



**PAOS HOLDINGS BERHAD (Company No. 452536-W)**  
**UNAUDITED INTERIM FINANCIAL REPORT**  
**FOR THE THIRD QUARTER**  
**ENDED 28 FEBRUARY 2014**

**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**

No dividends were paid during the quarter under review.

**A8. Operating segments**

|  | <b>Manufacturing</b><br>RM'000 | <b>Trading</b><br>RM'000 | <b>Integrated hotel<br/>operation and<br/>property investment</b><br>RM'000 | <b>Current Quarter<br/>ended 28/02/2014<br/>Total</b><br>RM'000 |
|--|--------------------------------|--------------------------|---|---|
| <b>Segment profit</b>                          | 470                            | 528                      | 546   | 1,544   |
| Included in the measure of segment profit are: |                                |                          |   |   |
| Revenue from external customers                | 6,594                          | 37,145                   | 2,572   | 46,311  |
| Depreciation and amortisation                  | 178                            | 30                       | 604   | 812   |

**Reconciliation of reportable segment profit: -**

|                                      | <b>Current Quarter<br/>ended 28/02/2014<br/>RM'000</b> |
|--------------------------------------|--|
| <b>Profit</b>                        |  |
| Total profit for reportable segments | 1,544  |
| Finance costs                        | (7)  |
| Unallocated expenses                 | (100)  |
| Unallocated income                   | 400  |
|                                      | -----  |
| Consolidated profit before tax       | 1,837  |
|                                      | =====  |

**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 28 February 2014<br>RM'000 | As at 31 May 2013<br>RM'000 |
|-------------------------------|----------------------------------|-----------------------------|
| Property, plant and equipment |                                  |                             |
| - contracted                  | -                                | -                           |
| - not contracted              | 150                              | 40                          |
|                               | -----                            | -----                       |
| Total                         | 150                              | 40                          |
|                               | =====                            | =====                       |

***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 28 February 2014<br>RM'000 | As at 31 May 2013<br>RM'000 |
|--|----------------------------------|-----------------------------|
| Guarantees relating to borrowings<br>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 |                |
|---|--------------------|---------------|--------------------|----------------|
|   | 28.02.2014         | 28.02.2013    | 28.02.2014         | 28.02.2013     |
|   | RM'000             | RM'000        | RM'000             | RM'000         |
| <b>Revenue</b>  |                    |               |                    |                |
| Manufacturing   | 6,594              | 7,205         | 20,886             | 24,780         |
| Trading   | 37,145             | 55,543        | 121,202            | 186,619        |
| Integrated hotel operation<br>and property investment | <u>2,572</u>       | <u>2,639</u>  | <u>7,766</u>       | <u>7,792</u>   |
| <b>Group</b>  | <u>46,311</u>      | <u>65,387</u> | <u>149,854</u>     | <u>219,191</u> |
|   | =====              | =====         | =====              | =====          |
| <b>Segment profit</b>                                 |                    |               |                    |                |
| Manufacturing   | 470                | 326           | 967                | 1,410          |
| Trading   | 528                | 665           | 2,978              | 3,226          |
| Integrated hotel operation<br>and property investment | <u>546</u>         | <u>483</u>    | <u>1,554</u>       | <u>1,478</u>   |
| <b>Group</b>  | <u>1,544</u>       | <u>1,474</u>  | <u>5,499</u>       | <u>6,114</u>   |
|   | =====              | =====         | =====              | =====          |

**Quarterly Performance Review**

Revenue of the Group for the third financial quarter ended 28 February 2014 of RM46.31 million was 29.18% lower than the preceding corresponding financial quarter of RM65.39 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 30.61% to RM43.40 million from RM62.55 million in the preceding corresponding quarter.

Consequently, the Group reported a profit before taxation for the current quarter of RM1.84 million as compared to a profit before taxation of RM1.41 million in the preceding corresponding quarter.



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**Financial Year Performance Review**

**Manufacturing segment**

For the nine months ended 28 February 2014, revenue decreased by 15.70% from RM24.78 million to RM20.89 million mainly due to lower palm oil prices while segment profit decreased from RM1.41 million to RM0.97 million as compared to the preceding year corresponding period in 2013, mainly due to higher manufacturing cost.

**Trading segment**

For the nine months ended 28 February 2014, revenue decreased by 35.06% from RM186.62 million to RM121.20 million mainly due to decrease in export trading as compared to the preceding year corresponding period in 2013 while segment profit decreased from RM3.23 million to RM2.98 million.

**Integrated hotel operation and property investment segment**

For the nine months ended 28 February 2014, 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 RM46.31 million compared to RM47.08 million recorded in the immediate preceding quarter.

The Group's profit before taxation for the current quarter was RM1.84 million compared to the profit before taxation of RM1.66 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<br>28.02.2014<br>RM'000 | Year To Date ended<br>28.02.2014<br>RM'000 | Quarter ended<br>28.02.2013<br>RM'000 | Year-To-Date ended<br>28.02.2013<br>RM'000 |
| Income tax<br>- current year | 678                                   | 1,987                                      | 163                                   | 1,051                                      |
| Total                        | 678                                   | 1,987                                      | 163                                   | 1,051                                      |

**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 28 February 2014 are as follows:

|                            |                       |
|----------------------------|-----------------------|
| Short term borrowings: -   | RM'000                |
| Bank overdraft (unsecured) | <u>1,341</u>          |
| Total borrowings           | <u>1,341</u><br>===== |

**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 has declared a 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 2014 and payable on 30 May 2014 to Depositors registered in the Record of Depositors at the close business on 16 May 2014.

**B13. Realised and Unrealised Profits / Losses**

|   | As at 28 February 2014 | As at 31 May 2013 |
|---|------------------------|-------------------|
|   | RM'000                 | RM'000            |
| Total retained profits                                    |                        |                   |
| Realised  | 58,481                 | 55,331            |
| Unrealised  | (1,342)                | (757)             |
|   | -----                  | -----             |
|   | 57,139                 | 54,574            |
| Less: Consolidation adjustments                           | (29,925)               | (29,925)          |
|   | -----                  | -----             |
| Total group retained profits as per consolidated accounts | <u>27,214</u>          | <u>24,649</u>     |

**B14. Earnings Per Share**

|   | Quarter Ended                           |   | Cumulative Quarter                              |  |
|---|---|---|---|--|
|   | Current<br>Quarter<br>Ended<br>28.02.14 | Preceding<br>Year<br>Corresponding<br>Quarter Ended<br>28.02.13 | Current<br>Year To<br>Date<br>Ended<br>28.02.14 | Preceding<br>Year<br>Corresponding<br>Year To Date Ended<br>28.02.13 |
| <b>Basic Earnings<br/>Per Share:</b>                    |   |   |   |  |
| Net profit for<br>the period (RM'000)                   | 1,159                                   | 1,245   | 4,074   | 4,412  |
| Weighted average<br>number of ordinary<br>shares ('000) | 120,776                                 | 120,776   | 120,776   | 120,776  |
| Basic Earnings<br>Per Share (Sen)                       | <u>0.96</u>                             | <u>1.03</u>   | <u>3.37</u>                                     | <u>3.65</u>  |