

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 JUNE 2020

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUN 2020**

(The figures have not been audited)

	As at 30-Jun-20 (Unaudited) RM'000	As at 30-Jun-19 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	74,625	69,607
Right of use assets	8,339	-
Trade and loan receivables	3,705	5,688
	<u>86,669</u>	<u>75,295</u>
Current assets		
Inventories	30,509	22,162
Trade receivables	39,110	32,437
Other receivables, deposits and prepayments	5,775	8,164
Assets held for sale	-	-
Deffered Tax Assets	-	-
Tax refund receivables	42	33
Cash and bank balances	2,659	1,671
	<u>78,095</u>	<u>64,467</u>
Total assets	<u>164,764</u>	<u>139,762</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	144,203	127,433
Reserves	(12,528)	(21,781)
	<u>131,675</u>	<u>105,652</u>
Non-controlling interest	(5,950)	(5,817)
Total equity	<u>125,725</u>	<u>99,835</u>
LIABILITIES		
Non-current liabilities		
Borrowings	1,564	2,448
Deferred taxation	-	-
	<u>1,564</u>	<u>2,448</u>
Current liabilities		
Trade payables	9,251	4,453
Other payables and accruals	13,221	12,897
Borrowings	14,988	20,129
Current tax liabilities	15	-
	<u>37,475</u>	<u>37,479</u>
Total liabilities	<u>39,039</u>	<u>39,927</u>
Total equity and liabilities	<u>164,764</u>	<u>139,762</u>
Net assets per share attributable to equity holders of the Company (sen)	<u>6.24</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 JUN 2020**

(The figures have not been audited)

	Quarter		Year-to-date	
	3 months ended		12 months ended	
	30-Jun-20 (Unaudited) RM'000	30-Jun-19 (Audited) RM'000	30-Jun-20 (Unaudited) RM'000	30-Jun-19 (Audited) RM'000
Revenue	53,410	37,036	202,167	164,860
Cost of sales	(48,149)	(34,168)	(185,955)	(154,612)
Gross profit	5,261	2,868	16,212	10,248
Other income	499	3,150	799	3,527
Other operating expenses	(1,219)	(3,220)	(1,813)	(2,681)
Distribution and administrative expenses	(1,250)	(1,021)	(4,666)	(4,879)
Operating profit	3,291	1,777	10,532	6,215
Finance costs	(197)	(445)	(1,252)	(1,885)
Profit before taxation	3,094	1,332	9,280	4,330
Tax expenses	(97)	(15)	(160)	(83)
Profit for the period	2,997	1,317	9,120	4,247
Other comprehensive income				
Deferred tax on revaluation surplus transferred	-	-	-	-
Total comprehensive profit for the period	2,997	1,317	9,120	4,247
Profit attributable to:				
Owner of the Company	3,130	1,350	9,253	4,280
Non-controlling interest	(133)	(33)	(133)	(33)
	2,997	1,317	9,120	4,247
Total comprehensive profit attributable to:				
Owner of the Company	3,130	1,350	9,253	4,280
Non-controlling interest	(133)	(33)	(133)	(33)
	2,997	1,317	9,120	4,247
Net profit per share for profit attributable to the owners of the Company:				
Net profit per share (sen)	0.14	0.07	0.43	0.23

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.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUN 2020

(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	
	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				Distributable Retained Earnings 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
Total comprehensive loss for the year	-	-	-	-	-	-	4,280	4,280	(33)	4,247
Issuance of share capital	7,500	-	-	-	-	-	-	7,500	-	7,500
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	-	-	-	-	-	-	9,253	9,253	(133)	9,120
Issuance of share capital	16,770	-	-	-	-	-	-	16,770	-	16,770
Transfer to retained earnings	-	-	(110)	-	-	-	110	-	-	-
As at 30 June 2020	144,203	-	11,172	-	16,962	12,065	(52,727)	131,675	(5,950)	125,725

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 JUN 2020

(The figures have not been audited)

	30-Jun-20 (Unaudited) RM'000	30-Jun-19 (Audited) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	9,280	4,330
Adjustment for :		
Impairment losses on :		
- trade receivables	784	782
- other receivables	4	32
Bad debts written off	13	-
Depreciation of property, plant and equipment	6,399	6,778
Depreciation of right of use assets	695	-
(Gain) on disposal of non-current asset held for sale	-	(1,340)
Loss on disposal of plant and equipment	199	95
(Gain) on lease modification	(1)	-
Unrealised loss / (gain) on foreign exchange	153	(94)
Interest Expenses	1,222	1,813
Interest Income	(28)	(25)
Plant and equipment written off	-	20
Reversal of impairment losses on :		
- trade receivables	(210)	(1,186)
Operating profit before working capital changes	18,510	11,205
(Increase) in inventories	(8,347)	(7,059)
(Increase) in receivables	(3,165)	(6,187)
Increase in payables	5,149	4,651
Cash generated from operations	12,147	2,610
Interest paid	(1,222)	(1,813)
Income tax paid	(213)	-
Income tax refundable	58	70
Net cash generated from operating activities	10,770	867
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	28	25
Purchase of property, plant and equipment	(13,413)	(4,137)
Proceeds from disposal of property, plant and equipment	150	67
Proceeds from disposal of asset held for sale	-	2,000
Net cash outflow from investing activities	(13,235)	(2,045)
CASH FLOWS FROM FINANCING ACTIVITIES		
Acquisition of ROU assets	(6,405)	-
Release of facility	690	-
Repayment for the principal portion of lease liabilities	(1,048)	-
Repayment of borrowings	(4,889)	(5,291)
Decrease in fixed deposits pledged	-	594
Proceeds from private placement	16,770	7,500
Net cash Inflow from financing activities	5,118	2,803
NET INCREASE (OUT)/ IN CASH AND CASH EQUIVALENTS	2,653	1,625
Effect of foreign exchange fluctuations	92	17
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	(4,694)	(6,336)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	(1,949)	(4,694)
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank overdrafts	(4,608)	(6,365)
Deposits, cash in hand and at banks	2,659	1,671
Fixed deposits with licensed banks	-	-
	(1,949)	(4,694)
Fixed deposits pledged	-	-
	(1,949)	(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 June 2020.

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>12 months</u> <u>period ended</u> <u>30.06.2020</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	233,332	120,909	-	2	455	-	354,698
Inter-segment sales	(31,765)	(120,172)	-	-	-	(594)	(152,531)
External sales	201,567	737	-	2	455	(594)	202,167
Results							
Profit from operation	11,917	2,224	(436)	(130)	(32)	(3,011)	10,532
Finance costs	(584)	(644)	-	(23)	-	-	(1,251)
Taxation	(125)	-	(6)	-	(30)	-	(161)
Profit after taxation							<u>9,120</u>

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9. SEGMENTAL INFORMATION (Cont'd)

12 months period ended 30.06.2020	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
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Assets

Segment assets	126,831	60,733	224	7,045	7,778	(37,847)	164,764
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Liabilities

Segment liabilities	(110,555)	(35,306)	(20,055)	(7,551)	(5,259)	139,687	(39,039)
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Other information:

Capital expenditure	13,384	29	-	-	-	-	13,413
Depreciation	6,323	734	-	37	-	-	7,094

12 months period ended 30.06.2019	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
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Revenue

Total Sales	189,767	127,312	-	182	509	-	317,770
Inter-segment sales	(26,769)	(126,141)	-	-	-	-	(152,910)
External sales	162,998	1,171	-	182	509	-	164,860

Results

Profit from operation	5,713	3,686	(110)	(415)	198	(2,857)	6,215
Finance costs	(708)	(1,172)	(0)	(5)	(0)	-	(1,885)
Taxation	-	(1)	-	(0)	(70)	(12)	(83)
Profit after taxation							4,247

Assets

Segment assets	130,825	63,854	659	7,378	8,788	(71,742)	139,762
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Liabilities

Segment liabilities	(125,757)	(40,006)	(20,048)	(7,731)	(6,208)	159,823	(39,927)
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9. SEGMENTAL INFORMATION (Cont'd)

<u>12 months</u> <u>year ended</u> <u>30.06.2019</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	5,179	149	-	-	-	-	5,328
Depreciation	5,947	782	5	44	0	-	6,778

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	800
Approved but not contracted for	-

	800
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PART B - NOTES PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**15. PERFORMANCE REVIEW**

	Year To Date 30-Jun Revenue		Year To Date 30-Jun Operating Profit / (Loss)	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Extrusion and fabrication	201,567	162,998	11,917	5,713
Aluminium billets and tolling	737	1,171	2,224	3,686
Construction	-	-	(436)	(110)
Renewable energy	2	182	(130)	(415)
Money lending	455	509	(32)	198
Others	(594)	-	(3,011)	(2,857)
	<u>202,167</u>	<u>164,860</u>	<u>10,532</u>	<u>6,215</u>

Extrusion and fabrication

Year to date revenue recorded was RM201.6m which is 24% higher than the RM163m in the previous year. Operating profits jumped 109% from RM5.7m to RM11.9m. The significantly better performance was mainly due to benefits from economy of scale as well as extensive cost saving measures implemented by the management.

Aluminium billet and tolling

Total internal and external sales for this segment was 5% lower at RM120.2m compared to RM126.1m in the previous year. In line with the lower turnover, operating profits dropped to RM2.2m from RM3.7m previously.

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

Year to date performance for this segment is affected by the provision of doubtful debts for customers who have been behind in their payments.

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-Jun-2020	31-Mar-2020	30-Jun-2020	31-Mar-2020
	RM'000	RM'000	RM'000	RM'000
Extrusion and fabrication	53,640	51,248	5,901	3,190
Aluminium billets and tolling	221	179	548	488
Construction	-	0	(469)	(2)
Renewable energy	8	-	(52)	(49)
Money lending	134	105	(142)	56
Others	-	-	(2,496)	(110)
	<u>54,003</u>	<u>51,532</u>	<u>3,290</u>	<u>3,573</u>

Extrusion and fabrication

Revenue for the current quarter increased slightly from RM51.2m in the last quarter to RM53.6m currently. In line with higher revenue, operating profits jumped to RM5.9m from RM3.2m. The benefits from the economy of scale from the higher volume as well as cost cutting measures also contributed to the better performance.

Aluminium billet and tolling

Total internal and external sales was lower at RM23.5m compared to RM31.7m in the preceding quarter. Despite the lower revenue, operating profits was slightly better at RM0.55m compared to RM0.49m. The better performance was mainly due to effective cost saving measures introduced.

Construction

No turnover was recorded for this segment in this quarter. An operating loss of RM0.5m was recorded. This was the provision of doubtful debts in the Receivables Account.

Renewable Energy

This segment also recorded a slight loss as turnover was very minimal in the year.

Money Lending

Turnover was consistent for the current and previous quarters. However, the current quarter recorded an operating loss due to the provision of doubtful debts.

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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 its current good performance.

Aluminium billet and tolling

The performance for this segment is expected to be positive in line with the demand of 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. MATERIAL LITIGATION

There were no material litigations during the quarter under review.

20. TAXATION

	Current Quarter 30-Jun-2020 RM'000	Current Year To Date 30-Jun-2020 RM'000
Current period / year:		
- current taxation	160	160
- deferred taxation	-	-
	<u>160</u>	<u>160</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

There were no new corporate proposals during the quarter under review.

22. GROUP BORROWINGS

The Group's borrowings as at 30 June 2020 comprise the following: -

		RM'000	RM'000
(a)	Current		
	Bank Overdraft (Secured)	4,608	
	Trade bills payable (Secured)	4,753	
	Revolving credit (Secured)	3,000	
	Foreign Currency Trade Loan	-	
	Hire purchase liabilities	988	
	Term loans (Secured)	<u>1,521</u>	
			14,870
(b)	Non-current		
	Term loans (Secured)	-	
	Hire purchase liabilities	<u>850</u>	
			<u>850</u>
			<u><u>15,720</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.

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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-Jun-2020	30-Jun-2019	30-Jun-2020	30-Jun-2019
Net profit attributable to shareholders (RM'000)	2,997	1,317	9,120	4,247
Weighted average number of ordinary shares in issue ('000)	2,110,495	1,827,501	2,110,495	1,827,501
Net profit per share (sen)	0.14	0.07	0.43	0.23

b. Diluted earnings per share

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

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25. PROFIT BEFORE TAXATION

	Quarter Ended		Year Ended	
	30-Jun		30-Jun	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
This is stated after charging: -				
Depreciation on property, plant & equipment	1,923	1,580	6,399	6,778
Depreciation of right of use asset	695	-	695	-
Foreign exchange losses / (gain)				
- realized	23	(459)	(581)	(946)
- unrealized	789	(178)	153	(94)
Interest expense:				
- term loans	93	139	512	863
- hire purchase	76	24	179	85
- bank overdrafts	17	125	277	512
- trade line facilities	55	84	233	310
- revolving credits				
Amount paid/payable to a legal firm in which a director has an interest				
- fees	13	8	18	25
- others	-	-	-	-
Loss/(gain) on disposal of plant and equipment	-	(23)	199	95
Provision for Doubtful Debt	712	814	786	814
Plant and equipment written off	-	-	-	20
And after crediting: -				
- allowance for doubtful debt	210	1186	210	1186
- agency fee, net of foreign exchange effect				
- miscellaneous	115	-	295	37
- interest income	21	4	47	25

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 August 2020.