

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) Current Year Quarter 30.09.2014 RM'000	(Unaudited) Preceding Year Quarter 30.09.2013 RM'000	(Unaudited) Current Year To Date 30.09.2014 RM'000	(Unaudited) Preceding Year To Date 30.09.2013 RM'000
Revenue	66,115	61,584	205,861	215,909
Cost of sales	(58,544)	(54,185)	(188,119)	(191,010)
Gross profit	7,571	7,399	17,742	24,899
Other operating income	399	537	1,142	1,564
Selling and administrative expenses	(4,446)	(3,513)	(12,318)	(10,652)
Profit from operations	3,524	4,423	6,566	15,811
Finance costs	(132)	(16)	(333)	(45)
Profit before tax	3,392	4,407	6,233	15,766
Income tax expense	(340)	(1,139)	(1,233)	(4,108)
Profit for the period	3,052	3,268	5,000	11,658
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	3,052	3,268	5,000	11,658
Total comprehensive income attributable to:				
• Owners of the parent	3,052	3,268	5,000	11,658
• Non-controlling interests	-	-	-	-
Earnings per share (Sen)				
• Basic	0.60	0.70	0.98	2.51
• 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 30 SEPTEMBER 2014

	(Unaudited) 30.09.2014 RM'000	(Audited) 31.12.2013 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	30,516	16,501
Investment properties	1,640	1,640
Trade receivables	12,345	7,165
	<u>44,501</u>	<u>25,306</u>
Current assets		
Inventories	2,645	3,537
Trade and other receivables	101,880	60,655
Amount due from contract customers	8,062	2,141
Tax recoverable	3,445	731
Deposits with licensed financial institutions	24,631	80,712
Cash and bank balances	13,754	7,977
	<u>154,417</u>	<u>155,753</u>
TOTAL ASSETS	198,918	181,059
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	45,506	40,506
Total equity attributable to owners of the parent	<u>90,716</u>	<u>85,716</u>
Non-current liabilities		
Hire purchase	5,752	331
Trade payables	10,144	6,778
Deferred tax liabilities	790	790
	<u>16,686</u>	<u>7,899</u>
Current liabilities		
Trade and other payables	53,192	60,495
Amount due to contract customers	35,634	25,722
Bank borrowings	1,221	1,149
Hire purchase	1,469	78
Tax liabilities	-	-
	<u>91,516</u>	<u>87,444</u>
TOTAL LIABILITIES	108,202	95,343
TOTAL EQUITY AND LIABILITIES	198,918	181,059
Net assets per share attributable to owners of the parent (Sen)	17.78	16.80

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 30 SEPTEMBER 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	-	-	-	5,000	5,000
As at 30 September 2014	127,551	8,659	(91,000)	45,506	90,176
As at 1 January 2013	115,955	-	(91,000)	38,528	63,483
Total comprehensive income for the period	-	-	-	11,658	11,658
Dividend paid	-	-	-	(4,638)	(4,638)
As at 30 September 2013	115,955	-	(91,000)	45,548	70,503

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 THIRD QUARTER ENDED 30 SEPTEMBER 2014

	(Unaudited) Current Year to date 30.09.2014 RM'000	(Audited) Preceding Year to date 31.12.2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	6,233	15,977
Adjustments for:-		
• Depreciation	3,793	3,345
• Interest income	(1,336)	(1,355)
• Other non-cash operating items	113	(492)
Operating profit before working capital changes	8,803	17,475
Changes in inventories	1,109	(651)
Changes in trade and other receivables	(46,405)	(12,898)
Changes in trade and other payables	1,165	6,336
Changes in amounts due from/(to) customers for contract	3,991	23,839
Cash (used in)/generated from operations	(31,337)	34,101
Interest received	1,336	1,355
Interest paid	(333)	(63)
Tax paid	(3,947)	(6,537)
Net cash (used in)/generated from operating activities	(34,281)	28,866
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(18,318)	(8,090)
Proceeds from disposal of property, plant and equipment	472	1,781
Net cash used in investing activities	(17,846)	(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	6,812	(30)
Net change in bank borrowings	73	(319)
Changes in fixed deposits pledged with licensed banks	5,952	1,239
Net cash generated from financing activities	7,735	16,506
Net change in cash and cash equivalents	(44,392)	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	40	20
Cash and cash equivalents at the end of period	26,442	70,794
Cash and cash equivalents comprise of the following:		
• Deposits with licensed financial institutions	24,631	80,712
• Cash and bank balances	13,754	7,977
	38,385	88,689
Less: Fixed deposits pledged with licensed banks	(11,943)	(17,895)
	26,442	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 financial period ended 30 September 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 6 months period ended 30 September 2014 is as follows:-

	Investment holding	Construction	Manufacturing	Elimination	Total
	RM’000	RM’000	RM’000	RM’000	RM’000
Revenue					
External sales	624	196,053	9,184	-	205,861
Inter-segment sales	-	13,261	2,343	(15,604)	-
Total revenue	624	209,314	11,527	(15,604)	205,861
Interest income	624	707	5	-	1,336
Interest expense	-	-	(333)	-	(333)
Depreciation	-	(2,714)	(1,079)	-	(3,793)
Loss on disposal of investment	-	-	-	-	-
Results					
Profit/(Loss) from operations	272	6,244	50	-	6,566
Finance costs	-	-	(333)	-	(333)
Profit/(Loss) before tax	272	6,244	(283)	-	6,233
Income tax expense	(7)	(1,202)	(24)	-	(1,233)
Profit/(Loss) after tax	265	5,042	(307)	-	5,000

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.

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

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 30.09.2014 RM'000
Approved and contracted for	
- Purchase of property, plant and equipment	<u>1,620</u>

A14. Changes in Contingent Liabilities

	As at 30.09.2014 RM'000
Bank guarantees issued by licensed banks in respect of construction projects	<u>64,818</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 30.09.2014 RM'000	Current Year To date 30.09.2014 RM'000
Provision of construction works to companies in which directors have substantial financial interest	<u>16,069</u>	<u>45,012</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 RM66.1 million for the quarter under review with 91% and 9% of revenue contributed by construction division and manufacturing division respectively. The revenue increased by RM5.0 million or 7% as compared to the same quarter last year. The increase is mainly due to higher construction activities as compared to the same quarter last year.

Despite the higher revenue, the Group generated a lower profit before tax of RM3.4 million for the quarter as compared to RM4.4 million in the same quarter last year. The decrease is mainly due to higher payroll expenses and depreciation charges incurred during the quarter.

Current Year To Date:

The Group achieved a revenue of RM205.9 million for the 9 months ended 30 September 2014 with 94% and 6% of revenue contributed by construction division and manufacturing division respectively. The revenue decreased by RM10.0 million or 5% as compared to the same corresponding 9 months period. The decrease is mainly due to lower construction activities as compared to the same period last year.

The Group generated a lower profit before tax of RM6.2 million for the 9 months ended 30 September 2014 as compared to RM15.8 million in the same period last year. The decrease is mainly due to the lower construction revenue and higher operating expenses which include the payroll expenses and depreciation charges.

B2. Comparison with Immediate Preceding Quarter's Results

	Current Quarter	Preceding Quarter	Variance	
	30.09.2014	30.06.2014	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	66,115	75,596	(9,481)	-13
Profit before tax	3,392	1,419	1,973	139

The decrease in revenue is mainly due to the lower construction activities as compared to previous quarter. Despite lower revenue by 13%, the profit before tax increased by RM2.0 million is mainly due to contribution from higher profit margin projects.

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 Current Financial Year ending 31 December 2014

As at 30 September 2014, the Group has an outstanding order book of RM455 million, comprising of 6 on-going projects. These projects are expected to contribute positively to the Group's revenue and profit for the remaining quarter.

Barring any unforeseen circumstances, we expect the financial performance for the year 2014 to be satisfactory.

B4. Profit Forecast

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

B5. Taxation

	Current Year Quarter 30.09.2014 RM'000	Current Year To date 30.09.2014 RM'000
Current year tax	303	1,193
Under provision in prior year	37	40
Deferred tax	-	-
	340	1,233

The effective tax rate is lower than the statutory tax rate due to higher capital allowances claimed during the year.

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 30.09.2014 RM'000	Current Year To date 30.09.2014 RM'000
Interest income	(475)	(1,336)
Other income	(90)	(344)
Interest expense	132	333
Depreciation charges	1,512	3,793
Foreign exchange (gain)/loss	(37)	(39)

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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

On 29 August 2014, PMHB announced to undertake the following corporate exercises:

- (i) an acquisition of the entire equity interest in SEP, a private limited company incorporated in Malaysia, comprising 100,000 ordinary shares of RM1.00 each ("Sale Shares"), for a purchase consideration of RM29.15 million to be satisfied via a combination of cash and issuance of new ordinary shares of RM0.25 each in PMHB ("PMHB Shares" or "Shares") ("Proposed Acquisition of SEP");
- (ii) a free warrants issue of up to 274,851,224 warrants ("Warrants") on the basis of one (1) Warrant for every two (2) existing PMHB Shares held by the shareholders of PMHB whose names appear in the Record of Depositors on an entitlement date to be determined later ("Entitlement Date") ("Proposed Free Warrants Issue");
- (iii) proposed increase in the authorised share capital of PMHB from RM150,000,000 comprising 600,000,000 PMHB Shares to RM300,000,000 comprising 1,200,000,000 PMHB Shares ("Proposed IASC"); and
- (iv) proposed amendments to the Memorandum and Articles of Association of PMHB as a consequence of the Proposed IASC ("Proposed Amendments").

On 21 October 2014, PMHB submitted the listing application in relation to the above proposals to Bursa Securities. On 26 November 2014, PMHB received the letter from Bursa Securities, dated 25 November 2014, granting the following approval:

1. Admission of Warrants to Official List of Bursa Securities and the listing and quotation for up to 274,851,224 Warrants to be issued pursuant to the Proposed Free Warrants Issue;
2. Listing and quotation for 39,500,000 new PMHB Shares to be issued pursuant to the Proposed Acquisition of SEP; and
3. Listing and quotation of up to 274,851,224 new PMHB Shares to be issued pursuant to exercise of the Warrants.

The Proposed Acquisition of SEP is pending the completion of the conditions precedent.

There are no other pending corporate proposals.

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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 30 September 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	10,000	Within 24 months	-	-	
Working capital	10,258	10,255	Within 12 months	3	#	
Private placement expenses	150	153	Within 1 month	(3)	(2)	*
Total	20,408	20,408		-	-	

Negligible.

* 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 30 September 2014 were as follows:-

	As at 30.09.2014 RM'000
Long term borrowings	
Secured:	
• Hire purchase	5,752
Short term borrowings	
Secured:	
• Export credit refinancing	1,221
• Hire purchase	1,469
	<u>2,690</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 30.09.2014	Current Year To date 30.09.2014
Profit for the period (RM'000)	3,052	5,000
Weighted average number of ordinary shares in issue ('000)	510,203	510,203
Basic earnings per share (sen)	0.60	0.98

B13. Realised and unrealised earnings or losses disclosure

	As at 30.09.2014 RM'000
Total retained earnings for the Group:	
• Realised	43,451
• Unrealised	1,249
• Consolidated adjustment	806
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	45,506

B14. Authorisation for Issue

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