

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2015**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) Current Year Quarter 31.3.2015 RM'000	(Audited) Preceding Year Quarter 31.3.2014 RM'000	(Unaudited) Current Year To Date 31.3.2015 RM'000	(Audited) Preceding Year To Date 31.3.2014 RM'000
Revenue	63,817	64,150	63,817	64,150
Cost of sales	(55,067)	(59,369)	(55,067)	(59,369)
Gross profit	8,750	4,781	8,750	4,781
Other operating income	418	488	418	488
Selling and administrative expenses	(4,967)	(3,787)	(4,967)	(3,787)
Profit from operations	4,201	1,482	4,201	1,482
Finance costs	(164)	(61)	(164)	(61)
Profit before tax	4,037	1,421	4,037	1,421
Income tax expense	(810)	(668)	(810)	(668)
Profit for the period	3,227	753	3,227	753
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	3,227	753	3,227	753
Total comprehensive income attributable to:				
• Owners of the parent	3,227	753	3,227	753
• Non-controlling interests	-	-	-	-
Earnings per share (Sen)				
• Basic	0.62	0.15	0.62	0.15
• Diluted	0.42	-	0.42	-

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 31 MARCH 2015

	(Unaudited) 31.3.2015 RM'000	(Audited) 31.12.2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	35,461	33,131
Investment properties	1,700	1,700
Goodwill on consolidation	3,035	-
Trade receivables	5,028	14,209
	45,224	49,040
Current assets		
Inventories	3,698	3,497
Trade and other receivables	124,376	104,947
Amount due from contract customers	5,883	-
Tax recoverable	3,808	3,965
Short-term investment	294	11,091
Deposits with licensed financial institutions	13,986	17,392
Cash and bank balances	8,387	25,281
	160,432	166,173
TOTAL ASSETS	205,656	215,213
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	130,286	127,551
Share premium	8,659	8,659
Reverse acquisition reserve	(91,000)	(91,000)
Retained earnings	46,769	43,620
Total equity attributable to owners of the parent	94,714	88,830
Non-current liabilities		
Hire purchase	7,973	6,937
Trade payables	7,943	7,840
Deferred tax liabilities	862	862
	16,778	15,639
Current liabilities		
Trade and other payables	49,477	54,958
Amount due to contract customers	42,069	52,704
Bank borrowings	424	1,250
Hire purchase	2,194	1,832
	94,164	110,744
TOTAL LIABILITIES	110,942	126,383
TOTAL EQUITY AND LIABILITIES	205,656	215,213
Net assets per share attributable to owners of the parent (Sen)	18.17	17.41

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 31 MARCH 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	-	-	-	3,227	3,227
Conversion of warrants	2,735	-	-	-	2,735
Dividend	-	-	-	(78)	(78)
As at 31 March 2015	130,286	8,659	(91,000)	46,769	94,714
As at 1 January 2014	115,955	8,659	(91,000)	40,506	85,716
Total comprehensive income for the period	-	-	-	753	753
As at 31 March 2014	127,551	8,659	(91,000)	41,259	86,469

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 FIRST QUARTER ENDED 31 MARCH 2015

	(Unaudited) Current Year to date 31.3.2015 RM'000	(Audited) Preceding Year to date 31.12.2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	4,037	10,658
Adjustments for:-		
• Depreciation	1,465	5,626
• Interest income	(331)	(1,640)
• Other non-cash operating items	31	325
Operating profit before working capital changes	5,202	14,969
Changes in inventories	(154)	212
Changes in trade and other receivables	(10,247)	(51,343)
Changes in trade and other payables	(3,297)	(4,490)
Changes in amounts due from/(to) customers for contract	(16,518)	29,124
Cash (used in)/generated from operations	(25,014)	(11,528)
Interest received	331	1,640
Interest paid	(164)	(466)
Tax paid	(669)	(5,588)
Net cash (used in)/generated from operating activities	(25,516)	(15,942)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,856)	(13,210)
Proceeds from disposal of property, plant and equipment	130	408
Net cash used in investing activities	(3,726)	(12,802)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to shareholders	(5,181)	(5,102)
Proceeds from issuance of shares	2,735	-
Net change in hire purchase	1,399	(1,197)
Net change in bank borrowings	(826)	101
Changes in fixed deposits pledged with licensed banks	(38)	7,305
Net cash generated from financing activities	(1,911)	1,107
Net change in cash and cash equivalents	(31,153)	(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	18	16
Cash and cash equivalents at the end of period	12,039	43,173
Cash and cash equivalents comprise of the following:		
• Short-term investment	294	11,091
• Fixed deposits with licensed financial institutions	13,986	17,392
• Cash and bank balances	8,387	25,281
	22,667	53,764
Less: Fixed deposits pledged with licensed banks	(10,628)	(10,591)
	12,039	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

On 4 February 2015, the Company completed the issuance of 255,101,224 free warrants. As at 31 March 2015, 10,939,400 new ordinary shares of RM0.25 each were issued pursuant to the conversion of warrants. The proceeds amounting to RM2,734,850 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 3 months financial period ended 31 March 2015 is as follows:-

	Investment holding	Construction	Manufacturing	Elimination	Total
	RM’000	RM’000	RM’000	RM’000	RM’000
Revenue					
External sales	115	63,269	433	-	63,817
Inter-segment sales	-	12,055	4,000	(16,055)	-
Total revenue	115	75,324	4,433	(16,055)	63,817
Interest income	115	211	5	-	331
Interest expense	-	(43)	(121)	-	(164)
Depreciation	-	(1,098)	(367)	-	(1,465)
Loss on disposal of investment	-	-	-	-	-
Results					
Profit/(Loss) from operations	(47)	2,346	1,902	-	4,201
Finance costs	-	(43)	(121)	-	(164)
Profit/(Loss) before tax	(47)	2,303	1,781	-	4,037
Income tax expense	(1)	(752)	(57)	-	(810)
Profit/(Loss) after tax	(48)	1,551	1,724	-	3,227

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A. 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

Other than as disclosed in Note B7, there were no other material events subsequent to the end of the interim period.

A12. Changes in Composition of the Group

On 5 February 2015, the Company entered into a sale of shares agreement with Wie Hock Kiong and Wie Jay Sern to acquire the entire equity shares in Megah Mestika Sdn Bhd (“MMSB”) comprising of 1,000 ordinary shares of RM1.00 each for a cash consideration of RM1,000. Following the acquisition, MMSB became a wholly owned subsidiary of the Company.

There have been no other changes in composition of the Group.

A.13 Capital Commitments

	As at 31.3.2015 RM'000
Approved and contracted for	
- Purchase of property, plant and equipment	<u>2,756</u>

A14. Changes in Contingent Liabilities

	As at 31.3.2015 RM'000
Bank guarantees issued by licensed banks in respect of construction projects	<u>72,182</u>

A15. Significant Related Party Transactions

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

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

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 RM63.8 million for the quarter under review with 93% and 7% of revenue contributed by construction division and manufacturing division respectively. The revenue decreased by RM0.3 million or 1% as compared to the same quarter last year.

Despite the lower revenue, the Group generated a higher profit before tax of RM4.0 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.

B2. Comparison with Immediate Preceding Quarter's Results

	Current Quarter	Preceding Quarter	Variance	
	31.3.2015	31.12.2014	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	63,817	61,548	2,269	4%
Profit before tax	4,037	4,424	(387)	(9%)

The increase in revenue is mainly due to the higher construction activities as compared to previous quarter. Despite higher revenue by 4%, the profit before tax decreased by RM0.4 million mainly due to higher operating expenses and lower other operating income.

B3. Prospects for the Financial Year ending 31 December 2015

During the financial period, the Group secured 2 new projects, namely, the construction of road works for RM170 million and building works for RM267 million. Coupled with the existing orders on hand, the Group has an outstanding order book of RM784 million, comprising of 6 projects. These projects are expected to contribute positively to the Group's revenue and profit for the remaining quarters.

Accordingly, barring any unforeseen circumstances, the financial performance for year 2015 is expected to further improve from the last financial year.

B4. Profit Forecast

There was no profit forecast announced in relation to the financial 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

B5. Taxation

	Current Year Quarter 31.3.2015 RM'000	Current Year To date 31.3.2015 RM'000
Current year tax	810	810
Under provision in prior year	-	-
Deferred tax	-	-
	810	810

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 company 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 31.3.2015 RM'000	Current Year To date 31.3.2015 RM'000
Interest income	(331)	(331)
Other income	(203)	(203)
Interest expense	164	164
Depreciation charges	1,465	1,465
Foreign exchange (gain)/loss	(18)	(18)

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");

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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)

- (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 still pending the completion of the conditions precedent.

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 still 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

B8. Group's Borrowings and Debt Securities

The Group's borrowings as at 31 March 2015 were as follows:-

	As at 31.3.2015 RM'000
Long term borrowings	
Secured:	
• Hire purchase	<u>7,973</u>
Short term borrowings	
Secured:	
• Export credit refinancing	424
• Hire purchase	<u>2,194</u>
	<u>2,618</u>

B9. Off Balance Sheet Financial Instruments

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

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.

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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

B12. Earnings per Share

	Current Year Quarter 31.3.2015	Current Year To date 31.3.2015
Profit for the year (RM'000)	3,227	3,227
Number of shares:		
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	521,142	521,142
Effect of dilutive potential ordinary shares from the exercise of warrants ('000)	244,162	244,162
Weighted average number of ordinary shares in issue for diluted earnings per share ('000)	765,304	765,304
Basic earnings per share (Sen)	0.62	0.62
Diluted earnings per share (Sen)	0.42	0.42

B13. Realised and unrealised earnings or losses disclosure

	As at 31.3.2015 RM'000
Total retained earnings for the Group:	
• Realised	44,567
• Unrealised	1,361
• Consolidated adjustment	841
	<u>46,769</u>

B14. Authorisation for Issue

This interim financial report was authorized for issuance by the Board of Directors of the Company on 29 May 2015.