



PAOS HOLDINGS BERHAD (Company No. 452536-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER
ENDED 31 MAY 2013

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.

A6. Issuance and Repayment of Debt and Equity Securities

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



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A7. Dividends Paid

The first 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 was paid on 30 November 2012.

The second 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 was paid on 30 May 2013.

A8. Operating segments

	Manufacturing RM'000	Trading RM'000	Integrated hotel operation and property investment RM'000	Current Quarter ended 31/05/2013 Total RM'000
Segment profit	585	509	388	1,482
=====				
Included in the measure of segment profit are:				
Revenue from external customers	9,467	45,247	2,510	57,224
Depreciation and amortisation	177	32	602	811
=====				

Reconciliation of reportable segment profit: -

	Current Quarter ended 31/05/2013 RM'000
Profit	
Total profit for reportable segments	1,482
Finance costs	(132)
Unallocated expenses	289
Unallocated income	88

Consolidated profit before tax	1,727
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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.



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A10. Capital Commitments

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

	As at 31 May 2013 RM'000	As at 31 May 2012 RM'000
Property, plant and equipment		
- contracted	0	1
- not contracted	40	395
	-----	-----
Total	40	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 May 2013 RM'000	As at 31 May 2012 RM'000
i) Guarantees relating to borrowings of subsidiaries	97,700	97,700
	=====	=====

The Group has executed corporate guarantees in favour of licensed banks for facilities granted to its subsidiaries. After December 2012, a term loan of a subsidiary has been fully repaid and guarantees amounting to RM45,000,000.00 are in the midst of being discharged by the bank.

ii) Contingent liability in relation to an arbitration on a disputed brokerage fee claim	-	236
	=====	=====

The arbitration tribunal had on 6 March 2013 issued an award to the effect that it had no jurisdiction to entertain the broker's claim and that accordingly the same failed.



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

B1. Review Of Performance

	Individual quarter		Cumulative Quarter	
	31.05.2013	31.05.2012	31.05.2013	31.05.2012
	RM'000	RM'000	RM'000	RM'000
Revenue				
Manufacturing	9,467	8,213	34,247	39,368
Trading	45,247	55,687	231,866	211,341
Integrated hotel operation and property investment	<u>2,510</u>	<u>2,583</u>	<u>10,302</u>	<u>10,505</u>
Group	<u>57,224</u>	<u>66,483</u>	<u>276,415</u>	<u>261,214</u>
	=====	=====	=====	=====
Segment profit				
Manufacturing	585	(423)	1,995	(45)
Trading	509	(1,082)	3,735	280
Integrated hotel operation and property investment	<u>388</u>	<u>782</u>	<u>1,866</u>	<u>2,415</u>
Group	<u>1,482</u>	<u>(723)</u>	<u>7,596</u>	<u>2,650</u>
	=====	=====	=====	=====

Quarterly Performance Review

Revenue of the Group for the fourth financial quarter ended 31 May 2013 of RM57.22 million was 13.93% lower than the preceding corresponding financial quarter of RM66.48 million mainly due to lower sales from the trading segment.

In tandem with the decrease in sales volume, cost of sales of the Group for the current quarter have also decreased by 12.52% to RM54.31 million from RM62.08 million in the preceding corresponding quarter.

Consequently, the Group reported a profit before taxation for the current quarter of RM1.73 million as compared to a loss before taxation of RM0.36 million in the preceding corresponding quarter. Main contributing factor to the loss in the preceding corresponding quarter was due to the settlement of claims paid.



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Financial Year Performance Review

Manufacturing segment

For the twelve months ended 31 May 2013, revenue decreased by 13.00% from RM39.37 million to RM34.25 million mainly due to decrease in export volume, while segment profit increased from a loss of RM0.45 million to a profit of RM2.00 million as compared to the preceding year corresponding period in 2012. The loss recorded in 2012 was mainly due to stocks written off.

Trading segment

For the twelve months ended 31 May 2013, revenue increased by 9.71% from RM211.34 million to RM231.87 million while segment profit increased from RM0.28 million to RM3.74 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. Moreover, the performance of the trading segment in 2012 was also affected by the settlement of claims paid.

Integrated hotel operation and property investment segment

For the twelve months ended 31 May 2013, revenue decreased by 2.00% from RM10.51 million to RM10.30 million mainly due to decrease in occupancy rate, while segment profit decreased from RM2.42 million to RM1.87 million as compared to preceding year corresponding period in 2012.

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

Revenue for the current quarter was RM57.22 million compared to RM65.39 million recorded in the immediate preceding quarter.

The Group's profit before taxation for the current quarter was RM1.73 million compared to the profit before taxation of RM1.41 million for the preceding quarter.

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 forthcoming financial year 2013/2014 will be competitive.



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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.

B5 Taxation

	Current Year		Preceding Year	
	Quarter ended	Year To Date ended	Quarter ended	Year-To-Date ended
	31.05.2013	31.05.2013	31.05.2012	31.05.2012
	RM'000	RM'000	RM'000	RM'000
Income tax				
- current year	597	1,648	(727)	701
- under/(over) provision	(138)	(138)	612	612
	459	1,510	(115)	1,313
Deferred tax				
- current year	738	738	545	545
- under/(over) provision	37	37	(509)	(509)
	775	775	36	36
Total	1,234	2,285	(79)	1,349

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.



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B9. Borrowings and Debt Securities

Details of the Group's borrowings as at 31 May 2013 are as follows:

	RM'000
Short term borrowings: -	
Bank overdraft (unsecured)	914
Total borrowings	914
	=====

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.

B11. Material Litigation

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

B12. Dividends

The Board of Directors does not recommend any dividend for the current quarter.

B13. Realised and Unrealised Profits / Losses

	As at 31 May 2013 RM'000	As at 31 May 2012 RM'000
Total retained profits		
Realised	55,331	52,519
Unrealised	(757)	165
	-----	-----
	54,574	52,684
Less: Consolidation adjustments	(29,925)	(29,921)
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Total group retained profits as per consolidated accounts	24,649	22,763
	=====	=====



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B14. Earnings Per Share

	Current Quarter Ended 31.05.13	Quarter Ended Preceding Year Corresponding Quarter Ended 31.05.12	Cumulative Quarter Current Year To Date Ended 31.05.13	Preceding Year Corresponding Year To Date Ended 31.05.12
Basic Earnings Per Share:				
Net profit for the period (RM'000)	493	(278)	4,905	2,184
Weighted average number of ordinary shares ('000)	120,776	120,776	120,776	120,776
Basic Earnings Per Share (Sen)	0.41	(0.23)	4.06	1.81
	=====	=====	=====	=====