

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) Current Year Quarter 31.12.2013 RM'000	(Unaudited) Preceding Year Quarter 31.12.2012 RM'000	(Unaudited) Current Year To Date 31.12.2013 RM'000	(Unaudited) Preceding Year To Date 31.12.2012 RM'000
Revenue	77,971	63,106	293,881	220,775
Cost of sales	(73,994)	(56,463)	(265,005)	(189,108)
Gross profit	3,977	6,643	28,876	31,667
Other operating income	452	778	2,016	2,321
Selling and administrative expenses	(4,104)	(4,402)	(14,756)	(16,689)
Profit from operations	325	3,019	16,136	17,299
Finance costs	(18)	(19)	(64)	(104)
Profit before tax	307	3,000	16,072	17,195
Income tax expense	(175)	(1,170)	(4,282)	(5,424)
Profit for the period	132	1,830	11,790	11,771
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	132	1,830	11,790	11,771
Total comprehensive income attributable to:				
• Owners of the parent	132	1,830	11,790	11,771
• Non-controlling interests	-	-	-	-
Earnings per share (Sen)				
• Basic	0.03	0.39	2.54	2.54
• 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 2012 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 2013**

	(Unaudited) 31.12.2013 RM'000	(Audited) 31.12.2012 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	16,501	12,818
Investment properties	1,640	1,560
Trade receivables	7,165	4,495
	<u>25,306</u>	<u>18,873</u>
Current assets		
Inventories	3,537	2,710
Trade and other receivables	61,362	50,433
Amount due from contract customers	1	8,271
Deposits with licensed financial institutions	80,712	40,792
Cash and bank balances	7,977	10,053
	<u>153,589</u>	<u>112,259</u>
TOTAL ASSETS	<u>178,895</u>	<u>131,132</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	127,551	115,955
Share premium	8,659	-
Reverse acquisition reserve	(91,000)	(91,000)
Retained earnings	40,578	38,528
Total equity attributable to owners of the parent	<u>85,788</u>	<u>63,483</u>
Non-current liabilities		
Bank borrowings	-	17
Hire purchase	321	-
Trade payables	6,623	11,153
Deferred tax liabilities	790	830
	<u>7,734</u>	<u>12,000</u>
Current liabilities		
Trade and other payables	57,548	44,682
Amount due to contract customers	26,588	8,012
Bank borrowings	1,149	1,451
Hire purchase	88	-
Tax liabilities	-	1,504
	<u>85,373</u>	<u>55,649</u>
TOTAL LIABILITIES	<u>93,107</u>	<u>67,649</u>
TOTAL EQUITY AND LIABILITIES	<u>178,895</u>	<u>131,132</u>
Net assets per share attributable to owners of the parent (Sen)	<u>16.81</u>	<u>13.69</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 2012 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 2013**

	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 2013	115,955	-	(91,000)	38,528	63,483
Total comprehensive income for the period	-	-	-	11,790	11,790
Transactions with owners:					
• Issuance of shares	11,596	8,812	-	-	20,408
• Share issuance expenses	-	(153)	-	-	(153)
• Dividend paid and payable	-	-	-	(9,740)	(9,740)
As at 31 December 2013	127,551	8,659	(91,000)	40,578	85,788
As at 1 January 2012	*	-	-	40,257	40,257
Total comprehensive income for the period	-	-	-	11,771	11,771
Transactions with owners:					
• Acquisition of subsidiaries, accounted for as reverse acquisition reserve	96,000	-	(91,000)	-	5,000
• Scheme of arrangement with shareholders	9,955	-	-	-	9,955
• Issuance of shares	10,000	-	-	-	10,000
• Dividend paid	-	-	-	(13,500)	(13,500)
As at 31 December 2012	115,955	-	(91,000)	38,528	63,483

* Denotes RM2.

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 2012 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 31 DECEMBER 2013**

	(Unaudited) Current Year to date 31.12.2013 RM'000	(Audited) Preceding Year to date 31.12.2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	16,072	17,195
Adjustments for:-		
• Depreciation	3,345	3,597
• Loss on disposal of investment	-	3,099
• Interest income	(1,355)	(1,203)
• Other non-cash operating items	(604)	(240)
Operating profit before working capital changes	17,458	22,448
Changes in inventories	(518)	(364)
Changes in trade and other receivables	(12,899)	9,782
Changes in trade and other payables	3,234	6,840
Changes in amounts due from/(to) customers for contract	26,846	(13,527)
Cash generated from operations	34,121	25,179
Interest received	1,355	1,203
Interest paid	(64)	(83)
Tax paid	(6,526)	(4,442)
Net cash generated from operating activities	28,886	21,857
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(8,529)	(3,338)
Proceeds from disposal of property, plant and equipment	1,780	364
Net cash used in investing activities	(6,749)	(2,974)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to shareholders	(4,638)	(13,500)
Proceeds from issuance of shares	20,255	10,000
Drawdown from hire purchase	409	-
Repayment of bank borrowings	(319)	(1,343)
Changes in fixed deposits pledged with licensed banks	1,239	1,110
Net cash generated from/(used in) financing activities	16,946	(3,733)
Net increase in cash and cash equivalents	39,083	15,150
Cash and cash equivalents at the beginning of year	31,711	16,561
Cash and cash equivalents at the end of year	70,794	31,711
Cash and cash equivalents comprise of the following:		
• Deposits with licensed financial institutions	80,712	40,792
• Cash and bank balances	7,977	10,053
	88,689	50,845
Less: Fixed deposits pledged with licensed banks	(17,895)	(19,134)
	70,794	31,711

The unaudited condensed consolidated cash flow statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012 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 2012.

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 2012.

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 2013.

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 2012 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

On 24 December 2013, the Company issued 46,382,000 new ordinary shares of RM0.25 each at RM0.44 per share pursuant to the private placement exercise. 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 ended 31 December 2013:

In respect of financial year ended 31 December 2012:

- Final single tier dividend of 1 sen per ordinary share, paid on 28 June 2013, amounting to RM4,638,204.48.

A9. Segmental Reporting

The Group's segmental report for the 12 months period ended 31 December 2013 is as follows:-

	Investment holding	Construction	Manufacturing	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External sales	367	280,114	13,400	-	293,881
Inter-segment sales	5,000	10,779	-	(15,779)	-
Total revenue	5,367	290,893	13,400	(15,779)	293,881
Interest income	367	942	46	-	1,355
Interest expense	-	(3)	(61)	-	(64)
Depreciation	-	(2,846)	(499)	-	(3,345)
Loss on disposal of investment	-	-	-	-	-
Results					
Profit from operations	4,842	15,659	635	(5,000)	16,136
Finance costs	-	(3)	(61)	-	(64)
Profit before tax	4,842	15,656	574	-	16,072
Income tax expense	(1)	(4,281)	-	-	(4,282)
Profit after tax	4,841	11,375	574	(5,000)	11,790

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.

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

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

A11. Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the end of the interim period.

A12. Changes in Composition of the Group

On 29 November 2013, the Company acquired the entire issued and paid-up share capital of PM2 Building System Sdn Bhd ("PM2SB") (formerly known as Pesona M2 Sdn Bhd) comprising of 2 ordinary shares of RM1 each for a cash consideration of RM2. Following the acquisition, PM2SB became the wholly owned subsidiary of the Company.

A.13 Capital Commitments

	As at 31.12.2013 RM'000
Approved and contracted for	
- Purchase of property, plant and equipment	<u>7,594</u>

A14. Changes in Contingent Liabilities

	As at 31.12.2013 RM'000
Bank guarantees issued by licensed banks in respect of construction projects	<u>81,574</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 31.12.2013 RM'000	Current Year To date 31.12.2013 RM'000
Provision of construction works to companies in which directors have substantial financial interest	<u>8,734</u>	<u>77,231</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 RM78.0 million for the quarter under review with 96% and 4% of revenue contributed by construction segment and manufacturing of PU products respectively. The revenue increased by RM14.9 million or 24% as compared to the same quarter last year. The increase is mainly due to the revenue from the 2 new projects secured during the year but offsetted by lower revenue from 3 projects which were completed during the quarter.

Despite the increase in revenue, the Group generated a lower profit before tax of RM0.3 million for the quarter as compared to RM3.0 million in the same quarter last year. The increase in revenue contribution from lower margin projects coupled with the completion of 2 higher margin projects have resulted in decrease in profit margin for the quarter. The decrease in profit before taxation is also due to the increase in prices of the construction materials.

Current Year-to-date:

For the financial year ended 31 December 2013, the Group achieved a revenue of RM293.9 million with 95% and 5% of revenue contributed by construction segment and manufacturing of PU products respectively. The revenue increased by RM73.1 million or 33% as compared to last financial year. The increase is mainly contributed by 2 infrastructure and a building projects.

Despite the increase in revenue, the Group generated a lower profit before tax of RM16.1 million for the financial year ended 31 December 2013 as compared to RM17.2 million for the last financial year. The decrease is mainly due to the increase in construction cost as a result of increase in material prices.

B2. Comparison with Immediate Preceding Quarter's Results

	Current Quarter 30.9.2013	Preceding Quarter 30.9.2013	Variance	
	RM'000	RM'000	RM'000	%
Revenue	77,971	61,584	16,387	27
Profit before tax	307	4,407	(4,100)	(93)

The increase in revenue is mainly contributed by the lower margin projects which resulted in lower profit before tax as compared to the preceding quarter.

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 2014

As at 31 December 2013, the Group has outstanding orders of RM351 million comprising 4 on-going projects. Two of the on-going projects are expected to complete in year 2014 and the other two projects are targeted to complete in year 2015 and year 2016 respectively. Hence, securing of new projects is vital to ensure the Group will continue to grow financially.

For year 2014, as a result of general increase in prices of goods and services, it is also unavoidable that the construction costs will increase during the year and therefore, this will affect the profit margin for the on-going projects.

Foreseeing the trend of increase in construction costs, both of construction labour cost and material prices as well as the shortage of construction workers, the Group, in December 2013, embarked on the setting up of the Industrialised Building System ("IBS") plant to combat the rise in construction cost and to improve the quality of projects with less reliance on labour. The IBS plant, expects to commence production in May 2014, is expected to improve the group's overall margin moving forward.

B4. Profit Forecast

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

As announced on 23 April 2013, pursuant to the acquisition of the entire equity interests of Pesona Metro Sdn Bhd on 12 September 2012, the vendors of Pesona Metro Sdn Bhd, namely Mr. Wie Hock Beng and Mdm. Chak May Teng ("the Vendors") had unconditionally and irrevocably represent, guarantee and warrant to the Company that the aggregated Profit after Tax of Pesona Metro Sdn Bhd Group for the financial year ended 31 December 2012 shall not be less than RM15 million. The auditors, Messrs UHY Chartered Accountant has on 17 April 2013 confirmed that the Profit Guarantee of RM15 million has been achieved and thus, the Guaranteed Profit of Pesona Metro Sdn Bhd Group has been fulfilled by the Vendors.

B5. Taxation

	Current Year Quarter 31.12.2013 RM'000	Current Year To date 31.12.2013 RM'000
Current year tax	215	4,279
Under provision in prior year	-	43
Deferred tax	(40)	(40)
	<u>175</u>	<u>4,282</u>

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

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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

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 31.12.2013 RM'000	Current Year To date 31.12.2013 RM'000
Interest income	(478)	(1,355)
Other income	(112)	(385)
Interest expense	18	64
Depreciation charges	1,000	3,345
Provision for and write off of receivables	-	-
Provision for and write off of inventories	188	188
Loss/(Gain) on disposal of property, plant and equipment	82	(375)
Gain or loss on disposal of quoted or unquoted investment or properties	-	-
Impairment of assets	-	-
Foreign exchange (gain)/loss	-	(267)
Gain or loss on derivatives	-	-
Exceptional items	-	-

B7. Status of Corporate Proposal

On 31 October 2013, the Company announced the Proposed Private Placement which entails the issuance of up to 46,382,000 new ordinary shares of RM0.25 each in the Company, representing up to 10% of the Company's existing issued and paid-up share capital of RM115,955,112.

On 19 November 2013, Bursa Securities approved the application for the listing of and the quotation for up to 46,382,000 Placement Shares. Subsequently, on 24 December 2013, the Placement Shares were listed on the Bursa Securities which marks the completion of the Proposed Private Placement.

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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)

Utilisation of the Proceeds from the Private Placement as at 31 December 2013:

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	2,844	Within 24 months	-	-	
Working capital	10,258	-	Within 12 months	-	-	
Private placement expenses	150	153	Within 1 month	(3)	(2)	*
Total	20,408	2,997		(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.

There is no other pending corporate proposal.

B8. Group's Borrowings and Debt Securities

The Group's borrowings as at 31 December 2013 were as follows:-

	As at 31.12.2013 RM'000
Long term borrowings	
Secured:	
• Hire purchase	321
Short term borrowings	
Secured:	
• Export credit refinancing	1,149
• Hire purchase	88
	1,237

B9. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk.

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

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 2013, amounting to RM5,102,024.48. The dividend will be payable on 26 March 2014 to shareholders whose names appear on the Record of Depositors of the Company at the close of business on 13 March 2014.

B12. Earnings per Share

	Current Year Quarter 31.12.2013	Current Year To date 31.12.2013
Profit for the period (RM'000)	132	11,790
Weighted average number of ordinary shares in issue ('000)	463,820	463,820
Basic earnings per share (sen)	0.03	2.54

B13. Realised and unrealised earnings or losses disclosure

	As at 31.12.2013 RM'000
Total retained earnings for the Group:	
• Realised	38,562
• Unrealised	1,210
• Consolidated adjustment	806
	<hr/>
	40,578

B14. Authorisation for Issue

This interim financial report was authorized for issuance by the Board of Directors of the Company on 26 February 2014.