 30 SEP 2019

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEP 2019

(The figures have not been audited)

	As at 30-Sep-19 (Unaudited) RM'000	As at 30-Jun-19 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	72,419	69,607
Trade and loan receivables	5,387	5,688
	<u>77,806</u>	<u>75,295</u>
Current assets		
Inventories	25,870	22,162
Trade receivables	28,262	32,437
Other receivables, deposits and prepayments	12,394	8,164
Assets held for sale	-	-
Deffered Tax Assets	5	-
Tax refund receivables	52	33
Cash and bank balances	1,412	1,671
	<u>67,995</u>	<u>64,467</u>
Total assets	<u>145,801</u>	<u>139,762</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	127,433	127,433
Reserves	(21,129)	(21,781)
	<u>106,304</u>	<u>105,652</u>
Non-controlling interest	(5,817)	(5,817)
Total equity	<u>100,487</u>	<u>99,835</u>
LIABILITIES		
Non-current liabilities		
Borrowings	1,940	2,448
Deferred taxation	-	-
	<u>1,940</u>	<u>2,448</u>
Current liabilities		
Trade payables	11,274	4,453
Other payables and accruals	12,702	12,897
Borrowings	19,398	20,129
Current tax liabilities	-	-
	<u>43,374</u>	<u>37,479</u>
Total liabilities	<u>45,314</u>	<u>39,927</u>
Total equity and liabilities	<u>145,801</u>	<u>139,762</u>
Net assets per share attributable to equity holders of the Company (sen)	<u>5.69</u>	<u>6.92</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 2019 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEP 2019

(The figures have not been audited)

	Quarter		Year-to-date	
	3 months ended		3 months ended	
	30-Sep-19	30-Sep-18	30-Sep-19	30-Sep-18
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000	RM'000
Revenue	43,331	44,003	43,331	44,003
Cost of sales	(41,050)	(41,732)	(41,050)	(41,732)
Gross profit	2,281	2,271	2,281	2,271
Other income	57	33	57	33
Other operating expenses	(201)	710	(201)	710
Distribution and administrative expenses	(1,058)	(1,188)	(1,058)	(1,188)
Operating profit	1,079	1,826	1,079	1,826
Finance costs	(427)	(546)	(427)	(546)
Profit before taxation	652	1,280	652	1,280
Tax expenses	-	-	-	-
Profit for the period	652	1,280	652	1,280
Other comprehensive income				
Deferred tax on revaluation surplus transferred	-	-	-	-
Total comprehensive profit for the period	652	1,280	652	1,280
Profit attributable to:				
Owner of the Company	652	1,280	652	1,280
Non-controlling interest	-	-	-	-
	652	1,280	652	1,280
Total comprehensive profit attributable to:				
Owner of the Company	652	1,280	652	1,280
Non-controlling interest	-	-	-	-
	652	1,280	652	1,280
Net profit per share for profit attributable to the owners of the Company:				
Net profit per share (sen)	0.03	0.08	0.03	0.08

The condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEP 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 2018, as restated	119,933	-	11,392	-	16,962	12,065	(66,480)	93,872	(5,784)	88,088
Rights issue of 757,225,327 new ordinary shares of RM0.05 each	7,500	-	-	-	-	-	-	7,500	-	7,500
Total comprehensive loss for the year	-	-	-	-	-	-	4,280	4,280	(33)	4,247
Transfer to retained earnings	-	-	(110)	-	-	-	110	-	-	-
As at 30 June 2019	127,433	-	11,282	-	16,962	12,065	(62,090)	105,652	(5,817)	99,835
As at 1 July 2019	127,433	-	11,282	-	16,962	12,065	(62,090)	105,652	(5,817)	99,835
Total comprehensive profit for the year	-	-	-	-	-	-	652	652	-	652
As at 30 Sep 2019	127,433	-	11,282	-	16,962	12,065	(61,438)	106,304	(5,817)	100,487

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 2019 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 30 SEP 2019

(The figures have not been audited)

	30-Sep-19 (Unaudited) RM'000	30-Jun-19 (Audited) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	652	4,330
Adjustment for :		
Impairment losses on :		
- trade receivables	-	782
- other receivables	-	32
Bad debts written off	-	-
Depreciation of property, plant and equipment	1,737	6,778
(Gain) on disposal of non-current asset held for sale	-	(1,340)
Loss on disposal of plant and equipment	-	95
Unrealised loss on foreign exchange	(138)	(94)
Interest Expenses	417	1,813
Interest Income	(4)	(25)
Plant and equipment written off	-	20
Reversal of impairment losses on :		
- trade receivables	-	(1,186)
Operating profit before working capital changes	2,664	11,205
(Increase) in inventories	(3,708)	(7,059)
Decrease / (Increase) in receivables	364	(6,187)
Increase in payables	6,626	4,651
Cash generated from operations	5,946	2,610
Interest paid	(417)	(1,813)
Income tax paid	(21)	-
Income tax refundable	-	70
Net cash generated from operating activities	5,508	867
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	4	25
Purchase of property, plant and equipment	(4,550)	(4,137)
Proceeds from disposal of property, plant and equipment	-	67
Proceeds from disposal of asset held for sale	-	2,000
Net cash outflow from investing activities	(4,546)	(2,045)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(1,073)	(5,291)
Decrease in fixed deposits pledged	-	594
Proceeds from private placement	-	7,500
Net cash (Outflow)/ Inflow from financing activities	(1,073)	2,803
NET INCREASE (OUT)/ IN CASH AND CASH EQUIVALENTS	(111)	1,625
Effect of foreign exchange fluctuations	17	17
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	(4,694)	(6,336)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	(4,788)	(4,694)
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank overdrafts	(6,200)	(6,365)
Deposits, cash in hand and at banks	1,412	1,671
Fixed deposits with licensed banks	-	-
	(4,788)	(4,694)
Fixed deposits pledged	-	-
	(4,788)	(4,694)

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements.

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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 2019 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 2019. As disclosed in the Group’s annual financial statements for the financial statements for the financial year ended 30 June 2019, the following are new/revised accounting standards effective for annual periods beginning on or after 1 July 2019 as follows:

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
Clarifications to MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
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 128	Investments in Associates and Joint Ventures
Amendments to MFRS 140	Investment Property (Transfers of Investment Property)
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Annual Improvements to MFRSs 2014-2016 Cycle	

The adoption of the other new MFRSs, Amendments/Improvements and IC Int did not have any significant effect on the financial statements of the Company.

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 2019 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 30 Sep 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.

3 months period ended 30.09.2019	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
Revenue							
Total Sales	51,468	30,621	39	2	110	-	82,240
Inter-segment sales	(8,413)	(30,457)	(39)	0	-	-	(38,909)
External sales	43,055	164	(0)	2	110	-	43,331
Results							
Profit from operation	554	676	2	(38)	61	(176)	1,079
Finance costs	(178)	(249)	(0)	(0)	(0)	-	(427)
Taxation	-	-	-	-	-	-	-
Profit after taxation							652

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9. SEGMENTAL INFORMATION (Cont'd)

<u>3 months</u> <u>period ended</u> <u>30.09.2019</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
Assets							
Segment assets	143,486	64,768	704	831	8,608	(72,596)	145,801
Liabilities							
Segment liabilities	(138,042)	(40,493)	(20,091)	(1,222)	(5,972)	160,506	(45,314)
Other information:							
Capital expenditure	4,521	29	-	-	-	-	4,550
Depreciation	1,550	183	-	4	0	-	1,737
Revenue							
<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
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)

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9. SEGMENTAL INFORMATION (Cont'd)

<u>3 months</u> <u>year ended</u> <u>30.09.2018</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	785	-	-	-	-	-	785
Depreciation	1,488	198	5	13	-	-	1,704

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 2019.

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 2019.

14. CAPITAL COMMITMENTS

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

	RM'000
Contracted but not provided for	2,979
Approved but not contracted for	1,630

	4,609
	=====

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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)	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Extrusion and fabrication	43,055	43,582	554	1,549
Aluminium billets and tolling	164	111	676	388
Construction	-	-	2	(4)
Renewable energy	2	182	(38)	(76)
Money lending	110	128	61	60
Others	-	-	(176)	(92)
	<u>43,331</u>	<u>44,003</u>	<u>1,079</u>	<u>1,825</u>

Extrusion and fabrication

Revenue for the current quarter under review was RM43.1m which is slightly lower than the previous year's amount of RM43.6m. Operating profits was lower at RM0.6m compared to RM1.5m previously. The lower profits were mainly due to testing, design and development costs incurred when new equipment was installed in this quarter.

Aluminium billet and tolling

Total internal and external sales for this quarter was RM30.5m compared to RM32.1m previously. Operating profits improved to RM0.7m from RM0.4m. The better performance was due to better control in production costs during the quarter.

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

This segment was also dormant during the quarter.

Money Lending

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

Others

This is mainly due to operating costs in the holding company during the year.

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16. QUARTERLY RESULTS COMPARISON

	Quarter ended		Quarter ended	
	Revenue		Operating Profit / (Loss)	
	30-Sep-2019	30-Jun-2019	30-Sep-2019	30-Jun-2019
	RM'000	RM'000	RM'000	RM'000
Extrusion and fabrication	43,055	36,396	554	1,982
Aluminium billets and tolling	164	768	676	278
Construction	-	-	2	(59)
Renewable energy	2	-	(38)	(182)
Money lending	110	124	61	(25)
Others	-	-	(176)	(58)
	<u>43,331</u>	<u>37,288</u>	<u>1,079</u>	<u>1,936</u>

Extrusion and fabrication

Revenue for the current quarter increased by almost 20% compared to the previous quarter but operating profits was down by 72%. As mentioned, the current quarter's performance was affected by high testing, design and development costs when new equipment was installed. The rental and high diesel costs incurred in using generators also contributed to the higher production costs.

Aluminium billet and tolling

Total internal and external sales was slightly higher at RM30.5m compared to RM29.2m in the preceding quarter. Operating profits improved to RM0.7m from RM0.3m mainly due to the higher turnover as well as lower production costs.

Construction

No turnover was recorded for this segment in this quarter.

Renewable Energy

There was only minimal turnover for this segment.

Money Lending

Turnover was consistent for the current and previous quarters. However, the current quarter recorded an operating profit while the preceding quarter recorded a slight loss. The poorer performance for the previous quarter was mainly due to year end provisions.

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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 30-Sep-2019 RM'000	Current Year To Date 30-Sep-2019 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

On 21 Jun 2019, the Company proposed to undertake a Private Placement of up to 20% of the total number of issue share of PARB to third party Investor(s). Subsequently on 25th September 2019, the proposed Private Placement has been approved by Bursa Malaysia Securities Berhad.

An amount of MYR16.9m representing 374.1m shares has since been raised from the said proposal.

22. GROUP BORROWINGS

The Group's borrowings as at 30 Sep 2019 comprise the following: -

		RM'000	RM'000
(a)	Current		
	Bank Overdraft (Secured)	6,200	
	Trade bills payable (Secured)	6,010	
	Revolving credit (Secured)	3,000	
	Foreign Currency Trade Loan	-	
	Hire purchase liabilities	800	
	Term loans (Secured)	<u>3,388</u>	
			19,398
(b)	Non-current		
	Term loans (Secured)	893	
	Hire purchase liabilities	<u>1,047</u>	
			<u>1,940</u>
			<u>21,338</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.

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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-2019	30-Sep-2018	30-Sep-2019	30-Sep-2018
Net profit attributable to shareholders (RM'000)	652	1,280	652	1,280
Weighted average number of ordinary shares in issue ('000)	1,869,054	1,608,325	1,869,054	1,608,325
Net profit per share (sen)	0.03	0.08	0.03	0.08

b. Diluted earnings per share

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

25. PROFIT BEFORE TAXATION

	Quarter Ended		Year Ended	
	30-Sep		30-Sep	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
This is stated after charging: -				
Depreciation on property, plant & equipment	1,737	1,704	1,737	1,704
Foreign exchange losses / (gain)				
- realized	(178)	(767)	(178)	(767)
- unrealized	(138)	(332)	(138)	(332)
Interest expense:				
- term loans	164	271	164	271
- hire purchase	34	22	34	22
- bank overdrafts	135	156	135	156
- trade line facilities	85	84	85	84
- revolving credits				
Amount paid/payable to a legal firm in which a director has an interest				
- fees	5	19	5	
- others	-	0	-	
Loss/(gain) on disposal of plant and equipment	-	-	-	-
Provision for Doubtful Debt	-	-	-	-
Plant and equipment written off	-	-	-	-
And after crediting: -				
- allowance for doubtful debt	-	-	-	-
- agency fee, net of foreign exchange effect				
- miscellaneous	53	28	53	28
- interest income	4	5	4	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 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 27th Nov 2019.