



PAOS HOLDINGS BERHAD (Company No. 452536-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER
ENDED 31 AUGUST 2012

Part A – Explanatory Notes Pursuant To Malaysian Financial Reporting Standard (MFRS) 134 “Interim Financial Reporting”

A1. *Basis Of Preparation*

The interim financial report is unaudited and has been prepared in accordance with MFRS 134 “Interim Financial Reporting” and paragraph 9.22 of the Bursa Malaysia Listing Requirements. The interim financial report also complies with IAS 34 “Interim Financial Reporting” issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 May 2012, the Group prepared its financial statements in accordance with Financial Reporting Standards (“FRS”).

The quarterly interim financial report is the Group's MFRS condensed interim financial report for part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 May 2013. MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards (“MFRS 1”) has been applied.

The interim financial report has been prepared on a condensed basis and as such it should be read in conjunction with the audited annual financial statements for the financial year ended 31 May 2012.

The transition from FRS to MFRS does not have any material impact on the Group's financial position, financial performance or cash flows.

A2. *Auditors' Report On Preceding Annual Financial Statements*

The audit report in respect of the financial statements of the Group for the preceding year was not subject to any qualification.

A3. *Seasonal Or Cyclical Factors*

The Group's results were not materially affected by any major seasonal or cyclical factors in the current quarter.

A4. *Unusual Items Affecting Assets, Liabilities, Equity, Net Income Or Cash Flows*

There were no unusual nature and amount of items affecting assets, liabilities, equity, net income or cash flow of the Group during the quarter under review.

A5. *Changes in Estimates*

There were no material changes in estimates during the quarter under review.



PAOS HOLDINGS BERHAD (Company No. 452536-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER
ENDED 31 AUGUST 2012

A6. Issuance and Repayment of Debt and Equity Securities

There were no new debts and equity security issued during the current quarter.

A7. Dividends Paid

No dividends were paid during the quarter under review.

A8. Operating segments

	Manufacturing RM'000	Trading RM'000	Integrated hotel operation and property investment RM'000	Current Quarter ended 31/08/2012 Total RM'000
Segment profit	388	1,522	553	2,463
=====				
Included in the measure of segment profit are:				
Revenue from external customers	8,166	67,518	2,628	78,312
Depreciation and amortisation	166	30	603	799
	=====			

Reconciliation of reportable segment profit: -

	Current Quarter ended 31/08/2012 RM'000
Profit	
Total profit for reportable segments	2,463
Finance costs	(59)
Unallocated expenses	(418)
Unallocated income	74

Consolidated profit before tax	2,060
	=====



PAOS HOLDINGS BERHAD (Company No. 452536-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER
ENDED 31 AUGUST 2012

A9. Valuation of Property, Plant and Equipment

The valuation of property, plant and equipment has been brought forward without amendment from the previous financial year.

A10. Capital Commitments

Authorised capital expenditure for property, plant and equipment not provided for in the financial statements were as follows:-

	As at 31 August 2012 RM'000	As at 31 May 2012 RM'000
Property, plant and equipment		
- contracted	1	1
- not contracted	316	395
	-----	-----
Total	317	396
	=====	=====

A11. Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the end of the current reporting period until the date of this report, which are expected to have a material operational or financial impact on the Group.

A12. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter under review.

A13. Changes in Contingent Liabilities Or Contingent Assets

	As at 31 August 2012 RM'000	As at 31 May 2012 RM'000
i) Guarantees relating to borrowings of subsidiaries	97,700	97,700
	=====	=====
ii) Contingent liability in relation to an arbitration on a disputed brokerage fee claim	236	236
	=====	=====



PAOS HOLDINGS BERHAD (Company No. 452536-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER
ENDED 31 AUGUST 2012

Part B – Explanatory Notes Pursuant to Paragraph 9.22 of the Bursa Malaysia Securities Exchange Listing Requirements

B1. Review Of Performance

	Individual quarter	
	31.8.2012 RM'000	31.8.2011 RM'000
Revenue		
Manufacturing	8,166	11,789
Trading	67,518	63,297
Integrated hotel operation and property investment	<u>2,628</u>	<u>2,211</u>
Group	<u>78,312</u> =====	<u>77,297</u> =====
Segment profit		
Manufacturing	388	486
Trading	1,522	380
Integrated hotel operation and property investment	<u>553</u>	<u>568</u>
Group	<u>2,463</u> =====	<u>1,434</u> =====

Quarterly Performance Review

Revenue of the Group for the first financial quarter ended 31 August 2012 of RM78.31 million was 1.31% higher than the preceding corresponding financial quarter of RM77.30 million mainly due to higher sales volume from the trading segment.

In tandem with the increase in sales volume, cost of sales of the Group for the current quarter have also increased by 0.01% to RM74.68 million from RM74.67 million in the preceding corresponding quarter.

Consequently, the Group reported a profit before taxation for the current quarter of RM2.06 million as compared to a profit before taxation of RM1.75 million in the preceding corresponding quarter.



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UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER
ENDED 31 AUGUST 2012

Segment Performance Review

Manufacturing segment

For the three months ended 31 August 2012, revenue decreased by 30.73% from RM11.79 million to RM8.17 million while segment profit decreased from RM0.49 million to RM0.39 million as compared to the preceding year corresponding period in 2012, mainly due to decrease in export volume.

Trading segment

For the three months ended 31 August 2012, revenue increased by 6.67% from RM63.30 million to RM67.52 million while segment profit increased from RM0.38 million to RM1.52 million as compared to the preceding year corresponding period in 2012.

This increase in revenue and segment profit was mainly due to increase in export trading volume.

Integrated hotel operation and property investment segment

For the three months ended 31 August 2012, revenue increased by 18.86% from RM2.21 million to RM2.63 million mainly due to increase in occupancy rate while segment profit remain consistent.

B2. Variation Of Current Quarter Results Compared With The Preceding Quarter

Revenue for the current quarter was RM78.31 million compared to RM66.48 million recorded in the immediate preceding quarter.

The Group's profit before taxation for the current quarter was RM2.06 million compared to the loss of RM0.36 million for the preceding quarter. The loss in the preceding quarter was mainly due to the settlement of claims paid.

B3. Current Year Prospects

Current economic challenges and the volatility of commodity prices and currency exchange rates are expected to continue to present challenging business conditions for the Group. However, the Group will keep pursuing its initiatives to further optimize its operations and mitigate as much as possible the impact of higher input costs.

The Board of Directors believes that the performance of the Group for the remaining financial year 2012/2013 will be competitive.

B4. Variance of Actual Profit from Profit Forecast or Profit Guarantee

Not applicable to the Group as there was no profit forecast or profit guarantee.



PAOS HOLDINGS BERHAD (Company No. 452536-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER
ENDED 31 AUGUST 2012

B5. Taxation

	Current Year		Preceding Year	
	Quarter ended 31.08.2012 RM'000	Year To Date ended 31.08.2012 RM'000	Quarter ended 31.08.2011 RM'000	Year-To-Date ended 31.08.2011 RM'000
Income tax - current year	443	443	405	405
Total	443	443	405	405

B6. Sale of Unquoted Investment and Properties

There were no sales of unquoted investments or properties during the current quarter under review.

B7. Quoted Securities

There were no purchases or disposals of quoted securities by the Group during the quarter under review.

B8. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this report.

B9. Borrowings and Debt Securities

Details of the Group's borrowings as at 31 August 2012 are as follows:

		RM'000
Short term borrowings: -		
Term loan (secured)	1,383	
Bank overdraft (unsecured)	<u>1,660</u>	<u>3,043</u>
Total borrowings		<u>3,043</u> =====

B10. Financial Instruments With Off Balance Sheet Risk

The Group does not have any financial instruments with off balance sheet risk as at the date of this report.



PAOS HOLDINGS BERHAD (Company No. 452536-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER
ENDED 31 AUGUST 2012

B11. Material Litigation

There is no material litigation for the Group as at the date of this report.

B12. Dividends

The Board of Directors has declared an interim dividend of 1.25 sen per ordinary share of RM0.50, tax exempt totalling RM1,509,700 in respect of the financial year ending 31 May 2013 and payable on 30 November 2012 to Depositors registered in the Record of Depositors at the close business on 12 November 2012.

B13. Realised and Unrealised Profits / Losses

	As at 31 August 2012 RM'000	As at 31 May 2012 RM'000
Total retained profits		
Realised	54,745	52,519
Unrealised	(444)	165
	-----	-----
	54,301	52,684
Less: Consolidation adjustments	(29,921)	(29,921)
	-----	-----
Total group retained profits as per consolidated accounts	24,380	22,763
	=====	=====

B14. Earnings Per Share

	Quarter Ended		Cumulative Quarter	
	Current Quarter Ended 31.08.12	Preceding Year Corresponding Quarter Ended 31.08.11	Current Year To Date Ended 31.08.12	Preceding Year Corresponding Year To Date Ended 31.08.11
Basic Earnings Per Share:				
Net profit for the period (RM'000)	1,617	1,341	1,617	1,341
Weighted average number of ordinary shares ('000)	120,776	120,776	120,776	120,776
Basic Earnings Per Share (Sen)	1.34	1.11	1.34	1.11
	=====	=====	=====	=====