

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014**

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|---|---|---|---|
| | (Unaudited) Current Year Quarter 31.12.2014 RM'000 | (Audited) Preceding Year Quarter 31.12.2013 RM'000 | (Unaudited) Current Year To Date 31.12.2014 RM'000 | (Audited) Preceding Year To Date 31.12.2013 RM'000 |
| Revenue | 61,548 | 77,971 | 267,410 | 296,888 |
| Cost of sales | (52,744) | (73,994) | (240,864) | (268,107) |
| Gross profit | 8,804 | 3,977 | 26,546 | 28,781 |
| Other operating income | 665 | 452 | 1,807 | 2,781 |
| Selling and administrative expenses | (4,911) | (4,104) | (17,229) | (15,521) |
| Profit from operations | 4,558 | 325 | 11,124 | 16,041 |
| Finance costs | (133) | (18) | (466) | (64) |
| Profit before tax | 4,425 | 307 | 10,658 | 15,977 |
| Income tax expense | (1,209) | (175) | (2,442) | (4,258) |
| Profit for the period | 3,216 | 132 | 8,216 | 11,719 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period | 3,216 | 132 | 8,216 | 11,719 |
| Total comprehensive income attributable to: | | | | |
| • Owners of the parent | 3,216 | 132 | 8,216 | 11,719 |
| • Non-controlling interests | - | - | - | - |
| Earnings per share (Sen) | | | | |
| • Basic | 0.63 | 0.03 | 1.61 | 2.52 |
| • Diluted | - | - | - | - |

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 2013 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 DECEMBER 2014

| | (Unaudited) 31.12.2014 RM'000 | (Audited) 31.12.2013 RM'000 |
|--|-------------------------------------|-----------------------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 33,131 | 16,501 |
| Investment properties | 1,700 | 1,640 |
| Trade receivables | 14,210 | 7,165 |
| | 49,041 | 25,306 |
| Current assets | | |
| Inventories | 3,497 | 3,537 |
| Trade and other receivables | 104,947 | 60,655 |
| Amount due from contract customers | - | 2,141 |
| Tax recoverable | 3,950 | 731 |
| Deposits with licensed financial institutions | 28,483 | 80,712 |
| Cash and bank balances | 25,281 | 7,977 |
| | 166,158 | 155,753 |
| TOTAL ASSETS | 215,199 | 181,059 |
| EQUITY AND LIABILITIES | | |
| Equity attributable to owners of the parent | | |
| Share capital | 127,551 | 127,551 |
| Share premium | 8,659 | 8,659 |
| Reverse acquisition reserve | (91,000) | (91,000) |
| Retained earnings | 43,620 | 40,506 |
| Total equity attributable to owners of the parent | 88,830 | 85,716 |
| Non-current liabilities | | |
| Hire purchase | 6,937 | 331 |
| Trade payables | 7,840 | 6,778 |
| Deferred tax liabilities | 862 | 790 |
| | 15,639 | 7,899 |
| Current liabilities | | |
| Trade and other payables | 54,944 | 60,495 |
| Amount due to contract customers | 52,704 | 25,722 |
| Bank borrowings | 1,250 | 1,149 |
| Hire purchase | 1,832 | 78 |
| | 110,730 | 87,444 |
| TOTAL LIABILITIES | 126,369 | 95,343 |
| TOTAL EQUITY AND LIABILITIES | 215,199 | 181,059 |
| Net assets per share attributable to owners of the parent (Sen) | 17.41 | 16.80 |

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 2013 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 DECEMBER 2014**

| | <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 2014 | 127,551 | 8,659 | (91,000) | 40,506 | 85,716 |
| Total comprehensive income for the period | - | - | - | 8,216 | 8,216 |
| Dividend payable | - | - | - | (5,102) | (5,102) |
| As at 31 December 2014 | 127,551 | 8,659 | (91,000) | 43,620 | 88,830 |
| As at 1 January 2013 | 115,955 | - | (91,000) | 38,527 | 63,482 |
| Total comprehensive income for the period | - | - | - | 11,719 | 11,719 |
| Dividends paid | - | - | - | (9,740) | (9,740) |
| Issued of shares for private placement | 11,596 | 8,659 | - | - | 20,255 |
| As at 31 December 2013 | 127,551 | 8,659 | (91,000) | 40,506 | 85,716 |

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 2013 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 FOURTH QUARTER ENDED 31 DECEMBER 2014**

| | (Unaudited) Current Year to date 31.12.2014 RM'000 | (Audited) Preceding Year to date 31.12.2013 RM'000 |
|--|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | 10,658 | 15,977 |
| Adjustments for:- | | |
| • Depreciation | 5,626 | 3,345 |
| • Interest income | (1,640) | (1,355) |
| • Other non-cash operating items | 325 | (492) |
| Operating profit before working capital changes | 14,969 | 17,475 |
| Changes in inventories | 212 | (651) |
| Changes in trade and other receivables | (51,343) | (12,898) |
| Changes in trade and other payables | (4,491) | 6,336 |
| Changes in amounts due from/(to) customers for contract | 29,124 | 23,839 |
| Cash (used in)/generated from operations | (11,529) | 34,101 |
| Interest received | 1,640 | 1,355 |
| Interest paid | (466) | (63) |
| Tax paid | (5,588) | (6,537) |
| Net cash (used in)/generated from operating activities | (15,943) | 28,866 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (22,766) | (8,090) |
| Proceeds from disposal of property, plant and equipment | 408 | 1,781 |
| Net cash used in investing activities | (22,358) | (6,309) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividend paid to shareholders | (5,102) | (4,638) |
| Proceeds from issuance of shares | - | 20,255 |
| Net change in hire purchase | 8,360 | (30) |
| Net change in bank borrowings | 101 | (319) |
| Changes in fixed deposits pledged with licensed banks | 7,305 | 1,239 |
| Net cash generated from financing activities | 10,664 | 16,506 |
| Net change in cash and cash equivalents | (27,637) | 39,063 |
| Cash and cash equivalents at the beginning of year | 70,794 | 31,711 |
| Effect of exchange translation difference on cash and cash equivalents | 16 | 20 |
| Cash and cash equivalents at the end of period | 43,173 | 70,794 |
| Cash and cash equivalents comprise of the following: | | |
| • Deposits with licensed financial institutions | 28,483 | 80,712 |
| • Cash and bank balances | 25,281 | 7,977 |
| | 53,764 | 88,689 |
| Less: Fixed deposits pledged with licensed banks | (10,591) | (17,895) |
| | 43,173 | 70,794 |

The unaudited condensed consolidated cash flow statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013 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 2013.

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 2013.

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 2014.

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 2013 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.

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

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

A8. Dividend Paid

The following dividend was paid during the financial year ended 31 December 2014:

In respect of financial year ended 31 December 2013:

- single tier interim dividend of 1 sen per ordinary share, paid on 26 March 2014, amounting to RM5,102,025.

A9. Segmental Reporting

The Group’s segmental report for the 12 months financial year ended 31 December 2014 is as follows:-

| | Investment holding | Construction | Manufacturing | Elimination | Total |
|--------------------------------|-------------------------------|---------------------|----------------------|--------------------|----------------|
| | RM’000 | RM’000 | RM’000 | RM’000 | RM’000 |
| Revenue | | | | | |
| External sales | 684 | 256,691 | 10,035 | - | 267,410 |
| Inter-segment sales | 5,000 | 21,891 | 7,037 | (33,928) | - |
| Total revenue | 5,684 | 278,582 | 17,072 | (33,928) | 267,410 |
| Interest income | 684 | 903 | 53 | - | 1,640 |
| Interest expense | - | (7) | (459) | - | (466) |
| Depreciation | - | (4,177) | (1,449) | - | (5,626) |
| Loss on disposal of investment | - | - | - | - | - |
| Results | | | | | |
| Profit from operations | 5,242 | 8,394 | 2,488 | (5,000) | 11,124 |
| Finance costs | - | (7) | (459) | - | (466) |
| Profit before tax | 5,242 | 8,387 | 2,029 | - | 10,658 |
| Income tax expense | (10) | (2,388) | (44) | - | (2,442) |
| Profit after tax | 5,232 | 5,999 | 1,985 | (5,000) | 8,216 |

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 material events subsequent to the end of the interim period.

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

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

A12. Changes in Composition of the Group

Pesona Metro Sdn. Bhd. ("PMSB"), the wholly-owned subsidiary of the Company has on 19 December 2014, acquired the entire issued and paid-up capital of Ratus Syabas Sdn. Bhd. ("Ratus Syabas") comprising of two (2) ordinary shares of RM1.00 each for a cash consideration of RM2.00. Following the Acquisition, Ratus Syabas will be a wholly-owned subsidiary of PMSB and the Company.

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

A.13 Capital Commitments

| | |
|---|-------------------------------|
| | As at 31.12.2014 RM'000 |
| Approved and contracted for | |
| - Purchase of property, plant and equipment | <u>2,348</u> |

A14. Changes in Contingent Liabilities

| | |
|--|-------------------------------|
| | As at 31.12.2014 RM'000 |
| Bank guarantees issued by licensed banks in respect of construction projects | <u>58,067</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 31.12.2014 RM'000 | Current Year To date 31.12.2014 RM'000 |
|---|---|---|
| Provision of construction works to companies in which directors have substantial financial interest | <u>15,812</u> | <u>60,824</u> |

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 RM61.6 million for the quarter under review with 90% and 10% of revenue contributed by construction division and manufacturing division respectively. The revenue decreased by RM16.4 million or 21% as compared to the same quarter last year. The decrease is mainly due to the completion of 3 projects during the year which resulted in lower revenue recognition in the fourth quarter of the current financial year.

Despite the lower revenue, the Group generated a higher profit before tax of RM4.4 million for the quarter as compared to RM0.3 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.

Current Year To Date:

The Group achieved a revenue of RM267.4 million for the year ended 31 December 2014 with 96% and 4% of revenue contributed by construction division and manufacturing division respectively. The revenue decreased by RM29.5 million or 10% as compared to the last financial year. The decrease is mainly due to the completion of 3 projects during the year.

The Group generated a lower profit before tax of RM10.7 million for the year ended 31 December 2014 as compared to RM16.0 million last financial year. The decrease is mainly due to the lower construction revenue and higher operating expenses which include the payroll expenses and depreciation charges.

B2. Comparison with Immediate Preceding Quarter's Results

| | Current Quarter | Preceding Quarter | Variance | |
|-------------------|-----------------|-------------------|----------|------|
| | 31.12.2014 | 30.09.2014 | RM'000 | % |
| | RM'000 | RM'000 | RM'000 | % |
| Revenue | 61,548 | 66,115 | (4,567) | (7%) |
| Profit before tax | 4,425 | 3,392 | 1,032 | 30% |

The decrease in revenue is mainly due to the lower construction activities as compared to previous quarter. Despite lower revenue by 7%, the profit before tax increased by RM1.0 million is mainly due to contribution from higher profit margin projects as well as the profit contribution from the IBS segment.

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

B3. Prospects for the Financial Year ending 31 December 2015

As at 31 December 2014, the Group has an outstanding order book of RM404 million, comprising of 6 on-going projects. These projects are expected to contribute positively to the Group's revenue and profit for the coming financial year.

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 31.12.2014 RM'000 | Current Year To date 31.12.2014 RM'000 |
|-------------------------------|---|---|
| Current year tax | 1,136 | 2,329 |
| Under provision in prior year | - | 40 |
| Deferred tax | 73 | 73 |
| | 1,209 | 2,442 |

The effective tax rate is lower than the statutory tax rate due to higher capital allowances claimed during the year and a wholly owned subsidiary was granted the pioneer status 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 31.12.2014 RM'000 | Current Year To date 31.12.2014 RM'000 |
|------------------------------|---|---|
| Interest income | (304) | (1,640) |
| Other income | (331) | (675) |
| Interest expense | 133 | 466 |
| Depreciation charges | 1,833 | 5,626 |
| Foreign exchange (gain)/loss | (108) | (147) |

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

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 still pending the completion of the conditions precedent.

There are no other pending corporate proposals.

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

B8. Group's Borrowings and Debt Securities

The Group's borrowings as at 31 December 2014 were as follows:-

| | As at 31.12.2014 RM'000 |
|------------------------------|-------------------------------|
| Long term borrowings | |
| Secured: | |
| • Hire purchase | <u>6,937</u> |
| Short term borrowings | |
| Secured: | |
| • Export credit refinancing | 1,250 |
| • Hire purchase | <u>1,832</u> |
| | <u>3,082</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 Board of Directors declare a single tier interim dividend of 1 sen per ordinary shares in respect of financial year ended 31 December 2014, amounting to RM5,102,024.48. The dividend will be payable on 26 March 2015 to shareholders whose names appear on the Record of Depositors of the Company at the close of business on 13 March 2015.

B12. Earnings per Share

| | Current Year Quarter 31.12.2014 | Current Year To date 31.12.2014 |
|--|---------------------------------------|---------------------------------------|
| Profit for the year (RM'000) | 3,215 | 8,215 |
| Weighted average number of ordinary shares in issue ('000) | 510,203 | 510,203 |
| Basic earnings per share (sen) | 0.63 | 1.61 |

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

B13. Realised and unrealised earnings or losses disclosure

| | As at 31.12.2014 RM'000 |
|---|-------------------------------|
| Total retained earnings for the Group: | |
| • Realised | 41,516 |
| • Unrealised | 1,298 |
| • Consolidated adjustment | 806 |
| | <u>43,620</u> |

B14. Authorisation for Issue

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