

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) Current Year Quarter 31.12.2015 RM'000	(Audited) Preceding Year Quarter 31.12.2014 RM'000	(Unaudited) Current Year To Date 31.12.2015 RM'000	(Audited) Preceding Year To Date 31.12.2014 RM'000
Revenue	39,887	61,548	258,777	267,410
Cost of sales	(30,374)	(52,744)	(220,956)	(240,864)
Gross profit	9,513	8,804	37,821	26,546
Other operating income	746	665	1,490	1,807
Selling and administrative expenses	(5,739)	(4,911)	(22,567)	(17,229)
Profit from operations	4,520	4,558	16,744	11,124
Finance costs	(157)	(134)	(645)	(466)
Profit before tax	4,363	4,424	16,099	10,658
Income tax expense	(1,826)	(1,209)	(4,407)	(2,442)
Profit for the period	2,537	3,215	11,692	8,216
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	2,537	3,215	11,692	8,216
Total comprehensive income attributable to:				
• Owners of the parent	2,537	3,215	11,692	8,216
• Non-controlling interests	-	-	-	-
Earnings per share (Sen)				
• Basic	0.39	0.63	1.79	1.61
• Diluted	0.33	-	1.53	-

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 DECEMBER 2015

	(Unaudited) 31.12.2015 RM'000	(Audited) 31.12.2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	40,696	33,131
Investment properties	1,800	1,700
Goodwill on consolidation	3,035	-
Trade receivables	12,365	14,209
	<u>57,896</u>	<u>49,040</u>
Current assets		
Inventories	1,822	3,497
Trade and other receivables	193,803	104,947
Amount due from contract customers	2,090	-
Amount due from associated company	1,800	-
Tax recoverable	2,450	3,965
Short-term investment	-	11,091
Deposits with licensed financial institutions	9,036	17,392
Cash and bank balances	14,445	25,281
	<u>225,446</u>	<u>166,173</u>
TOTAL ASSETS	<u>283,342</u>	<u>215,213</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	163,499	127,551
Share premium	8,659	8,659
Reverse acquisition reserve	(91,000)	(91,000)
Retained earnings	55,233	43,620
Total equity attributable to owners of the parent	<u>136,391</u>	<u>88,830</u>
Non-current liabilities		
Hire purchase	7,108	6,937
Trade payables	7,003	7,840
Deferred tax liabilities	1,142	862
	<u>15,253</u>	<u>15,639</u>
Current liabilities		
Trade and other payables	74,620	54,958
Amount due to contract customers	54,560	52,704
Bank borrowings	-	1,250
Hire purchase	2,518	1,832
	<u>131,698</u>	<u>110,744</u>
TOTAL LIABILITIES	<u>146,951</u>	<u>126,383</u>
TOTAL EQUITY AND LIABILITIES	<u>283,342</u>	<u>215,213</u>
Net assets per share attributable to owners of the parent (Sen)	<u>20.86</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 31 DECEMBER 2015**

	ATTRIBUTABLE TO OWNERS OF THE PARENT				
	Non-distributable			Distributable	
	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 year	-	-	-	11,692	11,692
Conversion of warrants	35,948	-	-	-	35,948
Dividend	-	-	-	(79)	(79)
As at 31 December 2015	163,499	8,659	(91,000)	55,233	136,391
As at 1 January 2014	127,551	8,659	(91,000)	40,506	85,716
Total comprehensive income for the year	-	-	-	8,216	8,216
Dividend	-	-	-	(5,102)	(5,102)
As at 31 December 2014	127,551	8,659	(91,000)	43,620	88,830

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 FOURTH QUARTER ENDED 31 DECEMBER 2015

	(Unaudited) Current Year to date 31.12.2015 RM'000	(Audited) Preceding Year to date 31.12.2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	16,099	10,658
Adjustments for:-		
• Depreciation	7,666	5,626
• Interest income	(1,058)	(1,640)
• Other non-cash operating items	1,653	325
Operating profit before working capital changes	24,360	14,969
Changes in inventories	2,433	212
Changes in trade and other receivables	(88,712)	(51,343)
Changes in trade and other payables	20,905	(4,490)
Changes in amount due from associated company	(1,800)	-
Changes in amounts due from/(to) customers for contract	(234)	29,124
Cash (used in)/generated from operations	(43,048)	(11,528)
Interest received	1,058	1,640
Interest paid	(645)	(466)
Tax paid	(2,628)	(5,588)
Net cash used in operating activities	(45,263)	(15,942)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(15,802)	(13,210)
Proceeds from disposal of property, plant and equipment	401	408
Net cash used in investing activities	(15,401)	(12,802)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to shareholders	(5,181)	(5,102)
Proceeds from issuance of shares	35,948	-
Net change in hire purchase	857	(1,197)
Net change in bank borrowings	(1,249)	101
Changes in fixed deposits pledged with licensed banks	4,122	7,305
Net cash generated from financing activities	34,497	1,107
Net change in cash and cash equivalents	(26,167)	(27,637)
Cash and cash equivalents at the beginning of year	43,173	70,794
Net cash and cash equivalents arising from acquisition	-	-
Effect of exchange translation difference on cash and cash equivalents	6	16
Cash and cash equivalents at the end of period	17,012	43,173
Cash and cash equivalents comprise of the following:		
• Short-term investment	-	11,091
• Fixed deposits with licensed financial institutions	9,036	17,392
• Cash and bank balances	14,445	25,281
	23,481	53,764
Less: Fixed deposits pledged with licensed banks	(6,469)	(10,591)
	17,012	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 31 December 2015, 143,792,711 new ordinary shares of RM0.25 each were issued pursuant to the conversion of warrants. The proceeds amounting to RM35,948,177.75 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 financial year ended 31 December 2015 is as follows:-

	Investment holding	Construction	Manufacturing	Elimination	Total
	RM’000	RM’000	RM’000	RM’000	RM’000
Revenue					
External sales	424	255,657	2,696	-	258,777
Inter-segment sales	7,000	44,772	12,231	(64,003)	-
Total revenue	7,424	300,429	14,927	(64,003)	258,777
Interest income	424	519	115	-	1,058
Interest expense	-	(232)	(413)	-	(645)
Depreciation	-	(6,219)	(1,447)	-	(7,666)
Loss on disposal of investment	-	-	-	-	-
Results					
Profit from operations	6,709	13,416	3,619	(7,000)	16,744
Finance costs	-	(232)	(413)	-	(645)
Profit before tax	6,709	13,184	3,206	(7,000)	16,099
Income tax expense	(15)	(3,723)	(669)	-	(4,407)
Profit after tax	6,694	9,461	2,537	(7,000)	11,692

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

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

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 31.12.2015 RM’000
Approved and contracted for	
- Purchase of property, plant and equipment	<u>11,213</u>

A14. Changes in Contingent Liabilities

	As at 31.12.2015 RM’000
Bank guarantees issued by licensed banks in respect of construction projects	<u>93,505</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 RM39.9 million for the quarter under review with 98% and 2% of revenue contributed by construction division and manufacturing division respectively. The revenue decreased by RM21.7 million or 35% as compared to the same quarter last year. The decrease is mainly due to the completion of 3 projects during the period but is partially offset by the commencement of construction of 4 new projects.

Despite the decrease in revenue, the Group maintained its profit before tax of RM4.4 million as achieved in the same quarter last year. The profit before tax is mainly contributed by higher margin projects but is offset by higher depreciation charges on construction equipment and the impairment loss on receivables of RM0.7 million from the polyurethane products ("PU") division.

Current Year To Date:

The Group achieved a revenue of RM258.8 million for the year ended 31 December 2015 with 94% and 6% of revenue contributed by construction division and manufacturing division respectively. The revenue decreased marginally by RM8.6 million or 3% as compared to the same period last year.

Despite the lower revenue, the Group generated higher profit before tax of RM16.1 million for the year ended 31 December 2015 as compared to RM10.7 million in the same period last year, representing an increase of 51%. The increase is mainly due to contribution from higher margin projects, where the overall gross profit margin has improved from 10% to 15%. The increase is also due to profit contribution from the IBS segment but is offset by the impairment loss on receivables of RM1.7 million from the polyurethane products division. The higher profit tax is also partially offset by the additional cost of RM1.9 million incurred on a completed project, higher payroll cost and depreciation charges of RM2 million.

B2. Comparison with Immediate Preceding Quarter's Results

	Current Quarter	Preceding Quarter	Variance	
	31.12.2015	30.9.2015	RM'000	%
Revenue	39,887	71,832	(31,945)	(44%)
Profit before tax	4,363	3,059	1,304	43%

The decrease in revenue is mainly due to completion of 3 projects during the quarter. The increase in profit before tax is mainly due to the contribution from higher margin projects.

B3. Prospects for the Financial Year ending 31 December 2016

As at 31 December 2015, the Group has an outstanding order book of RM769million, comprising 6 on-going projects. Coupled with the 2 new projects secured post year end, amounting to RM209 million, the Group will have a combined outstanding order book of RM1 billion for delivery in the next 2 years.

Accordingly, barring any unforeseen circumstances, we expect the financial performance for the year 2016 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 31.12.2015 RM'000	Current Year To date 31.12.2015 RM'000
Current year tax	1,537	4,080
Under provision in prior year	47	47
Deferred tax	242	280
	1,826	4,407

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 31.12.2015 RM'000	Current Year To date 31.12.2015 RM'000
Interest income	(217)	(1,058)
Other income	(279)	(493)
Interest expense	157	645
Depreciation charges	2,352	7,666
Foreign exchange (gain)/loss	(5)	(112)
Provision for and write off of receivables	681	1,702
Loss/(Gain) on disposal of property, plant and equipment	169	69

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.

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

B8. Group's Borrowings and Debt Securities

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

	As at 31.12.2015 RM'000
Long term borrowings	
Secured:	
• Hire purchase	<u>7,108</u>
Short term borrowings	
Secured:	
• Hire purchase	<u>2,518</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 31.12.2015	Current Year To date 31.12.2015
Profit for the year (RM'000)	2,537	11,692
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)	0.39	1.79
Diluted earnings per share (Sen)	0.33	1.53

B13. Realised and unrealised earnings or losses disclosure

	As at 31.12.2015 RM'000
Total retained earnings for the Group:	
• Realised	52,664
• Unrealised	1,728
• Consolidated adjustment	841
	<u>55,233</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 25 February 2016.