

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) Current Year Quarter 31.3.2020 RM'000	(Audited) Preceding Year Quarter 31.3.2019 RM'000	(Unaudited) Current Year To Date 31.3.2020 RM'000	(Audited) Preceding Year To Date 31.3.2019 RM'000
Revenue	172,797	123,500	172,797	123,500
Cost of sales	(157,598)	(107,207)	(157,598)	(107,207)
Gross profit	15,199	16,293	15,199	16,293
Other operating income	326	293	326	293
Selling and administrative expenses	(8,627)	(9,078)	(8,627)	(9,078)
Profit from operations	6,898	7,508	6,898	7,508
Finance costs	(3,102)	(2,222)	(3,102)	(2,222)
Profit before tax	3,796	5,286	3,796	5,286
Income tax expense	(652)	(1,383)	(652)	(1,383)
Profit for the period	3,144	3,903	3,144	3,903
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	3,144	3,903	3,144	3,903
Total comprehensive income attributable to:				
• Owners of the parent	2,381	3,203	2,381	3,203
• Non-controlling interests	763	700	763	700
Earnings per share (Sen)				
• Basic	0.34	0.46	0.34	0.46
• Diluted	NA	0.40	NA	0.40

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 2019 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 MARCH 2020

	(Unaudited) 31.3.2020 RM'000	(Audited) 31.12.2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	82,424	79,986
Investment properties	4,030	3,921
Intangible assets	54,401	55,178
Financial receivables	133,905	134,583
Trade receivables	57,102	72,634
	<u>331,862</u>	<u>346,302</u>
Current assets		
Inventories	623	599
Trade and other receivables	239,131	238,297
Contract assets	40,436	37,325
Tax recoverable	453	334
Deposits with licensed financial institutions	54,737	7,562
Cash and bank balances	27,283	70,136
	<u>362,663</u>	<u>354,253</u>
TOTAL ASSETS	<u>694,525</u>	<u>700,555</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	194,031	194,020
Reverse acquisition reserve	(91,000)	(91,000)
Retained earnings	82,462	80,081
Total equity attributable to owners of the parent	<u>185,493</u>	<u>183,101</u>
Non-controlling interests	12,514	11,751
	<u>198,007</u>	<u>194,852</u>
Non-current liabilities		
Bank borrowings	140,163	140,000
Leases	17,834	18,870
Trade payables	26,737	33,794
Deferred tax liabilities	13,048	13,234
	<u>197,782</u>	<u>205,898</u>
Current liabilities		
Trade and other payables	163,094	176,953
Contract liabilities	46,988	47,866
Bank borrowings	80,311	66,356
Leases	8,343	8,025
Tax payables	-	605
	<u>298,736</u>	<u>299,805</u>
TOTAL LIABILITIES	<u>496,518</u>	<u>505,703</u>
TOTAL EQUITY AND LIABILITIES	<u>694,525</u>	<u>700,555</u>
Net assets per share attributable to owners of the parent (Sen)	<u>26.69</u>	<u>26.35</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 2019 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 MARCH 2020**

	ATTRIBUTABLE TO OWNERS OF THE PARENT		Retained earnings RM'000	Non- controlling interests RM'000	Total RM'000
	Non-distributable	Distributable			
	Share capital RM'000	Reverse acquisition reserve RM'000			
As at 1 January 2020	194,020	(91,000)	80,081	11,751	194,852
Total comprehensive income for the year	-	-	2,381	763	3,144
Issuance of shares					
- Conversion of warrant	11	-	-	-	11
As at 31 March 2020	194,031	(91,000)	82,462	12,514	198,007
As at 1 January 2019	194,020	(91,000)	75,978	9,161	188,159
Total comprehensive income for the period	-	-	3,203	700	3,903
As at 31 March 2019	194,020	(91,000)	79,181	9,861	192,062

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 2019 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 FIRST QUARTER ENDED 31 MARCH 2020

	(Unaudited) Current Year to date 31.3.2020 RM'000	(Audited) Preceding Year to date 31.12.2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	3,796	17,745
Adjustments for:-		
• Amortisation and depreciation	4,485	21,250
• Interest expenses	3,102	9,334
• Other non-cash operating items	(215)	(1,223)
Operating profit before working capital changes	11,168	47,106
Changes in inventories	(14)	124
Changes in trade and other receivables	15,377	(53,798)
Changes in trade and other payables	(20,921)	25,602
Changes in contract assets/liabilities	(3,988)	(15,461)
Cash generated from operations	1,622	3,573
Interest received	216	609
Interest paid	(1,305)	(8,973)
Tax paid	(1,558)	(2,264)
Net cash used in operating activities	(1,025)	(7,055)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(6,269)	(16,515)
Proceeds from disposal of property, plant and equipment	-	571
Net cash used in investing activities	(6,269)	(15,944)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to shareholders	-	(6,949)
Issuance of shares	11	-
Proceeds from issuance of Sukuk	-	150,000
Net change in lease liabilities	(718)	(5,776)
Net change in bank borrowings	15,096	(67,183)
Changes in deposits pledged with financial institutions	(12,802)	(4,707)
Net cash generated from financing activities	1,587	65,385
Net change in cash and cash equivalents	(5,707)	42,386
Cash and cash equivalents at the beginning of year	63,882	21,494
Effect of exchange translation difference on cash and cash equivalents	3	2
Cash and cash equivalents at the end of period	58,178	63,882
Cash and cash equivalents comprise of the following:		
• Deposits with licensed financial institutions	54,737	7,562
• Cash and bank balances	27,283	67,360
	82,020	74,922
Less: Deposits pledged with licensed financial institutions	(23,842)	(11,040)
	58,178	63,882

The unaudited condensed consolidated cash flow statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019 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 2019.

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 2019.

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 2020.

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 2019 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.

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

A7. Changes in Debt and Equity Securities

As at 31 March 2020, 45,651 new ordinary shares were issued pursuant to the conversion of warrants. The proceeds amounting to RM11,412.75 will be utilized as working capital of the Group.

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 2020:

In respect of financial year ended 31 December 2019:

- single tier interim dividend of 1 sen per ordinary share, paid on 22 May 2020, amounting to RM6,949,866.60.

A9. Segmental Reporting

The Group’s segmental report for the financial period ended 31 March 2020 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	-	166,277	594	5,926	-	172,797
Inter-segment sales	-	1,343	-	2,798	(4,141)	-
Total revenue	-	167,620	594	8,724	(4,141)	172,797
Interest income	-	218	-	(2)	-	216
Interest expense	-	(1,298)	-	(3,775)	1,973	(3,102)
Amortisation and depreciation	-	(3,373)	(325)	(10)	(777)	(4,485)
Impairment of assets	-	-	-	-	-	-
Results						
Profit/(Loss) from operations	90	3,199	(547)	6,905	(2,749)	6,898
Finance costs	-	(1,298)	-	(3,776)	1,972	(3,102)
Profit/(Loss) before tax	90	1,901	(547)	3,129	(777)	3,796
Income tax expense	-	(838)	-	-	186	(652)
Profit/(Loss) after tax	90	1,063	(547)	3,129	(591)	3,144

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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 March 2019 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	-	116,913	592	5,995	-	123,500
Inter-segment sales	-	2,102	-	825	(2,927)	-
Total revenue	-	119,015	592	6,820	(2,927)	123,500
Interest income	-	812	-	37	(708)	141
Interest expense	-	(807)	(2)	(2,121)	708	(2,222)
Amortisation and depreciation	-	(3,570)	(328)	(10)	(777)	(4,684)
Impairment of assets	-	-	-	-	-	-
Results						
Profit/(Loss) from operations	(96)	4,406	(397)	5,080	(1,485)	7,508
Finance costs	-	(807)	(2)	(2,121)	708	(2,222)
Profit/(Loss) before tax	(96)	3,599	(399)	2,959	(777)	5,286
Income tax expense	-	(1,554)	-	(16)	187	(1,383)
Profit/(Loss) after tax	(96)	2,045	(399)	2,943	(590)	3,903

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 31.3.2020 RM'000
Approved and contracted for	
- Purchase of property, plant and equipment	<u>11,424</u>

A14. Changes in Contingent Liabilities

	As at 31.3.2020 RM'000
Bank guarantees issued by licensed banks in respect of construction projects	<u>144,197</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 31.3.2020 RM'000	Current Year To date 31.3.2020 RM'000
Provision of construction works to a company in which directors have substantial financial interest	<u>3,843</u>	<u>3,843</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 RM173 million for the quarter under review. The revenue increased by RM49 million or 40% as compared to the same quarter last year. The increase is mainly due to the higher progress billings recognized from the ongoing projects.

Despite higher revenue, the Group registered lower profit before tax of RM3.8 million for the quarter, due mainly to the contribution of lower construction margin projects and the cost incurred during the MCO in March 2020.

B2. Comparison with Immediate Preceding Quarter's Results

	Current Quarter	Preceding Quarter	Variance	
	31.3.2020	31.12.2019	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	172,797	187,306	(14,509)	(8%)
Profit/(Loss) before tax	3,796	(4,701)	8,497	181%

The revenue decreased by 8% due mainly to the lower construction progress recognized from the ongoing projects.

Despite lower revenue, the Group registered profit before tax of RM3.8 million for the quarter, due mainly to the absence of cost overrun provision made in the preceding quarter.

B3. Prospects for the Financial Year ending 31 December 2020

As at 31 March 2020, the Group has an outstanding order book of RM1.4 billion, comprising 9 ongoing projects. These projects are expected to continue to contribute construction income for the financial year ending 31 December 2020.

However, as a result of the Covid-19 pandemic and the implementation of MCO and CMCO, there were minimal construction activities since Mid-March 2020 until 31 May 2020. Accordingly, there was minimal progress billings for the period while we continue to incur the operating costs.

The pandemic is expected to adversely affect the second quarter financial performance and the full year results for the Group. However, the negative financial impact will be cushioned by the concessionaire and maintenance income as the activities were uninterrupted despite the MCO and CMCO.

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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

B4. Financial Forecast

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

B5. Taxation

	Current Year Quarter 31.3.2020 RM'000	Current Year To date 31.3.2020 RM'000
Current year tax	838	838
Deferred tax	(186)	(186)
	<u>652</u>	<u>652</u>

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 31.3.2020 RM'000	Current Year To date 31.3.2020 RM'000
Interest income	(216)	(216)
Other income	(28)	(28)
Interest expense	3,102	3,102
Amortisation and depreciation	4,485	4,485
Impairment of assets	-	-
Loss/(Gain) on disposal of property, plant and equipment	-	-

B7. Status of Corporate Proposal

There is no pending corporate proposal.

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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 March 2020 were as follows:-

	As at 31.3.2020 RM'000
Long term borrowings	
Secured:	
• Islamic Medium-Term Notes ("Sukuk")	140,000
• Leases and Term Loan	17,997
	<u>157,997</u>
Short term borrowings	
Secured:	
• Islamic Medium-Term Notes ("Sukuk")	10,000
• Structure commodity financing and Contract financing	70,311
• Leases	8,343
	<u>88,654</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 31.3.2020	Current Year To date 31.3.2020
Profit for the period attributable to owners (RM'000)	2,381	2,381
Number of shares:		
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	694,987	694,987
Basic earnings per share (Sen)	0.34	0.34

B13. Realised and unrealised earnings or losses disclosure

	As at 31.3.2020 RM'000
Total retained earnings for the Group:	
• Realised	76,805
• Unrealised	4,851
• Consolidated adjustment	806
	<u>82,462</u>

B14. Authorisation for Issue

This interim financial report was authorized for issuance by the Board of Directors of the Company on 26 June 2020.