

PESONA METRO HOLDINGS BERHAD (Co. No. 957876-T)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2015**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) Current Year Quarter 30.6.2015 RM'000	(Audited) Preceding Year Quarter 30.6.2014 RM'000	(Unaudited) Current Year To Date 30.6.2015 RM'000	(Audited) Preceding Year To Date 30.6.2014 RM'000
Revenue	83,240	75,596	147,057	139,746
Cost of sales	(72,876)	(70,206)	(127,944)	(129,575)
Gross profit	10,364	5,390	19,113	10,171
Other operating income	263	255	682	743
Selling and administrative expenses	(5,825)	(4,086)	(10,792)	(7,872)
Profit from operations	4,802	1,559	9,003	3,042
Finance costs	(163)	(140)	(327)	(201)
Profit before tax	4,639	1,419	8,676	2,841
Income tax expense	(1,196)	(224)	(2,006)	(893)
Profit for the period	3,443	1,195	6,670	1,948
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	3,443	1,195	6,670	1,948
Total comprehensive income attributable to:				
• Owners of the parent	3,443	1,195	6,670	1,948
• Non-controlling interests	-	-	-	-
Earnings per share (Sen)				
• Basic	0.58	0.23	1.12	0.38
• Diluted	0.45	-	0.87	-

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

PESONA METRO HOLDINGS BERHAD (Co. No. 957876-T)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	(Unaudited) 30.6.2015 RM'000	(Audited) 31.12.2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	35,396	33,131
Investment properties	1,700	1,700
Goodwill on consolidation	3,035	-
Trade receivables	7,692	14,209
	<u>47,823</u>	<u>49,040</u>
Current assets		
Inventories	3,034	3,497
Trade and other receivables	128,223	104,947
Amount due from contract customers	6,527	-
Tax recoverable	3,127	3,965
Short-term investment	13,337	11,091
Deposits with licensed financial institutions	9,954	17,392
Cash and bank balances	23,174	25,281
	<u>187,376</u>	<u>166,173</u>
TOTAL ASSETS	<u>235,199</u>	<u>215,213</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	149,155	127,551
Share premium	8,659	8,659
Reverse acquisition reserve	(91,000)	(91,000)
Retained earnings	50,212	43,620
Total equity attributable to owners of the parent	<u>117,026</u>	<u>88,830</u>
Non-current liabilities		
Hire purchase	7,519	6,937
Trade payables	8,398	7,840
Deferred tax liabilities	943	862
	<u>16,860</u>	<u>15,639</u>
Current liabilities		
Trade and other payables	78,684	54,958
Amount due to contract customers	19,859	52,704
Bank borrowings	511	1,250
Hire purchase	2,259	1,832
	<u>101,313</u>	<u>110,744</u>
TOTAL LIABILITIES	<u>118,173</u>	<u>126,383</u>
TOTAL EQUITY AND LIABILITIES	<u>235,199</u>	<u>215,213</u>
Net assets per share attributable to owners of the parent (Sen)	<u>19.61</u>	<u>17.41</u>

The unaudited condensed consolidated statement of financial position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

PESONA METRO HOLDINGS BERHAD (Co. No. 957876-T)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2015**

	<u>ATTRIBUTABLE TO OWNERS OF THE PARENT</u>				
	<u>Non-distributable</u>			<u>Distributable</u>	
	Share capital RM'000	Share premium RM'000	Reverse acquisition reserve RM'000	Retained earnings RM'000	Total RM'000
As at 1 January 2015	127,551	8,659	(91,000)	43,620	88,830
Total comprehensive income for the period	-	-	-	6,670	6,670
Conversion of warrants	21,604	-	-	-	21,604
Dividend	-	-	-	(78)	(78)
As at 30 June 2015	149,155	8,659	(91,000)	50,212	117,026
As at 1 January 2014	115,955	8,659	(91,000)	40,506	85,716
Total comprehensive income for the period	-	-	-	1,948	1,948
As at 30 June 2014	127,551	8,659	(91,000)	42,454	87,664

The unaudited condensed consolidated statement of statement of changes in equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

PESONA METRO HOLDINGS BERHAD (Co. No. 957876-T)

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE SECOND QUARTER ENDED 30 JUNE 2015

	(Unaudited) Current Year to date 30.6.2015 RM'000	(Audited) Preceding Year to date 31.12.2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	8,676	10,658
Adjustments for:-		
• Depreciation	2,986	5,626
• Interest income	(532)	(1,640)
• Other non-cash operating items	664	325
Operating profit before working capital changes	11,794	14,969
Changes in inventories	557	212
Changes in trade and other receivables	(17,269)	(51,343)
Changes in trade and other payables	26,365	(4,490)
Changes in amounts due from/(to) customers for contract	(39,372)	29,124
Cash (used in)/generated from operations	(17,925)	(11,528)
Interest received	532	1,640
Interest paid	(327)	(466)
Tax paid	(1,103)	(5,588)
Net cash used in operating activities	(18,823)	(15,942)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(5,317)	(13,210)
Proceeds from disposal of property, plant and equipment	135	408
Net cash used in investing activities	(5,182)	(12,802)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to shareholders	(5,181)	(5,102)
Proceeds from issuance of shares	21,604	-
Net change in hire purchase	1,009	(1,197)
Net change in bank borrowings	(739)	101
Changes in fixed deposits pledged with licensed banks	1,040	7,305
Net cash generated from financing activities	17,733	1,107
Net change in cash and cash equivalents	(6,272)	(27,637)
Cash and cash equivalents at the beginning of year	43,173	70,794
Net cash and cash equivalents arising from acquisition	1	-
Effect of exchange translation difference on cash and cash equivalents	12	16
Cash and cash equivalents at the end of period	36,914	43,173
Cash and cash equivalents comprise of the following:		
• Short-term investment	13,337	11,091
• Fixed deposits with licensed financial institutions	9,954	17,392
• Cash and bank balances	23,174	25,281
	46,465	53,764
Less: Fixed deposits pledged with licensed banks	(9,551)	(10,591)
	36,914	43,173

The unaudited condensed consolidated cash flow statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

PESONA METRO HOLDINGS BERHAD (Co. No. 957876-T)

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134: INTERIM FINANCIAL REPORTING

A1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements.

The interim financial statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014.

The interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company and its subsidiaries ("The Group") since the financial year ended 31 December 2014.

A2. Changes in Accounting Policies

The Group has adopted the Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board for accounting period beginning 1 January 2015.

A3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report of the Group's annual financial statements for the financial year ended 31 December 2014 was not qualified.

A4. Seasonal or Cyclical Factors

The business operations of the Group are not significantly affected by any seasonal or cyclical factors.

A5. Unusual Items

There were no other unusual items affecting assets, liabilities, equity, net income or cash flows in the financial quarter under review.

A6. Changes in Estimates

There was no change in estimates of amounts reported in prior interim periods that had a material effect in the current reporting quarter.

PESONA METRO HOLDINGS BERHAD (Co. No. 957876-T)

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING

A7. Changes in Debt and Equity Securities

As at 30 June 2015, 86,418,611 new ordinary shares of RM0.25 each were issued pursuant to the conversion of warrants. The proceeds amounting to RM21,604,652.75 will be utilized as working capital of the Group.

There were no other changes in debt and equity securities during the quarter under review.

A8. Dividend Paid

The following dividend was paid during the financial year ending 31 December 2015:

In respect of financial year ended 31 December 2014:

- single tier interim dividend of 1 sen per ordinary share, paid on 26 March 2015, amounting to RM5,180,538.08.

A9. Segmental Reporting

The Group’s segmental report for the 6 months financial period ended 30 June 2015 is as follows:-

	Investment holding	Construction	Manufacturing	Elimination	Total
	RM’000	RM’000	RM’000	RM’000	RM’000
Revenue					
External sales	179	145,837	1,041	-	147,057
Inter-segment sales	-	22,963	8,933	(31,896)	-
Total revenue	179	168,800	9,974	(31,896)	147,057
Interest income	179	311	42	-	532
Interest expense	-	(101)	(226)	-	(327)
Depreciation	-	(2,255)	(731)	-	(2,986)
Loss on disposal of investment	-	-	-	-	-
Results					
Profit/(Loss) from operations	(317)	5,206	4,114	-	9,003
Finance costs	-	(101)	(226)	-	(327)
Profit/(Loss) before tax	(317)	5,105	3,888	-	8,676
Income tax expense	(3)	(1,574)	(429)	-	(2,006)
Profit/(Loss) after tax	(320)	3,531	3,459	-	6,670

PESONA METRO HOLDINGS BERHAD (Co. No. 957876-T)

18. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134: INTERIM FINANCIAL REPORTING

A10. Valuation of Property, Plant and Equipment

The Group's property, plant and equipment are stated at cost. There is no policy of regular revaluation of its property, plant and equipment as at the end of the financial period under review.

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

There were no other material events subsequent to the end of the interim period.

A12. Changes in Composition of the Group

There have been no changes in composition of the Group.

A.13 Capital Commitments

	As at 30.6.2015 RM'000
Approved and contracted for	
- Purchase of property, plant and equipment	<u>12,660</u>

A14. Changes in Contingent Liabilities

	As at 30.6.2015 RM'000
Bank guarantees issued by licensed banks in respect of construction projects	<u>80,595</u>

A15. Significant Related Party Transactions

There were no significant related party transactions during the quarter under review.

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B. EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 AND PART A OF APPENDIX 9B OF THE LISTING REQUIREMENT OF BURSA SECURITIES

B1. Review of Performance

Current Year Quarter:

The Group achieved a revenue of RM83.2 million for the quarter under review with 93% and 7% of revenue contributed by construction division and manufacturing division respectively. The revenue increased by RM7.6 million or 10% as compared to the same quarter last year.

In line with the increase in revenue, the Group generated a higher profit before tax of RM4.6 million for the quarter as compared to RM1.4 million in the same quarter last year. The increase is mainly due to contribution from higher margin projects as well as the profit contribution from the IBS segment. The increase in profit before tax is partially offset by higher payroll cost due to the introduction of the project incentive scheme as well as the increase in other operating expenses as a result of impairment loss on receivables of RM0.5 million from the polyurethane products ("PU") division.

Current Year To Date:

The Group achieved a revenue of RM147.1 million for the first half of year 2015 with 93% and 7% of revenue contributed by construction division and manufacturing division respectively. The revenue increased by RM7.3 million or 5% as compared to the same period last year.

In line with the increase in revenue, the Group generated a higher profit before tax of RM8.7 million for the first half of year 2015 as compared to RM2.8 million in the same period last year. The increase is mainly due to contribution from higher margin projects as well as the profit contribution from the IBS segment. The increase in profit before tax is partially offset by higher payroll cost and depreciation charges as well as the increase in other operating expenses as a result of impairment loss on receivables of RM0.5 million from the polyurethane products ("PU") division.

B2. Comparison with Immediate Preceding Quarter's Results

	Current Quarter	Preceding Quarter	Variance	
	30.6.2015	31.3.2015	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	83,240	63,817	19,423	30
Profit before tax	4,639	4,037	602	15

The increase in revenue is mainly due to higher construction activities as compared to previous quarter. In line with the increase in revenue, the profit before tax increased by RM0.6 million. The increase in profit before tax is offset by higher payroll cost due to the introduction of the project incentive scheme as well as the increase in other operating expenses as a result of

impairment loss on receivables of RM0.5 million from the polyurethane products (“PU”) division.

B3. Prospects for the Financial Year ending 31 December 2015

For the current financial year to date, the Group has secured 3 new projects amounting to approximately RM587 million. This has strengthened the outstanding unbilled orders to RM847 million and is expected to contribute positively to the Group’s revenue and profit for the remaining quarters.

Accordingly, barring any unforeseen circumstances, we expect the financial performance for the year 2015 to be satisfactory.

B4. Profit Forecast

There was no profit forecast announced in relation to the financial quarter under review.

B5. Taxation

	Current Year Quarter 30.6.2015 RM’000	Current Year To date 30.6.2015 RM’000
Current year tax	1,115	1,925
Under provision in prior year	-	-
Deferred tax	81	81
	1,196	2,006

The effective tax rate is lower than the statutory tax rate due mainly to the exemption of tax on statutory income arising from the pioneer status enjoyed by a wholly owned subsidiary for a period of 5 years commencing from 1 August 2014.

B6. Note to the Statement of Comprehensive Income

The note to the statement of comprehensive income is arrived at after charging or crediting the following items:

	Current Year Quarter 30.6.2015 RM’000	Current Year To date 30.6.2015 RM’000
Interest income	(201)	(532)
Other income	(100)	(175)
Interest expense	163	327
Depreciation charges	1,521	2,986
Foreign exchange (gain)/loss	(1)	(63)
Provision for and write off of receivables	512	512
Loss/(Gain) on disposal of property, plant and equipment	(2)	(100)

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B. EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 AND PART A OF APPENDIX 9B OF THE LISTING REQUIREMENT OF BURSA SECURITIES

B7. Status of Corporate Proposal

On 29 August 2014, PMHB announced to undertake the following corporate exercises:

- (i) an acquisition of the entire equity interest in SEP, a private limited company incorporated in Malaysia, comprising 100,000 ordinary shares of RM1.00 each ("Sale Shares"), for a purchase consideration of RM29.15 million to be satisfied via a combination of cash and issuance of new ordinary shares of RM0.25 each in PMHB ("PMHB Shares" or "Shares") ("Proposed Acquisition of SEP");
- (ii) a free warrants issue of up to 274,851,224 warrants ("Warrants") on the basis of one (1) Warrant for every two (2) existing PMHB Shares held by the shareholders of PMHB whose names appear in the Record of Depositors on an entitlement date to be determined later ("Entitlement Date") ("Proposed Free Warrants Issue");
- (iii) proposed increase in the authorised share capital of PMHB from RM150,000,000 comprising 600,000,000 PMHB Shares to RM300,000,000 comprising 1,200,000,000 PMHB Shares ("Proposed IASC"); and
- (iv) proposed amendments to the Memorandum and Articles of Association of PMHB as a consequence of the Proposed IASC ("Proposed Amendments").

On 21 October 2014, PMHB submitted the listing application in relation to the above proposals to Bursa Securities. On 26 November 2014, PMHB received the letter from Bursa Securities, dated 25 November 2014, granting the following approval:

1. Admission of Warrants to Official List of Bursa Securities and the listing and quotation for up to 274,851,224 Warrants to be issued pursuant to the Proposed Free Warrants Issue;
2. Listing and quotation for 39,500,000 new PMHB Shares to be issued pursuant to the Proposed Acquisition of SEP; and
3. Listing and quotation of up to 274,851,224 new PMHB Shares to be issued pursuant to exercise of the Warrants.

On 4 February 2015, the Company announced that the free warrants issue has been completed following the listing of and quotation for the 255,101,224 Warrants on the Main Market of Bursa Securities.

The Proposed Acquisition of SEP is pending the completion of the conditions precedent.

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B. EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 AND PART A OF APPENDIX 9B OF THE LISTING REQUIREMENT OF BURSA SECURITIES

B7. Status of Corporate Proposal (Continued)

On 27 April 2015, the Company entered into a sale of shares agreement ("SSA") with Semarak Korporat Sdn Bhd to acquire 90% equity interest in Selasih Asli Sdn Bhd ("SASB") comprising 180,000 ordinary shares of RM1.00 each for a purchase consideration of RM60 million, to be satisfied in accordance with the terms and conditions of the SSA.

During the quarter under review, the Proposed Acquisition of SASB is pending the completion of the conditions precedent.

On 29 May 2015, Ratus Syabas Sdn Bhd ("RSSB"), a wholly-owned subsidiary of PMHB, entered into a sale and purchase agreement with Sri Jami Group (M) Sdn Bhd ("Vendor") to acquire 62.69 acres of freehold agricultural land, being part of a piece of land held under Master Title Geran 121235 Lot 5918 in Mukim Bagan Datoh, District of Hilir Perak (formerly held under H.S (D) LP 12321, PT No. 1113, Mukim Bagan Datoh, State of Perak) measuring 914.1 hectares ("Master Title" or "Master Land") to be subdivided into two (2) individual titles and more particularly identified as Lot 11 and 12 ("Land") for a purchase consideration of RM9,905,020 to be satisfied in cash.

During the quarter under review, the Proposed Acquisition of the Land is pending the issuance of the individual titles.

B8. Group's Borrowings and Debt Securities

The Group's borrowings as at 30 June 2015 were as follows:-

	As at 30.6.2015 RM'000
Long term borrowings	
Secured:	
• Hire purchase	7,519
Short term borrowings	
Secured:	
• Export credit refinancing	511
• Hire purchase	2,259
	<u>2,770</u>

B9. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk.

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B. EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 AND PART A OF APPENDIX 9B OF THE LISTING REQUIREMENT OF BURSA SECURITIES

B10. Material Litigation

During the quarter under review, neither the Group nor the Company involves in any material litigation.

B11. Dividend

No dividend has been proposed during the quarter under review.

B12. Earnings per Share

	Current Year Quarter 30.6.2015	Current Year To date 30.6.2015
Profit for the year (RM'000)	3,443	6,670
Number of shares:		
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	596,621	596,621
Effect of dilutive potential ordinary shares from the exercise of warrants ('000)	168,683	168,683
Weighted average number of ordinary shares in issue for diluted earnings per share ('000)	765,304	765,304
Basic earnings per share (Sen)	0.58	1.12
Diluted earnings per share (Sen)	0.45	0.87

B13. Realised and unrealised earnings or losses disclosure

	As at 30.6.2015 RM'000
Total retained earnings for the Group:	
• Realised	47,936
• Unrealised	1,435
• Consolidated adjustment	841
	<u>50,212</u>

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B. EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 AND PART A OF APPENDIX 9B OF THE LISTING REQUIREMENT OF BURSA SECURITIES

B14. Authorisation for Issue

This interim financial report was authorized for issuance by the Board of Directors of the Company on 26 August 2015.