

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) Current Year Quarter 30.9.2017 RM'000	(Audited) Preceding Year Quarter 30.9.2016 RM'000	(Unaudited) Current Year To Date 30.9.2017 RM'000	(Audited) Preceding Year To Date 30.9.2016 RM'000
Revenue	117,142	102,640	458,605	287,228
Cost of sales	(102,282)	(92,144)	(413,344)	(258,332)
Gross profit	14,860	10,496	45,261	28,896
Other operating income	1,624	2,236	4,843	12,261
Selling and administrative expenses	(8,054)	(6,640)	(24,053)	(18,247)
Profit from operations	8,430	6,092	26,051	22,910
Finance costs	(592)	(264)	(1,459)	(705)
Profit before tax	7,838	5,828	24,592	22,205
Income tax expense	(2,855)	(1,955)	(7,534)	(6,555)
Profit for the period	4,983	3,873	17,058	15,650
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	4,983	3,873	17,058	15,650
Total comprehensive income attributable to:				
• Owners of the parent	4,983	3,873	17,058	15,650
• Non-controlling interests	-	-	-	-
Earnings per share (Sen)				
• Basic	0.75	0.59	2.56	2.39
• Diluted	0.65	0.51	2.23	2.05

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 2016 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 SEPTEMBER 2017

	(Unaudited) 30.9.2017 RM'000	(Audited) 31.12.2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	67,792	58,461
Investment properties	12,314	12,314
Goodwill on consolidation	3,035	3,035
Trade receivables	26,515	16,336
	<u>109,656</u>	<u>90,146</u>
Current assets		
Inventories	1,157	1,184
Trade and other receivables	271,157	226,291
Amount due from contract customers	62,763	21,590
Amount due from associated company	2,300	2,300
Tax recoverable	210	321
Deposits with licensed financial institutions	2,869	2,808
Cash and bank balances	4,239	4,036
	<u>344,695</u>	<u>258,530</u>
TOTAL ASSETS	<u>454,351</u>	<u>348,676</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	166,810	163,684
Share premium	8,659	8,659
Reverse acquisition reserve	(91,000)	(91,000)
Retained earnings	72,563	62,176
Total equity attributable to owners of the parent	<u>157,032</u>	<u>143,519</u>
Non-current liabilities		
Bank borrowings	2,956	4,113
Hire purchase	10,409	7,700
Trade payables	13,178	13,904
Deferred tax liabilities	185	954
	<u>26,728</u>	<u>26,671</u>
Current liabilities		
Trade and other payables	222,825	104,928
Amount due to contract customers	14,789	68,520
Bank borrowings	27,114	1,542
Hire purchase	4,937	3,496
Tax payables	926	-
	<u>270,591</u>	<u>178,486</u>
TOTAL LIABILITIES	<u>297,319</u>	<u>205,157</u>
TOTAL EQUITY AND LIABILITIES	<u>454,351</u>	<u>348,676</u>
Net assets per share attributable to owners of the parent (Sen)	<u>23.53</u>	<u>21.92</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 2016 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 SEPTEMBER 2017**

	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 2017	163,684	8,659	(91,000)	62,176	143,519
Total comprehensive income for the year	-	-	-	17,058	17,058
Conversion of warrants	3,126	-	-	-	3,126
Dividend	-	-	-	(6,671)	(6,671)
As at 30 September 2017	166,810	8,659	(91,000)	72,563	157,032
As at 1 January 2016	163,499	8,659	(91,000)	55,233	136,391
Total comprehensive income for the period	-	-	-	15,650	15,650
Conversion of warrants	175	-	-	-	175
Dividend	-	-	-	(13,087)	(13,087)
As at 30 September 2016	163,674	8,659	(91,000)	57,796	139,129

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 2016 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 THIRD QUARTER ENDED 30 SEPTEMBER 2017

	(Unaudited) Current Year to date 30.9.2017 RM'000	(Audited) Preceding Year to date 31.12.2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	24,592	28,705
Adjustments for:-		
• Depreciation	10,903	11,062
• Interest income	(4,356)	(13,289)
• Other non-cash operating items	1,318	1,192
Operating profit before working capital changes	32,457	27,670
Changes in inventories	115	578
Changes in trade and other receivables	(55,043)	(33,879)
Changes in trade and other payables	117,169	37,210
Changes in amount due from associated company	-	(500)
Changes in amounts due from/(to) customers for contract	(94,904)	(5,540)
Cash (used in)/generated from operations	(206)	25,539
Interest received	4,356	10,709
Interest paid	(1,372)	(959)
Tax paid	(7,266)	(6,735)
Net cash (used in)/generated from operating activities	(4,488)	28,554
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(20,378)	(28,305)
Proceeds from disposal of property, plant and equipment	201	113
Net cash used in investing activities	(20,177)	(28,192)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to shareholders	(6,671)	(13,087)
Proceeds from issuance of shares	3,126	185
Net change in hire purchase	4,149	(2,904)
Net change in bank borrowings	24,327	(1,285)
Changes in fixed deposits pledged with licensed banks	(64)	3,686
Net cash generated from /(used in) financing activities	24,867	(13,405)
Net change in cash and cash equivalents	202	(13,043)
Cash and cash equivalents at the beginning of year	4,061	17,012
Effect of exchange translation difference on cash and cash equivalents	(2)	92
Cash and cash equivalents at the end of period	4,261	4,061
Cash and cash equivalents comprise of the following:		
• Fixed deposits with licensed financial institutions	2,869	2,808
• Cash and bank balances	4,239	4,036
	7,108	6,844
Less: Fixed deposits pledged with licensed banks	(2,847)	(2,783)
	4,261	4,061

The unaudited condensed consolidated cash flow statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016 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 2016.

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 2016.

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 2017.

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 2016 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

As at 30 September 2017, 12,505,800 new ordinary shares of RM0.25 each were issued pursuant to the conversion of warrants. The proceeds amounting to RM3,126,450.00 will be utilized as working capital of the Group.

There were no other 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 ending 31 December 2017:

In respect of financial year ended 31 December 2016:

- single tier final dividend of 1 sen per ordinary share, paid on 22 June 2017, amounting to RM6,670,753.03.

A9. Segmental Reporting

The Group’s segmental report for the financial period ended 30 September 2017 is as follows:-

	Investment holding	Construction	Manufacturing	Concessionaire asset and maintenance	Elimination	Total
	RM’000	RM’000	RM’000	RM’000	RM’000	RM’000
Revenue						
External sales	8	450,060	1,970	6,567	-	458,605
Inter-segment sales	-	58,100	-	-	(58,100)	-
Total revenue	8	508,160	1,970	6,567	(12,646)	458,605
Interest income	8	4,347	-	1	-	4,356
Interest expense	-	(1,317)	(142)	-	-	(1,459)
Depreciation	-	(9,892)	(1,011)	-	-	(10,903)
Loss on disposal of investment	-	-	-	-	-	-
Results						
Profit/(Loss) from operations	(524)	23,357	(1,543)	4,761	-	26,051
Finance costs	-	(1,317)	(142)	-	-	(1,459)
Profit/(Loss) before tax	(524)	22,040	(1,685)	4,761	-	24,592
Income tax expense	-	(6,752)	157	(939)	-	(7,534)
Profit/(Loss) after tax	(524)	15,288	(1,528)	3,822	-	17,058

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

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 30 September 2016 is as follows:-

	Investment holding	Construction	Manufacturing	Elimination	Total
	RM’000	RM’000	RM’000	RM’000	RM’000
Revenue					
External sales	192	284,474	2,562	-	287,228
Inter-segment sales	-	44,870	-	(44,870)	-
Total revenue	192	329,344	2,562	(44,870)	287,228
Interest income	192	11,651	6	-	11,849
Interest expense	-	(483)	(222)	-	(705)
Depreciation	-	(6,878)	(1,051)	-	(7,929)
Loss on disposal of investment	-	-	-	-	-
Results					
Profit/(Loss) from operations	(318)	24,887	(1,659)	-	22,910
Finance costs	-	(483)	(222)	-	(705)
Profit/(Loss) before tax	(318)	24,404	(1,881)	-	22,205
Income tax expense	-	(6,424)	(131)	-	(6,555)
Profit/(Loss) after tax	(318)	17,980	(2,012)	-	15,650

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.

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

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

A.13 Capital Commitments

	As at 30.9.2017 RM’000
Approved and contracted for	
- Purchase of property, plant and equipment	<u>4,083</u>

A14. Changes in Contingent Liabilities

	As at 30.9.2017 RM’000
Bank guarantees issued by licensed banks in respect of construction projects	<u>169,577</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 30.9.2017 RM’000	Current Year To date 30.9.2017 RM’000
Provision of construction works to a company in which directors have substantial financial interest	<u>9,031</u>	<u>22,446</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 RM117 million for the quarter under review. The revenue increased by RM15 million or 14% as compared to the same quarter last year. The increase is mainly due to the higher construction progress recognized from the on-going projects.

The Group registered increase in profit before tax to RM7.8 million for the quarter. The increase in gross profit due mainly to higher revenue is offset by the higher depreciation charges of construction equipment as compared to the same quarter last year.

Current Year To Date:

The Group achieved a revenue of RM459 million for the 9 months ended 30 September 2017 with majority contribution from the construction division. The revenue increased by RM171 million or 60% as compared to the same period last year. The increase is mainly due to the higher construction progress recognized from the on-going projects.

In line with the increase in revenue, the Group registered increase in profit before tax to RM24.6 million for the period ended 30 September 2017. The increase in gross profit due mainly to higher revenue is offset by lower project financing interest recognized during the period and the higher depreciation charges of construction equipment.

B2. Comparison with Immediate Preceding Quarter's Results

	Current Quarter	Preceding Quarter	Variance	
	30.9.2017	30.6.2017	RM'000	%
Revenue	117,142	180,982	(63,840)	(35%)
Profit before tax	7,838	8,093	(255)	(3%)

The decrease in revenue is due mainly to the completion and delivery of 2 building projects during the quarter under review.

B3. Prospects for the Financial Year ending 31 December 2017

As at 30 September 2017, the Group has an outstanding order book of RM1.6 billion, comprising 8 on-going projects. These projects are expected to be delivered over the next 2 years and hence, the construction revenue contribution to the Group is expected to increase as compared to last year.

Accordingly, barring any unforeseen circumstances, the Group expects to achieve a satisfactory performance for the remaining quarters.

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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

B4. Financial Forecast

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

B5. Taxation

	Current Year Quarter 30.9.2017 RM'000	Current Year To date 30.9.2017 RM'000
Current year tax	2,926	8,303
Deferred tax	(71)	(769)
	2,855	7,534

The effective tax rate is higher than the statutory tax rate due to certain non-allowable expenses and the losses incurred by the manufacturing entities.

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 30.9.2017 RM'000	Current Year To date 30.9.2017 RM'000
Interest income	(1,463)	(4,356)
Other income	(93)	(326)
Interest expense	591	1,459
Depreciation charges	4,039	10,903
Foreign exchange (gain)/loss	1	2
Provision for and write off of receivables	-	-
Loss/(Gain) on disposal of property, plant and equipment	(21)	(62)

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

Proposed Acquisition of SEP

On 9 August 2016, PMHB entered into a Supplemental Agreement with the Vendors to vary, amongst others, the Conditions Precedent such that PMHB will be able to comply with the UKAS Bumi Equity Condition as well as certain terms and conditions of the SSA that relate to the UKAS Approval.

Pursuant to the SSA and Supplemental Agreement, the Purchase Consideration for the entire equity interest of SEP shall remain at RM29.15 million. The Purchase Consideration shall now be satisfied in the following manner:

(a) Phase 1 Acquisition of SEP

Allotment and issuance of 27,650,000 First Tranche Consideration Shares in favour of the Vendors' nominee, SEP Capital, within six (6) months from the First Tranche Completion Date with an aggregate value of all the First Tranche Consideration Shares of RM19,355,000; and

(b) Phase 2 Acquisition of SEP

Allotment and issuance of 11,850,000 Second Tranche Consideration Shares in favour of the Vendors' nominee, SEP Capital with an aggregate value of all the Second Tranche Consideration Shares of RM8,295,000.

On 2 December 2016, the shareholders approved the Proposed Acquisition of SEP. On 6 April 2017, the Company and the Vendors mutually agreed to extend the conditional period to 30 November 2017 to fulfill the conditions precedent.

On 5 October 2017, the Company issued 27,650,000 new ordinary shares to the Vendor, which marks the completion of the Phase 1 Acquisition of SEP.

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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 30 September 2017 were as follows:-

	As at 30.9.2017 RM'000
Long term borrowings	
Secured:	
• Term loan	2,956
• Hire purchase	10,409
	<u>13,365</u>
Short term borrowings	
Secured:	
• Term loan	1,542
• Structure commodity financing and Contract financing	25,572
• Hire purchase	4,937
	<u>32,051</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.

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

B12. Earnings per Share

	Current Year Quarter 30.9.2017	Current Year To date 30.9.2017
Profit for the period (RM'000)	4,983	17,058
Number of shares:		
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	667,241	667,241
Effect of dilutive potential ordinary shares from the exercise of warrants ('000)	98,063	98,063
Weighted average number of ordinary shares in issue for diluted earnings per share ('000)	765,304	765,304
Basic earnings per share (Sen)	0.75	2.56
Diluted earnings per share (Sen)	0.65	2.23

B13. Realised and unrealised earnings or losses disclosure

	As at 30.9.2017 RM'000
Total retained earnings for the Group:	
• Realised	70,687
• Unrealised	1,035
• Consolidated adjustment	841
	<u>72,563</u>

B14. Authorisation for Issue

This interim financial report was authorized for issuance by the Board of Directors of the Company on 24 November 2017.