

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2014**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) Current Year Quarter 31.03.2014 RM'000	(Unaudited) Preceding Year Quarter 31.03.2013 RM'000	(Unaudited) Current Year To Date 31.03.2014 RM'000	(Unaudited) Preceding Year To Date 31.03.2013 RM'000
Revenue	64,150	73,737	64,150	73,737
Cost of sales	(59,369)	(65,386)	(59,369)	(65,386)
Gross profit	4,781	8,351	4,781	8,351
Other operating income	488	723	488	723
Selling and administrative expenses	(3,787)	(3,581)	(3,787)	(3,581)
Profit from operations	1,482	5,493	1,482	5,493
Finance costs	(61)	(14)	(61)	(14)
Profit before tax	1,421	5,479	1,421	5,479
Income tax expense	(668)	(1,424)	(668)	(1,424)
Profit for the period	753	4,055	753	4,055
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	753	4,055	753	4,055
Total comprehensive income attributable to:				
• Owners of the parent	753	4,055	753	4,055
• Non-controlling interests	-	-	-	-
Earnings per share (Sen)				
• Basic	0.15	0.87	0.15	0.87
• 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 MARCH 2014

	(Unaudited) 31.03.2014 RM'000	(Audited) 31.12.2013 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	26,241	16,501
Investment properties	1,640	1,640
Trade receivables	9,321	7,165
	<u>37,202</u>	<u>25,306</u>
Current assets		
Inventories	3,069	3,537
Trade and other receivables	64,147	60,655
Amount due from contract customers	3,700	2,141
Tax recoverable	1,351	731
Deposits with licensed financial institutions	56,760	80,712
Cash and bank balances	11,710	7,977
	<u>140,737</u>	<u>155,753</u>
TOTAL ASSETS	<u>177,939</u>	<u>181,059</u>
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	41,259	40,506
Total equity attributable to owners of the parent	<u>86,469</u>	<u>85,716</u>
Non-current liabilities		
Hire purchase	6,501	331
Trade payables	9,847	6,778
Deferred tax liabilities	790	790
	<u>17,138</u>	<u>7,899</u>
Current liabilities		
Trade and other payables	47,520	60,495
Amount due to contract customers	24,060	25,722
Bank borrowings	1,337	1,149
Hire purchase	1,415	78
Tax liabilities	-	-
	<u>74,332</u>	<u>87,444</u>
TOTAL LIABILITIES	<u>91,470</u>	<u>95,343</u>
TOTAL EQUITY AND LIABILITIES	<u>177,939</u>	<u>181,059</u>
Net assets per share attributable to owners of the parent (Sen)	<u>16.95</u>	<u>16.80</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 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 MARCH 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	-	-	-	753	753
As at 31 March 2014	127,551	8,659	(91,000)	41,259	86,469
As at 1 January 2013	115,955	-	(91,000)	38,528	63,483
Total comprehensive income for the period	-	-	-	4,055	4,055
As at 31 March 2013	115,955	-	(91,000)	42,583	67,538

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 FIRST QUARTER ENDED 31 MARCH 2014

	(Unaudited) Current Year to date 31.03.2014 RM'000	(Audited) Preceding Year to date 31.12.2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,421	15,977
Adjustments for:-		
• Depreciation	1,000	3,345
• Interest income	(536)	(1,355)
• Other non-cash operating items	53	(492)
Operating profit before working capital changes	1,938	17,475
Changes in inventories	515	(651)
Changes in trade and other receivables	(5,648)	(12,898)
Changes in trade and other payables	(4,804)	6,336
Changes in amounts due from/(to) customers for contract	(3,220)	23,839
Cash (used in)/generated from operations	(11,219)	34,101
Interest received	536	1,355
Interest paid	(61)	(63)
Tax paid	(1,289)	(6,537)
Net cash (used in)/generated from operating activities	(12,033)	28,866
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(10,779)	(8,090)
Proceeds from disposal of property, plant and equipment	2	1,781
Net cash used in investing activities	(10,777)	(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	7,506	(30)
Net change in bank borrowings	189	(319)
Changes in fixed deposits pledged with licensed banks	5,996	1,239
Net cash generated from financing activities	8,589	16,506
Net change in cash and cash equivalents	(14,221)	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	(2)	20
Cash and cash equivalents at the end of period	56,571	70,794
Cash and cash equivalents comprise of the following:		
• Deposits with licensed financial institutions	56,760	80,712
• Cash and bank balances	11,710	7,977
	68,470	88,689
Less: Fixed deposits pledged with licensed banks	(11,899)	(17,895)
	56,571	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 quarter ended 31 March 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 3 months period ended 31 March 2014 is as follows:-

	Investment holding	Construction	Manufacturing	Elimination	Total
	RM’000	RM’000	RM’000	RM’000	RM’000
Revenue					
External sales	230	61,358	2,562	-	64,150
Inter-segment sales	-	3,771	-	(3,771)	-
Total revenue	230	65,129	2,562	(3,771)	64,150
Interest income	230	306	-	-	536
Interest expense	-	-	(61)	-	(61)
Depreciation	-	(639)	(361)	-	(1,000)
Loss on disposal of investment	-	-	-	-	-
Results					
Profit/(Loss) from operations	125	2,138	(781)	-	1,482
Finance costs	-	-	(61)	-	(61)
Profit/(Loss) before tax	125	2,138	(842)	-	1,421
Income tax expense	(2)	(666)	-	-	(668)
Profit/(Loss) after tax	123	1,472	(842)	-	753

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.

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

A12. Changes in Composition of the Group

There were no changes in composition of the Group.

A.13 Capital Commitments

	As at 31.03.2014 RM'000
Approved and contracted for	
- Purchase of property, plant and equipment	<u>3,274</u>

A14. Changes in Contingent Liabilities

	As at 31.03.2014 RM'000
Bank guarantees issued by licensed banks in respect of construction projects	<u>66,228</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 31.03.2014 RM'000	Current Year To date 31.03.2014 RM'000
Provision of construction works to companies in which directors have substantial financial interest	<u>12,863</u>	<u>12,863</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 RM64.2 million for the quarter under review with 96% and 4% of revenue contributed by construction division and manufacturing division respectively. The revenue decreased by RM9.6 million or 13% as compared to the same quarter last year. The decrease is mainly due to lower construction activities as compared to the same quarter last year.

The Group generated a lower profit before tax of RM1.4 million for the quarter as compared to RM5.5 million in the same quarter last year. The decrease is mainly due to the lower construction revenue, additional cost incurred on a project and the initial start-up cost incurred for IBS plant.

B2. Comparison with Immediate Preceding Quarter's Results

	Current Quarter	Preceding Quarter	Variance	
	31.3.2014	31.12.2013	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	64,150	77,971	(13,821)	(18)
Profit before tax	1,421	307	1,114	363

The decrease in revenue is mainly due to the lower construction activities as compared to previous quarter. Higher profit before tax is mainly due to contribution from projects with higher margin as compared to previous quarter.

B3. Prospects for the Current Financial Year ending 31 December 2014

As announced on 21 February 2014, the Group secured a new project for the construction of student hostels in Perlis. This increases the outstanding orders to RM415 million as at 31 March 2014 and is expected to contribute to the earnings for the financial year 2014.

The installation and commissioning of the IBS equipment has been successfully completed in April 2014 and is currently on trial run. Full production is expected to be in the second half of this year for the supply to our on-going projects.

Barring any unforeseen circumstances, we expect the financial performance for the remaining quarters to be satisfactory.

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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. Profit Forecast

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

B5. Taxation

	Current Year Quarter 31.03.2014 RM'000	Current Year To date 31.03.2014 RM'000
Current year tax	668	668
Under provision in prior year	-	-
Deferred tax	-	-
	668	668

The effective tax rate is higher than the statutory tax rate due to certain non-allowable 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 31.03.2014 RM'000	Current Year To date 31.03.2014 RM'000
Interest income	(536)	(536)
Other income	(153)	(153)
Interest expense	61	61
Depreciation charges	1,000	1,000
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
Loss/(Gain) on disposal of property, plant and equipment	-	-
Gain or loss on disposal of quoted or unquoted investment or properties	-	-
Impairment of assets	-	-
Foreign exchange (gain)/loss	(2)	(2)
Gain or loss on derivatives	-	-
Exceptional items	-	-

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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

There is no pending corporate proposal.

Utilisation of the proceeds from the Private Placement as at 31 March 2014:

Purpose	Proposed Utilisation	Actual Utilisation	Intended Timeframe for Utilisation	Deviation		Explanations
	RM'000	RM'000		RM'000	%	
Setting up of the Industrialised Building System ("IBS") plant	10,000	5,338	Within 24 months	-	-	
Working capital	10,258	7,192	Within 12 months	-	-	
Private placement expenses	150	153	Within 1 month	(3)	(2)	*
Total	20,408	12,683		(3)	(2)	

* The actual expenses incurred pursuant to the Private Placement is higher than the amount budgeted and thus, the deficit was funded out of the portion allocated for working capital.

B8. Group's Borrowings and Debt Securities

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

	As at 31.03.2014 RM'000
Long term borrowings	
Secured:	
• Hire purchase	6,501
Short term borrowings	
Secured:	
• Export credit refinancing	1,337
• Hire purchase	1,415
	<u>2,752</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 31.03.2014	Current Year To date 31.03.2014
Profit for the period (RM'000)	753	753
Weighted average number of ordinary shares in issue ('000)	510,203	510,203
Basic earnings per share (sen)	0.15	0.15

B13. Realised and unrealised earnings or losses disclosure

	As at 31.03.2014 RM'000
Total retained earnings for the Group:	
• Realised	39,244
• Unrealised	1,209
• Consolidated adjustment	806
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	41,259

B14. Authorisation for Issue

This interim financial report was authorized for issuance by the Board of Directors of the Company on 23 May 2014.