

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) Current Year Quarter 31.12.2017 RM'000	(Audited) Preceding Year Quarter 31.12.2016 RM'000	(Unaudited) Current Year To Date 31.12.2017 RM'000	(Audited) Preceding Year To Date 31.12.2016 RM'000
Revenue	90,155	105,790	548,760	393,018
Cost of sales	(71,946)	(93,383)	(485,290)	(351,715)
Gross profit	18,209	12,407	63,470	41,303
Other operating income	478	2,031	5,320	14,292
Selling and administrative expenses	(11,939)	(7,684)	(35,991)	(25,931)
Profit from operations	6,748	6,754	32,799	29,664
Finance costs	(2,105)	(254)	(3,564)	(959)
Profit before tax	4,643	6,500	29,235	28,705
Income tax expense	(1,018)	(2,120)	(8,552)	(8,675)
Profit for the period	3,625	4,380	20,683	20,030
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	3,625	4,380	20,683	20,030
Total comprehensive income attributable to:				
• Owners of the parent	2,112	4,380	19,170	20,030
• Non-controlling interests	1,513	-	1,513	-
Earnings per share (Sen)				
• Basic	0.30	0.67	2.76	3.06
• Diluted	0.27	0.57	2.42	2.62

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 31 DECEMBER 2017

	(Unaudited) 31.12.2017 RM'000	(Audited) 31.12.2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	71,166	58,461
Investment properties	12,515	12,314
Intangible assets	35,676	3,035
Financial receivables	140,985	-
Trade receivables	30,988	16,336
	<u>291,330</u>	<u>90,146</u>
Current assets		
Inventories	847	1,184
Trade and other receivables	157,289	226,291
Amount due from contract customers	24,190	21,590
Amount due from associated company	2,300	2,300
Tax recoverable	1,048	321
Deposits with licensed financial institutions	13,006	2,808
Cash and bank balances	11,797	4,036
	<u>210,477</u>	<u>258,530</u>
TOTAL ASSETS	<u>501,807</u>	<u>348,676</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	186,165	163,684
Share premium	7,843	8,659
Reverse acquisition reserve	(91,000)	(91,000)
Retained earnings	74,675	62,176
Total equity attributable to owners of the parent	<u>177,683</u>	<u>143,519</u>
Non-controlling interests	(6,244)	-
	<u>171,439</u>	<u>143,519</u>
Non-current liabilities		
Bank borrowings	90,170	4,113
Hire purchase	9,036	7,700
Trade payables	14,168	13,904
Deferred tax liabilities	381	954
	<u>113,755</u>	<u>26,671</u>
Current liabilities		
Trade and other payables	161,015	104,928
Amount due to contract customers	25,613	68,520
Bank borrowings	25,044	1,542
Hire purchase	4,941	3,496
	<u>216,613</u>	<u>178,486</u>
TOTAL LIABILITIES	<u>330,368</u>	<u>205,157</u>
TOTAL EQUITY AND LIABILITIES	<u>501,807</u>	<u>348,676</u>
Net assets per share attributable to owners of the parent (Sen)	<u>25.57</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 31 DECEMBER 2017**

	ATTRIBUTABLE TO OWNERS OF THE PARENT					
	Non-distributable		Reverse	Distributable	Non-	Total
	Share capital	Share premium	acquisition reserve	Retained earnings	controlling interests	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2017	163,684	8,659	(91,000)	62,176	-	143,519
Total comprehensive income for the year	-	-	-	19,170	1,513	20,683
Conversion of warrants	3,126	-	-	-	-	3,126
Dividend paid	-	-	-	(6,671)	-	(6,671)
Acquisition of a subsidiary	19,355	-	-	-	(7,757)	11,598
Share issuance expenses	-	(816)	-	-	-	(816)
As at 31 December 2017	186,165	7,843	(91,000)	74,675	(6,244)	171,439
As at 1 January 2016	163,499	8,659	(91,000)	55,233	-	136,391
Total comprehensive income for the year	-	-	-	20,030	-	20,030
Conversion of warrants	185	-	-	-	-	185
Dividend	-	-	-	(13,087)	-	(13,087)
As at 31 December 2016	163,684	8,659	(91,000)	62,176	-	143,519

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 FOURTH QUARTER ENDED 31 DECEMBER 2017

	(Unaudited) Current Year to date 31.12.2017 RM'000	(Audited) Preceding Year to date 31.12.2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	29,235	28,705
Adjustments for:-		
• Amortisation and depreciation	16,508	11,062
• Interest income	(4,598)	(13,289)
• Other non-cash operating items	5,256	1,192
Operating profit before working capital changes	46,401	27,670
Changes in inventories	246	578
Changes in trade and other receivables	55,289	(33,879)
Changes in trade and other payables	(54,027)	37,210
Changes in amount due from associated company	-	(500)
Changes in amounts due from/(to) customers for contract	(45,507)	(5,540)
Cash generated from operations	2,402	25,539
Interest received	4,598	10,709
Interest paid	(3,508)	(959)
Tax paid	(9,852)	(6,735)
Net cash (used in)/generated from operating activities	(6,360)	28,554
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(29,347)	(28,305)
Acquisition of a subsidiary, net of cash acquired (Note 1)	6,631	-
Proceeds from disposal of property, plant and equipment	446	113
Net cash used in investing activities	(22,270)	(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	2,780	(2,904)
Net change in bank borrowings	47,355	(1,285)
Changes in fixed deposits pledged with licensed banks	(1,105)	3,686
Net cash generated from /(used in) financing activities	45,485	(13,405)
Net change in cash and cash equivalents	16,855	(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	-	92
Cash and cash equivalents at the end of period	20,916	4,061
Cash and cash equivalents comprise of the following:		
• Deposits with licensed financial institutions	13,006	2,808
• Cash and bank balances	11,797	4,036
	24,803	6,844
Less: Fixed deposits pledged with licensed banks	(3,887)	(2,783)
	20,916	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.

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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017 (Cont'd)

Note 1

The cash flow arising from the acquisition of a subsidiary is as follows:

	RM'000
Purchase consideration satisfied by cash	1,500
Cash and cash equivalents of subsidiary acquired	(8,131)
Net cash flow from the acquisition	<u>(6,631)</u>

Fair value for the identifiable assets acquired and liabilities assumed are as follows:

	RM'000
Financial receivables	144,496
Trade receivables	2,696
Other receivables and prepayments	1,546
Cash and cash equivalents	8,131
Short term borrowings	(10,620)
Trade payables	(105,911)
Other payables and accrued liabilities	(8,665)
Long term borrowings	(51,530)
Total net identifiable assets/liabilities	<u>(19,857)</u>

Concessionaire rights

The concessionaire rights was recognized as a result of the acquisition is as follows:

	RM'000
Total purchase consideration	19,155
Less: value of net identifiable assets	13,900
Concessionaire rights	<u>33,055</u>

The concessionaire rights arising from the acquisition of SEP will be amortised over the remaining periods of the concession.

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.

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 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.

On 6 October 2017, 27,650,000 new ordinary shares were issued at an issue price of RM0.70 pursuant to the Proposed Acquisition of SEP as stated in Note B7.

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 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 31 December 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	9	530,218	2,562	15,971	-	549,760
Inter-segment sales	7,000	80,690	-	1,459	(89,149)	-
Total revenue	7,009	610,908	2,562	17,430	(89,149)	549,760
Interest income	9	5,560	-	6	(977)	4,598
Interest expense	-	(1,721)	(176)	(2,644)	(977)	(3,564)
Depreciation and amortisation	-	(14,751)	(1,344)	(413)	-	(16,508)
Impairment of assets	-	-	(1,700)	-	-	(1,700)
Results						
Profit/(Loss) from operations	6,359	25,543	(4,067)	12,941	(7,977)	32,799
Finance costs	-	(1,721)	(176)	(2,644)	977	(3,564)
Profit/(Loss) before tax	6,359	23,822	(4,243)	10,297	(7,000)	29,235
Income tax expense	(2)	(7,549)	157	(1,158)	-	(8,552)
Profit/(Loss) after tax	6,357	16,273	(4,086)	9,139	(7,000)	20,683

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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 31 December 2016 is as follows:-

	Investment holding	Construction	Manufacturing	Elimination	Total
	RM’000	RM’000	RM’000	RM’000	RM’000
Revenue					
External sales	195	389,445	3,378	-	393,018
Inter-segment sales	14,000	60,436	-	(74,436)	-
Total revenue	14,195	449,881	3,378	(74,436)	393,018
Interest income	195	13,087	7	-	13,289
Interest expense	-	(677)	(282)	-	(959)
Depreciation	-	(9,667)	(1,395)	-	(11,062)
Loss on disposal of investment	-	-	-	-	-
Results					
Profit/(Loss) from operations	13,492	32,578	(2,406)	(14,000)	29,664
Finance costs	-	(677)	(282)	-	(959)
Profit/(Loss) before tax	13,492	31,901	(2,688)	(14,000)	28,705
Income tax expense	(30)	(8,514)	(131)	-	(8,675)
Profit/(Loss) after tax	13,462	23,387	(2,819)	(14,000)	20,030

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 31.12.2017 RM’000
Approved and contracted for	
- Purchase of property, plant and equipment	<u>1,887</u>

A14. Changes in Contingent Liabilities

	As at 31.12.2017 RM’000
Bank guarantees issued by licensed banks in respect of construction projects	<u>176,382</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 31.12.2017 RM’000	Current Year To date 31.12.2017 RM’000
Provision of construction works to a company in which directors have substantial financial interest	<u>13,663</u>	<u>36,109</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 RM90 million for the quarter under review. The revenue decreased by RM16 million or 15% as compared to the same quarter last year. The decrease is mainly due to the slower than expected construction progress recognized from the on-going projects.

The Group registered lower profit before tax of RM4.6 million for the quarter. Despite increase in gross profit of RM5.8 million, due mainly to the contribution of concessionaire income from the newly acquired subsidiary in October 2017, it is offset by the higher depreciation charges of construction equipment as well as the one-time impairment loss of manufacturing assets of RM1.7 million.

Current Year To Date:

The Group achieved a revenue of RM549 million for the year ended 31 December 2017 with majority contribution from the construction division. The revenue increased by RM156 million or 40% as compared to last year. The increase is mainly due to the construction revenue recognized from the 3 projects completed during the year and the on-going projects.

In line with the increase in revenue, the Group registered increase in profit before tax to RM29 million for the year ended 31 December 2017. The increase in gross profit is due mainly to higher project revenue and the contribution of concessionaire income. However, the higher gross profit of RM22 million is offset by lower project financing interest of RM8 million recognized during the year and the higher depreciation charges of RM5 million arising from the construction equipment as well as the one-time impairment loss of manufacturing assets of RM1.7 million.

B2. Comparison with Immediate Preceding Quarter's Results

	Current Quarter	Preceding Quarter	Variance	
	31.12.2017	30.9.2017	RM'000	%
Revenue	90,155	117,142	(26,987)	(23)
Profit before tax	4,643	7,838	(3,195)	(41)

The decrease in revenue is due mainly to the slower than expected construction progress recognized during the period. The lower profit before tax is mainly due to the higher depreciation charges of RM1.5 million as compared to the preceding quarter as well as the one-time impairment loss of manufacturing assets of RM1.7 million.

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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

B3. Prospects for the Financial Year ending 31 December 2018

As at 31 December 2017, the Group has an outstanding order book of RM1.5 billion, comprising 7 on-going projects. Coupled with the new project secured in January 2018, the total outstanding order book increased to RM1.7 billion. 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.

Concurrently, the completion of Phase 1 acquisition of SEP in October 2017 will contribute and further strengthen the income for coming years.

The Group also intends to divest the manufacturing division in year 2018 and have provided the one-time impairment loss of RM1.7 million for the year ended 31 December 2017.

Accordingly, barring any unforeseen circumstances, the Group expects to achieve a satisfactory performance for the year ending 31 December 2018.

B4. Financial Forecast

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

B5. Taxation

	Current Year Quarter 31.12.2017 RM'000	Current Year To date 31.12.2017 RM'000
Current year tax	822	9,125
Deferred tax	196	(573)
	1,018	8,552

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.

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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 31.12.2017 RM'000	Current Year To date 31.12.2017 RM'000
Interest income	(242)	(4,598)
Other income	(46)	(372)
Interest expense	2,105	3,564
Depreciation and amortisation	5,605	16,508
Impairment of assets	1,700	1,700
Loss/(Gain) on disposal of property, plant and equipment	153	91

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 6 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 31 December 2017 were as follows:-

	As at 31.12.2017 RM'000
Long term borrowings	
Secured:	
• Term loan	2,570
• Commodity Murabahah Term Financing-i	87,600
• Hire purchase	9,036
	<u>99,206</u>
Short term borrowings	
Secured:	
• Term loan	1,542
• Commodity Murabahah Term Financing-i	10,620
• Structure commodity financing and Contract financing	12,882
• Hire purchase	4,941
	<u>29,985</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 Directors recommend a single tier final dividend of 1 sen per ordinary share, amounting to RM6,948,909.59 in respect of the financial year ended 31 December 2017, which will be subject to the approval of members at the forthcoming Annual General Meeting.

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 31.12.2017	Current Year To date 31.12.2017
Profit for the year attributable to owners (RM'000)	2,112	19,170
Number of shares:		
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	694,891	694,891
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)	792,954	792,954
Basic earnings per share (Sen)	0.30	2.76
Diluted earnings per share (Sen)	0.27	2.42

B13. Realised and unrealised earnings or losses disclosure

	As at 31.12.2017 RM'000
Total retained earnings for the Group:	
• Realised	72,921
• Unrealised	1,361
• Consolidated adjustment	393
	<u>74,675</u>

B14. Authorisation for Issue

This interim financial report was authorized for issuance by the Board of Directors of the Company on 27 February 2018.