



PAOS HOLDINGS BERHAD (Company No. 452536-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER
ENDED 30 NOVEMBER 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 Group has applied MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards (“MFRS 1”) for the annual financial statements for the year ended 31 May 2013. The transition from FRS to MFRS does not have any material impact on the Group’s financial position, financial performance or cash flows.

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 2013.

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 interim dividend of 1.25 sen per ordinary share of RM0.50, tax exempt totaling RM1,509,700 in respect of the financial year ending 31 May 2014 was paid on 29 November 2013.

A8. Operating segments

	Manufacturing RM'000	Trading RM'000	Integrated hotel operation and property investment RM'000	Current Quarter ended 30/11/2013 Total RM'000
Segment profit	122	858	475	1,455
Included in the measure of segment profit are:				
Revenue from external customers	6,898	37,641	2,539	47,078
Depreciation and amortisation	178	30	603	811

Reconciliation of reportable segment profit: -

	Current Quarter ended 30/11/2013 RM'000
Profit	
Total profit for reportable segments	1,455
Finance costs	(1)
Unallocated expenses	(148)
Unallocated income	351

Consolidated profit before tax	1,657
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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 30 November 2013 RM'000	As at 31 May 2013 RM'000
Property, plant and equipment		
- contracted	-	-
- not contracted	-	40
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Total	-	40
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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 30 November 2013 RM'000	As at 31 May 2013 RM'000
Guarantees relating to borrowings of subsidiaries	52,700	97,700
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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	
	30.11.2013	30.11.2012	30.11.2013	30.11.2012
	RM'000	RM'000	RM'000	RM'000
Revenue				
Manufacturing	6,898	9,409	14,292	17,575
Trading	37,641	63,558	84,057	131,076
Integrated hotel operation and property investment	2,539	2,525	5,194	5,153
Group	<u>47,078</u>	<u>75,492</u>	<u>103,543</u>	<u>153,804</u>
Segment profit				
Manufacturing	122	696	497	1,084
Trading	858	1,039	2,450	2,561
Integrated hotel operation and property investment	475	442	1,008	995
Group	<u>1,455</u>	<u>2,177</u>	<u>3,955</u>	<u>4,640</u>

Quarterly Performance Review

Revenue of the Group for the second financial quarter ended 30 November 2013 of RM47.08 million was 37.63% lower than the preceding corresponding financial quarter of RM75.49 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 38.33% to RM44.42 million from RM72.03 million in the preceding corresponding quarter.

Consequently, the Group reported a profit before taxation for the current quarter of RM1.66 million as compared to a profit before taxation of RM1.99 million in the preceding corresponding quarter.



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Financial Year Performance Review

Manufacturing segment

For the six months ended 30 November 2013, revenue decreased by 18.71% from RM17.58 million to RM14.29 million mainly due to lower palm oil prices while segment profit decreased from RM1.08 million to RM0.50 million as compared to the preceding year corresponding period in 2013, mainly due to higher manufacturing cost.

Trading segment

For the six months ended 30 November 2013, revenue decreased by 35.87% from RM131.08 million to RM84.06 million mainly due to decrease in export trading as compared to the preceding year corresponding period in 2013 while segment profit decreased from RM2.56 million to RM2.45 million.

Integrated hotel operation and property investment segment

For the six months ended 30 November 2013, the performance of the integrated hotel operation and property investment segment remain quite consistent with that of the preceding year corresponding period in 2013.

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

Revenue for the current quarter was RM47.08 million compared to RM56.46 million recorded in the immediate preceding quarter.

The Group's profit before taxation for the current quarter was RM1.66 million compared to the profit before taxation of RM2.57 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 remaining financial year 2013/2014 will remain comparable to the previous year's performance despite the challenging business conditions.

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.



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B5 Taxation

	Current Year		Preceding Year	
	Quarter ended 30.11.2013 RM'000	Year To Date ended 30.11.2013 RM'000	Quarter ended 30.11.2012 RM'000	Year-To-Date ended 30.11.2012 RM'000
Income tax - current year	579	1,309	445	888
Total	579	1,309	445	888

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 30 November 2013 are as follows:

	RM'000
Short term borrowings: -	
Bank overdraft (unsecured)	701
Total borrowings	<u>701</u>
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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.



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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 30 November 2013 RM'000	As at 31 May 2013 RM'000
Total retained profits		
Realised	57,307	55,331
Unrealised	(1,327)	(757)
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	55,980	54,574
Less: Consolidation adjustments	(29,925)	(29,925)
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Total group retained profits as per consolidated accounts	<u>26,055</u>	<u>24,649</u>

B14. Earnings Per Share

	Quarter Ended		Cumulative Quarter	
	Current Quarter Ended 30.11.13	Preceding Year Corresponding Quarter Ended 30.11.12	Current Year To Date Ended 30.11.13	Preceding Year Corresponding Year To Date Ended 30.11.12
Basic Earnings Per Share:				
Net profit for the period (RM'000)	1,078	1,550	2,915	3,167
Weighted average number of ordinary shares ('000)	120,776	120,776	120,776	120,776
Basic Earnings Per Share (Sen)	<u>0.89</u>	<u>1.28</u>	<u>2.41</u>	<u>2.62</u>