

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2016**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) Current Year Quarter 31.3.2016 RM'000	(Audited) Preceding Year Quarter 31.3.2015 RM'000	(Unaudited) Current Year To Date 31.3.2016 RM'000	(Audited) Preceding Year To Date 31.3.2015 RM'000
Revenue	99,886	63,817	99,886	63,817
Cost of sales	(93,710)	(55,067)	(93,710)	(55,067)
Gross profit	6,176	8,750	6,176	8,750
Other operating income	7,920	418	7,920	418
Selling and administrative expenses	(5,450)	(4,967)	(5,450)	(4,967)
Profit from operations	8,646	4,201	8,646	4,201
Finance costs	(154)	(164)	(154)	(164)
Profit before tax	8,492	4,037	8,492	4,037
Income tax expense	(2,314)	(810)	(2,314)	(810)
Profit for the period	6,178	3,227	6,178	3,227
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	6,178	3,227	6,178	3,227
Total comprehensive income attributable to:				
• Owners of the parent	6,178	3,227	6,178	3,227
• Non-controlling interests	-	-	-	-
Earnings per share (Sen)				
• Basic	0.94	0.62	0.94	0.62
• Diluted	0.81	0.42	0.81	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 2015 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 2016

	(Unaudited) 31.3.2016 RM'000	(Audited) 31.12.2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	43,003	40,696
Investment properties	12,114	1,800
Goodwill on consolidation	3,035	3,035
Trade receivables	13,026	12,365
	<u>71,178</u>	<u>57,896</u>
Current assets		
Inventories	1,596	1,822
Trade and other receivables	185,971	193,803
Amount due from contract customers	3,860	2,090
Amount due from associated company	1,800	1,800
Tax recoverable	537	2,450
Deposits with licensed financial institutions	4,362	9,036
Cash and bank balances	11,747	14,445
	<u>209,873</u>	<u>225,446</u>
TOTAL ASSETS	<u>281,051</u>	<u>283,342</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	163,499	163,499
Share premium	8,659	8,659
Reverse acquisition reserve	(91,000)	(91,000)
Retained earnings	61,411	55,233
Total equity attributable to owners of the parent	<u>142,569</u>	<u>136,391</u>
Non-current liabilities		
Bank borrowings	5,269	-
Hire purchase	7,171	7,108
Trade payables	10,924	7,003
Deferred tax liabilities	965	1,142
	<u>24,329</u>	<u>15,253</u>
Current liabilities		
Trade and other payables	77,924	74,620
Amount due to contract customers	31,968	54,560
Bank borrowings	1,542	-
Hire purchase	2,719	2,518
	<u>114,153</u>	<u>131,698</u>
TOTAL LIABILITIES	<u>138,482</u>	<u>146,951</u>
TOTAL EQUITY AND LIABILITIES	<u>281,051</u>	<u>283,342</u>
Net assets per share attributable to owners of the parent (Sen)	<u>21.80</u>	<u>20.86</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 2015 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 2016**

	ATTRIBUTABLE TO OWNERS OF THE PARENT				
	<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 2016	163,499	8,659	(91,000)	55,233	136,391
Total comprehensive income for the period	-	-	-	6,178	6,178
As at 31 March 2016	163,499	8,659	(91,000)	61,411	142,569
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

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 2015 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 2016

	(Unaudited) Current Year to date 31.3.2016 RM'000	(Audited) Preceding Year to date 31.12.2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	8,492	16,099
Adjustments for:-		
• Depreciation	1,889	7,666
• Interest income	(7,803)	(1,058)
• Other non-cash operating items	163	1,697
Operating profit before working capital changes	2,741	24,404
Changes in inventories	260	2,389
Changes in trade and other receivables	8,887	(88,712)
Changes in trade and other payables	13,083	20,905
Changes in amount due from associated company	-	(1,800)
Changes in amounts due from/(to) customers for contract	(24,362)	(234)
Cash (used in)/generated from operations	609	(43,048)
Interest received	230	1,058
Interest paid	(154)	(645)
Tax paid	(577)	(2,628)
Net cash used in operating activities	108	(45,263)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(14,513)	(12,761)
Proceeds from disposal of property, plant and equipment	-	402
Net cash used in investing activities	(14,513)	(12,359)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to shareholders	-	(5,181)
Proceeds from issuance of shares	-	35,948
Net change in hire purchase	135	(2,184)
Net change in bank borrowings	6,940	(1,249)
Changes in fixed deposits pledged with licensed banks	2,106	4,121
Net cash generated from financing activities	9,181	31,455
Net change in cash and cash equivalents	(5,224)	(26,167)
Cash and cash equivalents at the beginning of year	17,012	43,173
Net cash and cash equivalents arising from acquisition	-	-
Effect of exchange translation difference on cash and cash equivalents	(41)	6
Cash and cash equivalents at the end of period	11,747	17,012
Cash and cash equivalents comprise of the following:		
• Fixed deposits with licensed financial institutions	4,362	9,036
• Cash and bank balances	11,747	14,445
	16,109	23,481
Less: Fixed deposits pledged with licensed banks	(4,362)	(6,469)
	11,747	17,012

The unaudited condensed consolidated cash flow statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015 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 2015.

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 2015.

A2. Changes in Accounting Policies

The Group has adopted the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia for the accounting period beginning 1 January 2016.

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 2015 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.

A7. Changes in Debt and Equity Securities

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

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

A8. Dividend Paid

No dividend was paid during the quarter under review.

A9. Segmental Reporting

The Group’s segmental report for the financial period ended 31 March 2016 is as follows:-

	Investment				Total
	holding	Construction	Manufacturing	Elimination	
	RM’000	RM’000	RM’000	RM’000	RM’000
Revenue					
External sales	8	99,114	764	-	99,886
Inter-segment sales	-	15,323	-	(15,323)	-
Total revenue	8	114,437	764	(15,323)	99,886
Interest income	8	7,789	6	-	7,803
Interest expense	-	(74)	(80)	-	(154)
Depreciation	-	(1,538)	(351)	-	(1,889)
Loss on disposal of investment	-	-	-	-	-
Results					
Profit/(Loss) from operations	(178)	9,635	(811)	-	8,646
Finance costs	-	(74)	(80)	-	(154)
Profit/(Loss) before tax	(178)	9,561	(891)	-	8,492
Income tax expense	-	(2,314)	-	-	(2,314)
Profit/(Loss) after tax	(178)	7,247	(891)	-	6,178

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

A9. Segmental Reporting (Continued)

The Group’s segmental report for the 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

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.

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

A.13 Capital Commitments

	As at 31.3.2016 RM'000
Approved and contracted for	
- Purchase of property, plant and equipment	<u>8,335</u>

A14. Changes in Contingent Liabilities

	As at 31.3.2016 RM'000
Bank guarantees issued by licensed banks in respect of construction projects	<u>95,260</u>

A15. Significant Related Party Transactions

The significant related party transactions during the quarter under review in which directors of the Company have substantial financial interest are as follows:-

	Current Year Quarter 31.3.2016 RM'000	Current Year To date 30.3.2016 RM'000
Provision of construction works to companies in which directors have substantial financial interest	<u>13,152</u>	<u>13,152</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

B1. Review of Performance

Current Year Quarter:

The Group achieved a revenue of RM100 million for the quarter under review. The revenue increased by RM36 million or 57% as compared to the same quarter last year. The increase is mainly contributed by 4 new projects during the quarter.

The Group registered profit before tax of RM8.5 million for the quarter, an increase of 110% as compared to the same quarter last year. The increase in profit before tax is mainly due to the recognition of project financing interest charged to a customer with outstanding balance of RM110 million as at 31 March 2016. Subsequent to the quarter under review, approximately RM57 million has been received.

B2. Comparison with Immediate Preceding Quarter's Results

	Current Quarter	Preceding Quarter	Variance	
	31.3.2016	31.12.2015	RM'000	%
Revenue	99,886	39,887	59,999	150%
Profit before tax	8,492	4,363	4,129	95%

The increase in revenue is mainly due to the contribution from the 4 new projects during the quarter. The increase in profit before tax is mainly due to the project financing interest recognized during the quarter.

B3. Prospects for the Financial Year ending 31 December 2016

As at 31 March 2016, the Group has an outstanding order book of RM1.13 billion, comprising 9 on-going projects. These projects are 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 2016 to be satisfactory.

B4. Financial Forecast

There was no financial 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 31.3.2016 RM'000	Current Year To date 31.3.2016 RM'000
Current year tax	2,491	2,491
Deferred tax	(177)	(177)
	<u>2,314</u>	<u>2,314</u>

The effective tax rate is higher than the statutory tax rate due to certain non-allowance expenses.

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 31.3.2016 RM'000	Current Year To date 31.3.2016 RM'000
Interest income	(7,803)	(7,803)
Other income	(101)	(101)
Interest expense	154	154
Depreciation charges	1,889	1,889
Foreign exchange (gain)/loss	41	41
Provision for and write off of receivables	-	-
Loss/(Gain) on disposal of property, plant and equipment	-	-

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

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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)

- (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 and the Company has submitted an application for extension of time until 25 November 2016 for PMHB to complete the Proposed Acquisition of SEP.

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.

On 29 January 2016, the terms of the Agreement were fully satisfied and hence, the purchase has been duly completed.

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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 2016 were as follows:-

	As at 31.3.2016 RM'000
Long term borrowings	
Secured:	
• Term loan	5,269
• Hire purchase	7,171
	<u>12,440</u>
Short term borrowings	
Secured:	
• Term loan	1,542
• Hire purchase	2,719
	<u>4,261</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

The Directors recommend a final dividend of 1 sen per ordinary share, amounting to RM6,539,951.59 in respect of the financial year ended 31 December 2015, which will be subject to the approval of members at the forthcoming Annual General Meeting.

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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 31.3.2016	Current Year To date 31.3.2016
Profit for the period (RM'000)	6,178	6,178
Number of shares:		
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	653,995	653,995
Effect of dilutive potential ordinary shares from the exercise of warrants ('000)	111,309	111,309
Weighted average number of ordinary shares in issue for diluted earnings per share ('000)	765,304	765,304
Basic earnings per share (Sen)	0.94	0.94
Diluted earnings per share (Sen)	0.81	0.81

B13. Realised and unrealised earnings or losses disclosure

	As at 31.3.2016 RM'000
Total retained earnings for the Group:	
• Realised	59,065
• Unrealised	1,505
• Consolidated adjustment	841
	<u>61,411</u>

B14. Authorisation for Issue

This interim financial report was authorized for issuance by the Board of Directors of the Company on 27 May 2016.