

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) Current Year Quarter 30.9.2019 RM'000	(Audited) Preceding Year Quarter 30.9.2018 RM'000	(Unaudited) Current Year To Date 30.9.2019 RM'000	(Audited) Preceding Year To Date 30.9.2018 RM'000
Revenue	141,950	137,914	438,177	451,887
Cost of sales	(122,742)	(120,080)	(382,020)	(400,956)
Gross profit	19,208	17,834	56,157	50,931
Other operating income	530	851	1,264	1,886
Selling and administrative expenses	(9,605)	(9,164)	(28,190)	(28,982)
Profit from operations	10,133	9,521	29,231	23,835
Finance costs	(2,397)	(2,986)	(6,784)	(7,928)
Profit before tax	7,736	6,535	22,447	15,907
Income tax expense	(1,804)	(1,331)	(5,415)	(3,612)
Profit for the period	5,932	5,204	17,032	12,295
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	5,932	5,204	17,032	12,295
Total comprehensive income attributable to:				
• Owners of the parent	5,311	4,861	15,061	11,387
• Non-controlling interests	621	343	1,971	908
Earnings per share (Sen)				
• Basic	0.76	0.70	2.17	1.64
• Diluted	0.67	0.61	1.90	1.44

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 2018 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 2019

	(Unaudited) 30.9.2019 RM'000	(Audited) 31.12.2018 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	72,524	61,767
Investment properties	3,593	2,925
Intangible assets	55,954	58,284
Financial receivables	135,184	136,984
Trade receivables	60,741	54,197
	<u>327,996</u>	<u>314,157</u>
Current assets		
Inventories	769	681
Trade and other receivables	224,544	200,536
Contract assets	30,201	23,578
Tax recoverable	188	2,313
Deposits with licensed financial institutions	7,298	4,958
Cash and bank balances	14,994	22,869
	<u>277,994</u>	<u>254,935</u>
TOTAL ASSETS	<u>605,990</u>	<u>569,092</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	194,020	194,020
Reverse acquisition reserve	(91,000)	(91,000)
Retained earnings	84,090	75,978
Total equity attributable to owners of the parent	<u>187,110</u>	<u>178,998</u>
Non-controlling interests	11,132	9,161
	<u>198,242</u>	<u>188,159</u>
Non-current liabilities		
Bank borrowings	77,441	76,095
Hire purchase	14,112	7,580
Trade payables	30,270	19,419
Deferred tax liabilities	13,421	13,980
	<u>135,244</u>	<u>117,074</u>
Current liabilities		
Trade and other payables	168,004	165,365
Contract liabilities	30,432	49,580
Bank borrowings	68,277	44,670
Hire purchase	5,791	4,244
	<u>272,504</u>	<u>263,859</u>
TOTAL LIABILITIES	<u>407,748</u>	<u>380,933</u>
TOTAL EQUITY AND LIABILITIES	<u>605,990</u>	<u>569,092</u>
Net assets per share attributable to owners of the parent (Sen)	<u>26.93</u>	<u>25.76</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 2018 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 2019**

	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	Non-controlling interests RM'000	Total RM'000
As at 1 January 2019	194,020	-	(91,000)	75,978	9,161	188,159
Total comprehensive income for the period	-	-	-	15,061	1,971	17,032
Dividend	-	-	-	(6,949)	-	(6,949)
As at 30 September 2019	194,020	-	(91,000)	84,090	11,132	198,242
As at 1 January 2018	194,008	-	(91,000)	74,675	7,922	185,605
Total comprehensive income for the period	-	-	-	11,387	908	12,295
Conversion of warrants	13	-	-	-	-	13
Dividend	-	-	-	(6,949)	-	(6,949)
As at 30 September 2018	194,021	-	(91,000)	79,113	8,830	190,964

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

	(Unaudited) Current Year to date 30.9.2019 RM'000	(Audited) Preceding Year to date 31.12.2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	22,447	14,057
Adjustments for:-		
• Amortisation and depreciation	15,060	20,016
• Interest expenses	6,784	10,890
• Other non-cash operating items	(892)	3,686
Operating profit before working capital changes	43,399	48,649
Changes in inventories	13	175
Changes in trade and other receivables	(28,752)	(62,584)
Changes in trade and other payables	13,559	9,588
Changes in contract assets/liabilities	(25,770)	24,579
Cash generated from operations	2,449	20,407
Interest received	371	1,121
Interest paid	(6,620)	(10,777)
Tax paid	(3,848)	(7,145)
Net cash generated from/(used in) operating activities	(7,648)	3,606
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(24,327)	(4,717)
Proceeds from disposal of property, plant and equipment	521	10,975
Net cash generated from/(used in) investing activities	(23,806)	6,258
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to shareholders	(6,949)	(6,949)
Proceeds from issuance of shares	-	13
Net change in hire purchase	8,078	(5,342)
Net change in bank borrowings	24,789	5,437
Changes in fixed deposits pledged with licensed banks	(2,340)	(1,069)
Net cash generated from/(used in) financing activities	23,578	(7,910)
Net change in cash and cash equivalents	(7,876)	1,954
Cash and cash equivalents at the beginning of year	21,494	19,539
Effect of exchange translation difference on cash and cash equivalents	1	1
Cash and cash equivalents at the end of period	13,619	21,494
Cash and cash equivalents comprise of the following:		
• Deposits with licensed financial institutions	7,298	4,958
• Cash and bank balances	14,994	22,869
	22,292	27,827
Less: Fixed deposits pledged with licensed banks	(8,673)	(6,333)
	13,619	21,494

The unaudited condensed consolidated cash flow statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018 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 2018.

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 2018.

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 2016 in Malaysia for the accounting period beginning 1 January 2019.

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 2018 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

There were no 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 2019:

In respect of financial year ended 31 December 2018:

- single tier final dividend of 1 sen per ordinary share, paid on 12 July 2019, amounting to RM6,949,410.09.

A9. Segmental Reporting

The Group’s segmental report for the financial period ended 30 September 2019 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	3	417,835	2,354	17,985	-	438,177
Inter-segment sales	-	7,059	-	2,475	(9,534)	-
Total revenue	-	424,894	2,354	20,460	(9,534)	438,177
Interest income	3	2,628	-	121	(2,381)	371
Interest expense	-	(2,617)	(2)	(6,546)	2,381	(6,784)
Amortisation and depreciation	-	(11,724)	(977)	(29)	(2,330)	(15,060)
Impairment of assets	-	-	-	-	-	-
Results						
Profit/(Loss) from operations	(588)	20,523	(943)	14,950	(4,711)	29,231
Finance costs	-	(2,617)	(2)	(6,546)	2,381	(6,784)
Profit/(Loss) before tax	(588)	17,906	(945)	8,404	(2,330)	22,447
Income tax expense	-	(5,940)	-	(34)	559	(5,415)
Profit/(Loss) after tax	(588)	11,966	(945)	8,370	(1,771)	17,032

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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 30 September 2018 is as follows:-

	Investment holding RM’000	Construction RM’000	Manufacturing RM’000	Concessionaire asset and maintenance RM’000	Elimination RM’000	Total RM’000
Revenue						
External sales	13	431,760	2,583	17,531	-	451,887
Inter-segment sales	-	52,862	-	4,379	(57,241)	-
Total revenue	13	484,622	2,583	21,910	(57,241)	451,887
Interest income	13	2,985	-	55	(2,337)	716
Interest expense	-	(2,632)	(63)	(7,570)	2,337	(7,928)
Amortisation and depreciation	-	(11,054)	(990)	(29)	(2,694)	(14,767)
Impairment of assets	-	-	-	-	-	-
Results						
Profit/(Loss) from operations	(511)	15,640	(1,197)	14,934	(5,031)	23,835
Finance costs	-	(2,632)	(63)	(7,570)	2,337	(7,928)
Profit/(Loss) before tax	(511)	13,008	(1,260)	7,364	(2,694)	15,907
Income tax expense	-	(3,833)	-	(525)	746	(3,612)
Profit/(Loss) after tax	(511)	9,175	(1,260)	6,839	(1,948)	12,295

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.

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

A.13 Capital Commitments

	As at 30.9.2019 RM’000
Approved and contracted for	
- Purchase of property, plant and equipment	<u>14,184</u>

A14. Changes in Contingent Liabilities

	As at 30.9.2019 RM’000
Bank guarantees issued by licensed banks in respect of construction projects	<u>135,210</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 30.9.2019 RM’000	Current Year To date 30.9.2019 RM’000
Provision of construction works to a company in which directors have substantial financial interest	<u>11,407</u>	<u>50,986</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 RM142 million for the quarter under review. The revenue increased by RM4 million or 3% as compared to the same quarter last year. The increase is mainly due to the construction progress recognized from the ongoing projects.

In line with the higher revenue, the Group registered profit before tax of RM7.7 million for the quarter, an increase of 18% as compared to the same quarter last year.

Current Year To Date:

The Group achieved a revenue of RM438 million for the 9-month ended 2019 with majority contribution from the construction division. The revenue decreased marginally by RM14 million or 3% as compared to the same period last year.

Despite of lower revenue, the Group registered a higher profit before tax of RM22.5 million for the period ended 30 September 2019 as compared to RM15.9 million, an increase of 41% as compared to the same period last year. The increase in profit before tax is mainly due to improved profit margin from the ongoing projects and additional cost saving from the completed projects which were recognized during the period.

B2. Comparison with Immediate Preceding Quarter's Results

	Current Quarter	Preceding Quarter	Variance	
	30.9.2019	30.6.2019	RM'000	%
Revenue	141,950	172,727	(30,777)	(18%)
Profit before tax	7,736	9,425	(1,689)	(18%)

The revenue decreased by 18% due mainly to the higher contribution from the I-City mall project in the preceding quarter.

In line with the decrease in revenue, the profit before tax decreased by 18% as compared to the preceding quarter.

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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 2019

As at 30 September 2019, the Group has an outstanding order book of RM1.7 billion, comprising 10 ongoing projects. These projects are expected to be delivered over the next 2 years and hence, contribution of construction revenue is expected to be stable for the remaining financial year ending 31 December 2019.

Accordingly, barring any unforeseen circumstances, the Group expects to achieve a satisfactory performance for the financial year ending 31 December 2019.

B4. Financial Forecast

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

B5. Taxation

	Current Year Quarter 30.9.2019 RM'000	Current Year To date 30.9.2019 RM'000
Current year tax	1,990	5,974
Deferred tax	(186)	(559)
	1,804	5,415

The effective tax rate is lower than the statutory tax rate due to the utilization of unabsorbed tax losses and capital allowances for the concession entity during the period.

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 30.9.2019 RM'000	Current Year To date 30.9.2019 RM'000
Interest income	(112)	(371)
Other income	(49)	(78)
Interest expense	2,397	6,784
Amortisation and depreciation	5,349	15,060
Impairment of assets	-	-
Loss/(Gain) on disposal of property, plant and equipment	(303)	(363)

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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.

B8. Group's Borrowings and Debt Securities

The Group's borrowings as at 30 September 2019 were as follows:-

	As at 30.9.2019 RM'000
Long term borrowings	
Secured:	
• Commodity Murabahah Term Financing-i	77,441
• Hire purchase	14,112
	<u>91,553</u>
Short term borrowings	
Secured:	
• Commodity Murabahah Term Financing-i	11,731
• Structure commodity financing and Contract financing	56,546
• Hire purchase	5,791
	<u>74,068</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 30.9.2019	Current Year To date 30.9.2019
Profit for the period attributable to owners (RM'000)	5,311	15,061
Number of shares:		
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	694,941	694,941
Effect of dilutive potential ordinary shares from the exercise of warrants ('000)	98,013	98,013
Weighted average number of ordinary shares in issue for diluted earnings per share ('000)	792,954	792,954
Basic earnings per share (Sen)	0.76	2.17
Diluted earnings per share (Sen)	0.67	1.90

B13. Realised and unrealised earnings or losses disclosure

	As at 30.9.2019 RM'000
Total retained earnings for the Group:	
• Realised	78,062
• Unrealised	5,222
• Consolidated adjustment	806
	<u>84,090</u>

B14. Authorisation for Issue

This interim financial report was authorized for issuance by the Board of Directors of the Company on 28 November 2019.