



PAOS HOLDINGS BERHAD (Company No. 452536-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER
ENDED 31 AUGUST 2021

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 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 2021.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 April 2021

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*



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MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plans to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 June 2021 for those amendments that are effective for annual periods beginning on or after 1 January 2021;
- from the annual period beginning on 1 June 2021 for those amendments that are effective for annual periods beginning on or after 1 April 2021;
- from the annual period beginning on 1 June 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022, except for Amendments to MFRS 1 and MFRS 141 which are not applicable to the Group and the Company; and
- from the annual period beginning on 1 June 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 which is not applicable to the Group and the Company.

The initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Company.



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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.

A7. *Dividends Paid*

No dividends were paid during the quarter under review.



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A8. Operating segments

	Manufacturing RM'000	Trading RM'000	Integrated hotel Operations and Property investment RM'000	Current Quarter Ended 31.08.2021 Total RM'000
Segment profit/(loss)	(993)	386	(365)	(972)
Included in the measure of Segment profit are: -				
Revenue from External customers	9,020	62,444	531	71,995
Depreciation and amortisation	207	32	358	597

Reconciliation of reportable segment profit: -

	Current Quarter ended 31.08.2021 RM'000
Profit	
Total profit/(loss) for reportable segments	(972)
Unallocated expenses	(83)
Unallocated income	27
Interest expenses	<u>(5)</u>
Consolidated profit/(loss) before tax	<u><u>(1,033)</u></u>

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 August 2021 RM'000	As at 31 May 2021 RM'000
Property, plant and equipment		
- contracted	537	537
- not contracted	<u>412</u>	<u>397</u>
Total	<u>949</u>	<u>934</u>

A11. 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 2021 RM'000	As at 31 May 2021 RM'000
Bank guarantees in favour of third parties for utilities	<u>590</u>	<u>590</u>



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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	
	31.08.2021 RM'000	31.08.2020 RM'000	31.08.2021 RM'000	31.08.2020 RM'000
Revenue				
Manufacturing	9,020	6,040	9,020	6,040
Trading	62,444	52,363	62,444	52,363
Integrated hotel operations and property investment	<u>531</u>	<u>646</u>	<u>531</u>	<u>646</u>
	<u>71,995</u>	<u>59,049</u>	<u>71,995</u>	<u>59,049</u>
	=====	=====	=====	=====
Segment profit/(loss)				
Manufacturing	(993)	(649)	(993)	(649)
Trading	386	512	386	512
Integrated hotel operations and property investment	<u>(365)</u>	<u>(368)</u>	<u>(365)</u>	<u>(368)</u>
	<u>(972)</u>	<u>(505)</u>	<u>(972)</u>	<u>(505)</u>
	=====	=====	=====	=====
Profit/(loss) before tax				
Unallocated expenses	(83)	(153)	(83)	(153)
Unallocated income	27	132	27	132
Interest expenses	(5)	(5)	(5)	(5)
Interest income	<u>0</u>	<u>15</u>	<u>0</u>	<u>15</u>
	<u>(1,033)</u>	<u>(516)</u>	<u>(1,033)</u>	<u>(516)</u>
	=====	=====	=====	=====

Quarterly Performance Review

Revenue of the Group for the first financial quarter ended 31 August 2021 increased to RM71.99 million from RM59.05 million reported in the preceding corresponding financial quarter mainly due to higher soap manufacturing and fuel oil prices.

As a result of the higher cost of soap manufacturing and trading of fuel oil, cost of sales of the Group for the current quarter increased to RM71.46 million from RM57.97 million in the preceding corresponding quarter.

The impact of Covid-19 pandemic on the travel and tourism industry in Malaysia and globally has materially disrupted the Group's integrated hotel operations and property investment segment activities during the current quarter.

Overall, the Group reported a loss before taxation for the current quarter of RM1.03 million as compared to a loss before taxation of RM0.52 million in the preceding corresponding quarter mainly due to lower volume on soap manufacturing and trading of fuel oil.



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B1. Review Of Performance (con't): -

Segment Performance Review

Manufacturing segment

For the three months ended 31 August 2021, revenue increased by 49.34% from 6.04 million to RM9.02 million while segment loss increased from RM0.65 million to RM0.99 million mainly due to lower volume of soap manufacturing.

Trading segment

For the three months ended 31 August 2021, revenue increased by 19.25% from RM52.36 million to RM62.44 million while segment profit decreased from RM0.51 million to RM0.39 million mainly due to lower fuel oil volume.

Integrated hotel operations and property investment segment

For the three months ended 31 August 2021, revenue decreased by 18.46% to RM0.53 million from RM0.65 million, while segment loss decreased from RM0.37 million to RM0.36 million mainly due to Covid-19 impact.

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

Revenue for the current quarter was RM71.99 million compared to RM123.32 million recorded in the immediate preceding quarter.

The Group's loss before taxation for the current quarter was RM1.03 million compared to the profit before taxation of RM0.61 million for the preceding quarter.

B3. Current Year Prospects

Current economic situation continues to present challenging business conditions for the Group. Higher operational costs in terms of rising cost of wages, utilities, logistics, other operational expenses and also fluctuations in foreign currency exchange rates remain as main challenges for the Group.

Efforts will continuously be made in improving the performance of the respective segments.

The Covid-19 pandemic has resulted in significant levels of uncertainty across the Malaysian as well as the global economy. The Group will continue to monitor the development of Covid-19 pandemic and mitigate against any potential impact on the financial position and operating results of the Group.

The Board of Directors believes that the performance of the Group for the financial year 2021/2022 will be uncertain in view of the current economic conditions.

Notwithstanding the above, the Group will remain resilient and vigilant in addressing these uncertainties in its' business activities moving forward.



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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 31.08.2021	Year To Date 31.08.2021	Quarter 31.08.2020	Year To Date 31.08.2020
	'000	'000	'000	'000
Income tax				
-current year	67	67	62	62
Total tax expenses	67	67	62	62

B6. Status of Corporate Proposals

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

B7. Borrowings and Debt Securities

Details of the Group's borrowings as at 31 August 2021 are as follows:

	RM'000
Short term borrowings: -	
Bank overdraft	-
Hire purchase	<u>112</u>
	112
Long term borrowings:-	
Hire purchase	<u>232</u>
Total borrowings	<u>344</u>

B8. Material Litigation

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

B9. Dividends

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



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B10. Earnings Per Share

	Current Quarter Ended 31.08.2021	Quarter Ended Preceding Year Corresponding Quarter Ended 31.08.2020	Cumulative Quarter Current Year To Date Ended 31.08.2021	Preceding Year Corresponding Year To Date Ended 31.08.2020
Basic Earnings Per Share:				
Net profit/(loss) for the period (RM'000)	(1,100)	(578)	(1,100)	(578)
Weighted average number of ordinary shares ('000)	181,164	181,164	181,164	181,164
Basic Earnings/(Loss) Per Share (Sen)	<u>(0.61)</u>	<u>(0.32)</u>	<u>(0.61)</u>	<u>(0.32)</u>

Diluted Earnings Per Share:

The diluted earnings per share is not disclosed as the exercise price is above the market price of the Company's warrants and therefore the effect is anti-dilutive.