

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) Current Year Quarter 30.9.2016 RM'000	(Audited) Preceding Year Quarter 30.9.2015 RM'000	(Unaudited) Current Year To Date 30.9.2016 RM'000	(Audited) Preceding Year To Date 30.9.2015 RM'000
Revenue	102,640	71,832	287,228	218,890
Cost of sales	(92,144)	(62,638)	(258,332)	(190,582)
Gross profit	10,496	9,194	28,896	28,308
Other operating income	2,236	163	12,261	844
Selling and administrative expenses	(6,640)	(6,137)	(18,247)	(16,928)
Profit from operations	6,092	3,220	22,910	12,224
Finance costs	(264)	(161)	(705)	(488)
Profit before tax	5,828	3,059	22,205	11,736
Income tax expense	(1,955)	(575)	(6,555)	(2,581)
Profit for the period	3,873	2,484	15,650	9,155
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	3,873	2,484	15,650	9,155
Total comprehensive income attributable to:				
• Owners of the parent	3,873	2,484	15,650	9,155
• Non-controlling interests	-	-	-	-
Earnings per share (Sen)				
• Basic	0.59	0.39	2.39	1.44
• Diluted	0.51	0.33	2.05	1.20

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 2015 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 2016

	(Unaudited) 30.9.2016 RM'000	(Audited) 31.12.2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	52,761	40,696
Investment properties	12,114	1,800
Goodwill on consolidation	3,035	3,035
Trade receivables	22,832	12,365
	<u>90,742</u>	<u>57,896</u>
Current assets		
Inventories	1,517	1,822
Trade and other receivables	184,446	193,803
Amount due from contract customers	14,851	2,090
Amount due from associated company	2,300	1,800
Tax recoverable	99	2,450
Deposits with licensed financial institutions	4,344	9,036
Cash and bank balances	16,052	14,445
	<u>223,609</u>	<u>225,446</u>
TOTAL ASSETS	<u>314,351</u>	<u>283,342</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	163,674	163,499
Share premium	8,659	8,659
Reverse acquisition reserve	(91,000)	(91,000)
Retained earnings	57,796	55,233
Total equity attributable to owners of the parent	<u>139,129</u>	<u>136,391</u>
Non-current liabilities		
Bank borrowings	4,498	-
Hire purchase	7,942	7,108
Trade payables	11,471	7,003
Deferred tax liabilities	1,070	1,142
	<u>24,981</u>	<u>15,253</u>
Current liabilities		
Trade and other payables	99,624	74,620
Amount due to contract customers	44,538	54,560
Bank borrowings	1,542	-
Hire purchase	3,238	2,518
Tax payable	1,299	-
	<u>150,241</u>	<u>131,698</u>
TOTAL LIABILITIES	<u>175,222</u>	<u>146,951</u>
TOTAL EQUITY AND LIABILITIES	<u>314,351</u>	<u>283,342</u>
Net assets per share attributable to owners of the parent (Sen)	<u>21.25</u>	<u>20.86</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 2015 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 2016**

	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 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
As at 1 January 2015	127,551	8,659	(91,000)	43,620	88,830
Total comprehensive income for the period	-	-	-	9,155	9,155
Conversion of warrants	31,148	-	-	-	31,148
Dividend	-	-	-	(79)	(79)
As at 30 September 2015	158,699	8,659	(91,000)	52,696	129,054

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 2015 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 2016

	(Unaudited) Current Year to date 30.9.2016 RM'000	(Audited) Preceding Year to date 31.12.2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	22,205	16,099
Adjustments for:-		
• Depreciation	7,929	7,666
• Interest income	(11,849)	(1,058)
• Other non-cash operating items	451	1,697
Operating profit before working capital changes	18,736	24,404
Changes in inventories	488	2,389
Changes in trade and other receivables	(1,111)	(88,712)
Changes in trade and other payables	22,927	20,905
Changes in amount due from associated company	(500)	(1,800)
Changes in amounts due from/(to) customers for contract	(22,783)	(234)
Cash generated from/(used in) operations	17,757	(43,048)
Interest received	11,849	1,058
Interest paid	(705)	(645)
Tax paid	(2,978)	(2,628)
Net cash generated from/(used in) operating activities	25,923	(45,263)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(30,318)	(12,761)
Proceeds from disposal of property, plant and equipment	61	402
Net cash used in investing activities	(30,257)	(12,359)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to shareholders	(6,540)	(5,181)
Proceeds from issuance of shares	175	35,948
Net change in hire purchase	655	(2,184)
Net change in bank borrowings	6,940	(1,249)
Changes in fixed deposits pledged with licensed banks	2,147	4,121
Net cash generated from financing activities	3,377	31,455
Net change in cash and cash equivalents	(957)	(26,167)
Cash and cash equivalents at the beginning of year	17,012	43,173
Net cash and cash equivalents arising from acquisition	-	-
Effect of exchange translation difference on cash and cash equivalents	19	6
Cash and cash equivalents at the end of period	16,074	17,012
Cash and cash equivalents comprise of the following:		
• Fixed deposits with licensed financial institutions	4,344	9,036
• Cash and bank balances	16,052	14,445
	20,396	23,481
Less: Fixed deposits pledged with licensed banks	(4,322)	(6,469)
	16,074	17,012

The unaudited condensed consolidated cash flow statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015 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 2015.

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 2015.

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 2016.

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 2015 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 material 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 dividends were paid during the financial year ending 31 December 2016:

In respect of financial year ended 31 December 2015:

- single tier final dividend of 1 sen per ordinary share, paid on 30 June 2016, amounting to RM6,539,951.59.

In respect of financial year ending 31 December 2016:

- single tier interim dividend of 1 sen per ordinary share, paid on 6 October 2016, amounting to RM6,546,951.59.

A9. Segmental Reporting

The Group’s segmental report for the financial period ended 30 September 2016 is as follows:-

	Investment				Total
	holding	Construction	Manufacturing	Elimination	
	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

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 2015 is as follows:-

	Investment holding	Construction	Manufacturing	Elimination	Total
	RM’000	RM’000	RM’000	RM’000	RM’000
Revenue					
External sales	388	214,879	3,623	-	218,890
Inter-segment sales	-	30,749	10,467	(41,216)	-
Total revenue	388	245,628	14,090	(41,216)	218,890
Interest income	388	393	60	-	841
Interest expense	-	(163)	(325)	-	(488)
Depreciation	-	(4,223)	(1,091)	-	(5,314)
Loss on disposal of investment	-	-	-	-	-
Results					
Profit/(Loss) from operations	(221)	7,194	5,251	-	12,224
Finance costs	-	(163)	(325)	-	(488)
Profit/(Loss) before tax	(221)	7,031	4,926	-	11,736
Income tax expense	(6)	(2,015)	(560)	-	(2,581)
Profit/(Loss) after tax	(227)	5,016	4,366	-	9,155

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 30.9.2016 RM'000
Approved and contracted for	
- Purchase of property, plant and equipment	<u>9,375</u>

A14. Changes in Contingent Liabilities

	As at 30.9.2016 RM'000
Bank guarantees issued by licensed banks in respect of construction projects	<u>111,904</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 30.9.2016 RM'000	Current Year To date 30.9.2016 RM'000
Provision of construction works to a company in which directors have substantial financial interest	<u>3,842</u>	<u>24,246</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 RM103 million for the quarter under review. The revenue increased by RM31 million or 43% as compared to the same quarter last year. The increase is mainly contributed by 2 building projects.

The Group registered higher profit before tax of RM5.8 million for the quarter, an increase of 91% as compared to the same quarter last year. The increase in profit before tax is mainly due to the contribution from higher revenue recognized and the recognition of project financing interest charged to a customer.

Current Year To Date:

The Group achieved a revenue of RM287 million for the 9 months ended September 2016 with majority contribution from the construction division. The revenue increased by RM68 million or 31% as compared to the same period last year. The increase is mainly contributed by the on-going building projects.

In line with the increase in revenue, the Group generated higher profit before tax of RM22.2 million for the 9 months ended September 2016 as compared to RM11.7 million in the same period last year. The increase is mainly due to the contribution from higher revenue recognised and the recognition of project financing interest charged to a customer.

B2. Comparison with Immediate Preceding Quarter's Results

	Current Quarter	Preceding Quarter	Variance	
	30.9.2016	30.6.2016	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	102,640	84,701	17,939	21
Profit before tax	5,828	7,884	(2,056)	(26)

The increase in revenue is mainly due to higher recognition of work done for building projects. Nevertheless, these building projects generate lower profit margin 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 2016

As at 30 September 2016, the Group has an outstanding order book of RM1.3 billion, comprising 8 on-going projects. Coupled with the 2 new projects secured after the quarter under review, amounting to RM890 million, the Group has a combined outstanding order book of RM2.2 billion for delivery over the next 3 years.

These projects are expected to contribute positively to the Group's revenue and profit for the remaining quarter. Accordingly, barring any unforeseen circumstances, we expect the financial performance for the year 2016 to be satisfactory.

B4. Financial Forecast

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

B5. Taxation

	Current Year Quarter 30.9.2016 RM'000	Current Year To date 30.9.2016 RM'000
Current year tax	1,874	6,627
Deferred tax	81	(72)
	1,955	6,555

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

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 30.9.2016 RM'000	Current Year To date 30.9.2016 RM'000
Interest income	(2,209)	(11,849)
Other income	(92)	(270)
Interest expense	264	705
Depreciation charges	3,116	7,929
Foreign exchange (gain)/loss	(26)	(19)
Provision for and write off of receivables	-	-
Loss/(Gain) on disposal of property, plant and equipment	-	(60)

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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

Proposed Acquisition of SASB

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.

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.

During the quarter under review, the Proposed Acquisition of SEP is pending the completion of the conditions precedent. The Extraordinary General Meeting for the Proposed Variation to the above acquisition will be held on 2 December 2016.

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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 2016 were as follows:-

	As at 30.9.2016 RM'000
Long term borrowings	
Secured:	
• Term loan	4,498
• Hire purchase	7,942
	<u>12,440</u>
Short term borrowings	
Secured:	
• Term loan	1,542
• Hire purchase	3,238
	<u>4,780</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.

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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

B12. Earnings per Share

	Current Year Quarter 30.9.2016	Current Year To date 30.9.2016
Profit for the period (RM'000)	3,873	15,650
Number of shares:		
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	654,695	654,695
Effect of dilutive potential ordinary shares from the exercise of warrants ('000)	110,609	110,609
Weighted average number of ordinary shares in issue for diluted earnings per share ('000)	765,304	765,304
Basic earnings per share (Sen)	0.59	2.39
Diluted earnings per share (Sen)	0.51	2.05

B13. Realised and unrealised earnings or losses disclosure

	As at 30.9.2016 RM'000
Total retained earnings for the Group:	
• Realised	55,285
• Unrealised	1,670
• Consolidated adjustment	841
	<u>57,796</u>

B14. Authorisation for Issue

This interim financial report was authorized for issuance by the Board of Directors of the Company on 25 November 2016.